

# MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

1275

2005 HOUSE APPROPRIATIONS

HB 1275

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB1275

House Government Performance Division

☐ Conference Committee

Hearing Date January 20, 2005

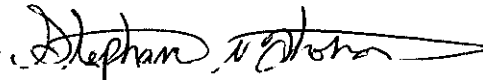
Tape Number  
1

Side A  
X

Side B

Meter #  
1-2208

Committee Clerk Signature



Minutes: **Chair Carlson** opened the hearing for HB 1275, relating to reporting of certain information technology projects to the state information technology advisory committee and the legislative council.

**Rep. Bob Skarphol:** The last two interim's, I've served on the Interim Technology Committee.

In the process we've had numerous occasions where we've had great difficulty getting some software development project completed on budget, and on time. This is an attempt to put in place some level of oversight over projects, so that we get more timely reporting on their progress. (SEE WRITTEN AMENDMENT)

**Chair Carlson:** What if they can't get back on budget, who pays the difference?

**Rep. Skarphol:** Technology plans typically set out particular milestones, as far as time frame in which their going to be developed. As those milestones are developed, the amount of dollars to be paid to the vendor are also established as those milestones.

**Chair Carlson:** How many projects are out there?

**Rep. Skarphol:** There's 35 to 40, I would guess.

**Chair Carlson:** If I were to simplify this, the first step is to take it to the advisory committee, and then on to SITAC, is that it, or is SITAC and the advisories the same thing?

**Rep. Skarphol:** SITAC is the place that all this report would go to, if their over time or over budget.

**Chair Carlson:** How often to you guys meet?

**Rep. Skarphol:** Typically monthly.

**Kurt Wolf, CIO for State:** Reviewing existing statute, 54-35-15.2, the Information Technology Committee, powers and duties.

**Chair Carlson:** Wouldn't the information be brought to a different place?

**Kurt:** We work directly with the agencies looking at their IT plans, looking at the projects, then we report directly to the Information Technology Committee. So this does change the flow of reporting, to where SITAC has a role.

**Chair Carlson:** Is this the same section of codes that this is going into. What was the number again, that you quoted?

**Kurt:** It was the section of code relating to the Interim IT Committee and that is 54-35-15.2.

**Rep. Glassheim:** Would this be workable for SITAC?

**Kurt:** Right now if you look at the project over 250,000, there's 18 that ITD has a responsibility to provide some oversight on.

**Rep. Glassheim:** So right now the department only reviews the 250,000. This would mean the department and SITAC both reviews.

**Chair Carlson:** Is the workload something you can handle within what you've got to do?

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House Government Performance Division

Bill/Resolution Number HB1275

Hearing Date January 20, 2005

**Kurt:** We'd be working through that process. We'd come up with different guidelines for smaller projects, than the larger projects. Good project management is critical.

**Chair Carlson:** If we were to take this bill today, we look at this list, how many projects would fall under the guidelines?

**Kurt:** These are just proposed projects, none of these have started.

**Chair Carlson:** How many were off schedule, or off budget?

**Kurt:** I would assume, 10%.

**Rep. Glassheim:** Do we need to reconcile two chapters , existing law, and what you want to do?

**Roxanne Woeste, Legislative Council:** I don't believe they conflict in any way.

Closed Hearing

Gov Performance  
HB 1275

### General Discussion

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

Date January 28, 2005

Tape Number

1

Side A

X

B Side

Meter #

1235-3220

Committee Clerk Signature

*Stephanie A. Thomas*

Minutes: **Chair Carlson** opened general discussion hearing for HB 1275, relating to reporting of certain information technology projects to the state information technology advisory committee and the legislative council.

Discussion on amendment. (SEE AMENDMENT 50227.0102)

**Rep. Monson:** Of the 18 projects that are over 250, 000 dollars, really only a small percentage of them may be 20% over the budget, or 20% beyond their length of time allocated for those milestones. We might not be creating any extra paperwork for anyone if they don't exceed the 50, 000 dollars over.

**Rep. Monson:** What if it's a project that IT is doing for an agency? Does IT have to do the paperwork, or does the agency have to do the paperwork on what's going wrong?

1275

**Rep. Skarphol:** The agency should be present at the whatever, Sitac or Information Technology committee, and they should tell us if there are problems.

**Rep. Glassheim:** There's already a Sitac, are they now required to report plans?

**Rep. Skarphol:** Major projects are reported. There is a certain level of quarterly report on a major project. They have to tell if their over, but they don't have to explain what their doing.

**Rep. Glassheim:** I thought you had to go through Sitac?

**Rep. Skarphol:** There is a rather ambiguous reporting process, and this is trying to make it more achievable.

**Rep. Monson:** I'm starting to see a link between HB 1023 and this one. There's a case where now we just gave them authority to keep on with that project, even though it might have gone beyond the time frame. They would of had to report to somebody if this bill passes. This is a good tool to make sure their on time, and if their not on time, their going to have to come back and tell us, if this bill passes.

**Rep. Glassheim:** Are we OK with judicial? They don't have a problem with judiciary reporting to a legislative body, but don't like to report to an executive branch agency.

**Rep. Monson:** This one makes the agency do the reporting, the agency whose project is behind or over. Really it may be no fault of their own, it might very likely be IT or their vendor doing that project.

**Roxanne, Legislative Council:** I believe for major projects each agency, if they have IT doing the work, each agency should have a project manager for that project. They should have someone overseeing the work so the agency will know why they are over budget and over time.

**Rep. Skarphol:** I move the amendment.

General Discussion

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House Government Performance

January 28, 2005

HB 1275

**Rep. Monson:** I second.

**Rep. Skarphol:** I'll move HB 1275 as amended.

**Rep. Monson:** Second.

**Chair Carlson:** HB 1275 is do pass, as amended.

Closed General Discussion Hearing.



2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB1275  
Reporting of IT Projects

House Appropriations Full Committee

☐ Conference Committee

Hearing Date February 1, 2005

Tape Number  
2

Side A

Side B  
X

Meter #  
#7.6 - #18.4

Committee Clerk Signature

*Chris Alexander*

Minutes:

**Rep. Ken Svedjan, Chairman** opened the hearing on HB1275.

**Rep. Bob Skarphol** explains that the proposed amendment #0102 is now really most of the bill.

Rep Skarphol explained that this creates an early reporting system for monitoring large projects and we would then be appraised of any potential problems early on in the project and if the project is large enough in the preplanning process to warrant having milestones and deliverables defined as the time frames and dollars that will be paid at deliverables, then this bill requires that any project that is 20% over the time frame or 20% over the budget at any one of these milestones, it must be reported to State Information Technology Committee (SITC) as to why they are over and what their recommended course of action is in response to that to get them back on time and on budget. In the event that they don't take the actions that are required within 90 days, then they are required to report to the Interim Information Technology Committee as to the problems. The reason for this process is that SITC is made up of their peers where they can get

advice and suggestions as to how to solve their problems. Section B is if the project is \$250,000 to \$500,000 but they are of such a short duration that there are no milestones then at the completion of the project if they are 20% over the time or the budget then they need to come in a report. This is an effort to make sure that projects are being done within the confines of the time frame and the dollars that were established at the outset of the project.

**Rep. Ken Svedjan, Chairman** noted that this bill was not to be a punitive statement but simply to ensure the expeditious implementation of the project and to ensure that we are getting close to what we projected in terms of time and dollars.

**Rep. James Kerzman** asked for a definition of a "milestone." (meter Tape #2, side B, #11.2)

**Rep. Bob Skarphol** answered that in the project management arena there are time frames established in the plan and there are certain points along the way that are designated "milestones." Contractors get paid certain percentages of the whole contracted amount when they reach these designated "milestones."

**Rep. Tom Brusegaard** asked about subsection 4 of section 2 talks about those projects that are too short for milestones. Rep Brusegaard wondered if we aren't "closing the gate after the cows have gotten out?"

**Rep. Bob Skarphol** this section just allows us to be aware of the problem because under the current scenario we aren't aware of it unless we ask.

**Rep. James Kerzman** asked if we could penalties if they don't meet those milestones, like the highway department does.

**Rep. Bob Skarphol** answered that we are better advised to try and help the agencies learn the proper process rather than to penalize them for not. Its to get them to do long-term planning for large projects.

**Rep. Al Carlson** comments that right now there are 18 projects that are proposed for the next biennium that are over \$250,000 and there are 37 projects that are below. The total on the 18 projects is approximately \$53 million and its approximately \$5 million for the 37. So the purpose of this is that if that is what we are budgeting, we want a darn good reason why it ending up being more than what we thought it was going to be, and by establishing some procedures we think we solve that problem. (meter Tape #2, side B, #14.4)

**Rep. Ole Aarsvold** asked what would happen if the report shows that the problem is with the provider and not with the agency.

**Rep. Bob Skarphol** answered that there are no punitives in here so its merely to get the discussion started. Communicating helps people solve problems because people become aware of what's happening and can better see what problems may arise. It has been hard to get all involved to come to this realization. The purpose is for the agencies to learn a process for doing it right. (meter Tape #2, side B, #15.4)

**Rep. Al Carlson** noted that in most of these situations there have been contracts signed and there are contractual obligations that will provide for penalties and timelines that will help keep things on track as well but these are not properly written then someone should be rewriting the contracts that we sign for these projects.

**Rep. Bob Skarphol** moved to accept amendment #0102.

**Rep. Al Carlson** seconded

**Rep. Ken Svedjan, Chairman** called for a voice vote to accept amendment #0102. Motion carried.

**Rep. Bob Skarphol** moved a Do Pass As Amended on HB1275. (meter Tape #2, side B, #16.9)

**Rep. Al Carlson** seconded.

**Rep. Bob Skarphol** commented that this bill does require reporting from the executive, legislative, and judicial branches but its the reporting only, it is not oversight.

**Rep. Ken Svedjan, Chairman** called for a roll call vote on the Do Pass As Amended motion for HB1275. Motion carried with a vote of 21 yeas, 0 neas, and 2 absent. Rep Skarphol will carry the bill to the house floor.

**Rep. Ken Svedjan, Chairman** closed the discussion of HB1275.

**FISCAL NOTE**  
**Requested by Legislative Council**  
04/12/2005

Amendment to:        Engrossed  
                              HB 1275

**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.*

	2003-2005 Biennium		2005-2007 Biennium		2007-2009 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$0	\$0	\$0	\$0	\$0
Expenditures	\$0	\$0	\$0	\$0	\$0	\$0
Appropriations	\$0	\$0	\$0	\$0	\$0	\$0

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

2003-2005 Biennium			2005-2007 Biennium			2007-2009 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

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

This legislation will not have a 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.*

None.

**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.*

None.

**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.*

None.

Name:                    Mike J. Ressler  
Phone Number:        328-1001

Agency:                ITD  
Date Prepared:        04/12/2005

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1275

Page 1, replace lines 7 through 18 with:

**"Information technology projects - Report to state information technology advisory committee and information technology committee.**

1. An executive branch agency shall report to the state information technology advisory committee, according to guidelines developed by the department and reviewed by the state information technology advisory committee, regarding the plan for and status of any software development or implementation project that is estimated to cost more than one hundred thousand dollars.
2. An executive branch agency shall notify the state information technology advisory committee if:
  - a. At a project milestone, the estimated budget to complete the project exceeds the original estimate by twenty percent or more; or
  - b. If at the completion of the project, the budget for the project exceeds the original estimate by twenty percent or more.
3. An executive branch agency shall notify the state information technology committee if:
  - a. At a project milestone, the estimated completion date exceeds the original estimated project completion date by sixty days; or
  - b. If at the completion of a project, the project exceeded sixty days beyond the original estimated project completion date.
4. A report under this section must specify corrective measures being undertaken to address any cost or time of completion issue. If the agency has not taken adequate corrective measures within ninety days after the report, the agency shall submit a report to the legislative council's information technology committee regarding the project."

Renumber accordingly

**PROPOSED AMENDMENTS TO HOUSE BILL NO. 1275**

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to create and enact a new section to chapter 54-59 of the North Dakota Century Code, relating to executive branch, legislative branch, and judicial branch reporting of information technology projects to the information technology advisory committee; and to amend and reenact section 54-59-07 of the North Dakota Century Code, relating to the state information technology advisory committee.

**BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

**SECTION 1. AMENDMENT.** Section 54-59-07 of the North Dakota Century Code is amended and reenacted as follows:

**54-59-07. State information technology advisory committee.** The state information technology advisory committee consists of the chief information officer; the commissioner of higher education or the commissioner's designee; the attorney general or the attorney general's designee; the secretary of state or the secretary of state's designee; the tax commissioner or the commissioner's designee; the chief justice of the supreme court or the chief justice's designee; two members of the legislative assembly appointed by the legislative council; a minimum of eight members representing state agencies, appointed by the governor; and two members with technology management expertise representing private industry, appointed by the governor. The appointees of the governor serve at the pleasure of the governor. The governor shall designate the chairman of the committee. Additional members may be asked to participate at the request of the chairman. The department shall provide staff services to the committee. The members of the committee representing private industry 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 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 regarding statewide information technology planning and budgeting, services of the information technology department, and statewide information technology initiatives and policy and shall review reports on major information technology projects as required by this chapter.

**SECTION 2.** A new section to chapter 54-59 of the North Dakota Century Code is created and enacted as follows:

**Information technology projects - Reports.**

1. An executive, legislative, or judicial branch agency, except for institutions under the control of the state board of higher education, shall report to the state information technology advisory committee according to guidelines developed by the department and reviewed by the state information technology advisory committee regarding the plan for and status of any software development or implementation project that is estimated to cost more than two hundred fifty thousand dollars.
2. During the life of the project, the agency shall notify the state information technology advisory committee if:

- a. At a project milestone, the amount expended on project costs exceeds the planned budget for that milestone by twenty percent or more; or
  - b. At a project milestone, the project schedule extends beyond the planned schedule to attain that milestone by twenty percent or more.
- 3. A report under subsection 2 must specify corrective measures being undertaken to address any cost or time of completion issue. If the agency has not taken adequate corrective measures within ninety days after the report, the agency shall submit a report to the legislative council's information technology committee regarding the project.
- 4. Upon completion of the project, the agency shall notify the state information technology advisory committee if:
  - a. The budget for the project exceeded the original budget by twenty percent or more; or
  - b. The final project completion date extended beyond the original project scheduled completion date by twenty percent or more."

Renumber accordingly



Date: Jan 28, 2005  
Roll Call Vote #:

2005 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. HB 1215

House Government Performance Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number 50227.0102

Action Taken DO Pass, AS Amended

Motion Made By Rep. Skarphol Seconded By Rep. Monson

Representatives	Yes	No	Representatives	Yes	No
Chairman Carlson	X		Rep. Glassheim	X	
Vice Chairman Skarphol	X				
Rep. Monson	X				

Total (Yes) 4 No 0

Absent 0

Floor Assignment Rep. Skarphol

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

Date: **February 1, 2005**  
Roll Call Vote #: **1**

**2005 HOUSE STANDING COMMITTEE ROLL CALL VOTES**  
**BILL/RESOLUTION NO. HB1275**

**House Appropriations - Full Committee**

☐ Check here for Conference Committee

Legislative Council Amendment Number **50227.0102**

Action Taken **DO PASS AS AMENDED**

Motion Made By **Rep Skarphol** Seconded By **Rep Carlson**

<b>Representatives</b>	<b>Yes</b>	<b>No</b>	<b>Representatives</b>	<b>Yes</b>	<b>No</b>
Rep. Ken Svedjan, Chairman	X		Rep. Bob Skarphol	X	
Rep. Mike Timm, Vice Chairman	X		Rep. David Monson	AB	
Rep. Bob Martinson	X		Rep. Eliot Glassheim	X	
Rep. Tom Brusegaard	X		Rep. Jeff Delzer	X	
Rep. Earl Rennerfeldt	AB		Rep. Chet Pollert	X	
Rep. Francis J. Wald	X		Rep. Larry Bellew	X	
Rep. Ole Aarsvold	X		Rep. Alon C. Wieland	X	
Rep. Pam Guleson	X		Rep. James Kerzman	X	
Rep. Ron Carlisle	X		Rep. Ralph Metcalf	X	
Rep. Keith Kempenich	X				
Rep. Blair Thoreson	X				
Rep. Joe Kroeber	X				
Rep. Clark Williams	X				
Rep. Al Carlson	X				

Total Yes **21** No **0**

Absent **2**

Floor Assignment **Rep. Skarphol**

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

GP - Do Pass As Amedned - Rep. Skarpohol

- "3. As used in this section, "total asset protection amount" means a maximum benefit equal to one hundred sixty-four thousand two hundred fifty dollars for policies purchased during 2005 and that amount plus an additional five percent compounded annually for policies purchased in any year after 2005.

**SECTION 2. REPORT TO LEGISLATIVE COUNCIL.** Before November 1, 2005, the department of human services shall report to the legislative council regarding the status of the amendment to the medicaid state plan regarding the disregard of any assets to the extent that payments are made under a long-term care insurance policy or because an individual has received or is entitled to receive benefits under a long-term care insurance policy."

Page 2, line 5, replace "This" with "Section 1 of this"

Renumber accordingly

#### REPORT OF STANDING COMMITTEE

**HB 1238: Natural Resources Committee (Rep. Nelson, Chairman)** recommends **DO PASS** (14 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1238 was placed on the Eleventh order on the calendar.

#### REPORT OF STANDING COMMITTEE

**HB 1246, as amended, Finance and Taxation Committee (Rep. Belter, Chairman)** recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO NOT PASS** (10 YEAS, 1 NAY, 3 ABSENT AND NOT VOTING). HB 1246, as amended, was placed on the Sixth order on the calendar.

Page 1, line 2, replace "certain" with "an"

Page 1, line 3, replace "defibrillators" with "defibrillator"

Page 1, line 10, replace "an" with "one", replace the first "the" with "a", and replace "and compliance with the" with "located in North Dakota."

Page 1, remove line 11

Renumber accordingly

#### REPORT OF STANDING COMMITTEE

**HB 1248: Human Services Committee (Rep. Price, Chairman)** recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (12 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1248 was placed on the Sixth order on the calendar.

Page 2, line 31, replace "maximum" with "minimum"

Page 3, line 1, replace "income amount" with "maintenance needs allowance"

Page 3, line 8, replace "within" with "and has a guaranteed period that is equal to"

Renumber accordingly

#### REPORT OF STANDING COMMITTEE

**HB 1275: Appropriations Committee (Rep. Svedjan, Chairman)** recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (21 YEAS, 0 NAYS, 2 ABSENT AND NOT VOTING). HB 1275 was placed on the Sixth order on the calendar.

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to create and enact a new section to chapter 54-59 of the North Dakota Century Code, relating to executive branch, legislative branch, and judicial branch reporting of information technology projects to the information technology advisory committee; and to amend and reenact section 54-59-07 of the North Dakota Century Code, relating to the state information technology advisory committee."

**BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

**SECTION 1. AMENDMENT.** Section 54-59-07 of the North Dakota Century Code is amended and reenacted as follows:

**54-59-07. State information technology advisory committee.** The state information technology advisory committee consists of the chief information officer; the commissioner of higher education or the commissioner's designee; the attorney general or the attorney general's designee; the secretary of state or the secretary of state's designee; the tax commissioner or the commissioner's designee; the chief justice of the supreme court or the chief justice's designee; two members of the legislative assembly appointed by the legislative council; a minimum of eight members representing state agencies, appointed by the governor; and two members with technology management expertise representing private industry, appointed by the governor. The appointees of the governor serve at the pleasure of the governor. The governor shall designate the chairman of the committee. Additional members may be asked to participate at the request of the chairman. The department shall provide staff services to the committee. The members of the committee representing private industry 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 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 regarding statewide information technology planning and budgeting, services of the information technology department, and statewide information technology initiatives and policy and shall review reports on major information technology projects as required by this chapter.

**SECTION 2.** A new section to chapter 54-59 of the North Dakota Century Code is created and enacted as follows:

Information technology projects - Reports.

1. An executive, legislative, or judicial branch agency, except for institutions under the control of the state board of higher education, shall report to the state information technology advisory committee according to guidelines developed by the department and reviewed by the state information technology advisory committee regarding the plan for and status of any software development or implementation project that is estimated to cost more than two hundred fifty thousand dollars.
2. During the life of the project, the agency shall notify the state information technology advisory committee if:
  - a. At a project milestone, the amount expended on project costs exceeds the planned budget for that milestone by twenty percent or more; or
  - b. At a project milestone, the project schedule extends beyond the planned schedule to attain that milestone by twenty percent or more.
3. A report under subsection 2 must specify corrective measures being undertaken to address any cost or time of completion issue. If the agency has not taken adequate corrective measures within ninety days after the report, the agency shall submit a report to the legislative council's information technology committee regarding the project.
4. Upon completion of the project, the agency shall notify the state information technology advisory committee if:
  - a. The budget for the project exceeded the original budget by twenty percent or more; or
  - b. The final project completion date extended beyond the original project scheduled completion date by twenty percent or more."

Renumber accordingly

2005 SENATE APPROPRIATIONS

HB 1275

2005 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 1275

Senate Appropriations Committee

☐ Conference Committee

Hearing Date February 23, 2005

Tape Number	Side A	Side B	Meter #
1		b	3,671

Committee Clerk Signature



Minutes:

**Chairman Holmberg** opened the hearing on HB 1275.

**Curt Wolfe, Chief Information Officer, Director, Information Technology Department,** distributed handouts and testified in support of HB 1275. He discussed his handouts, a copy of the current NDCC 54-35-15.2 section 10, the large project summary report with which a standard has been supplied to each agency and they are asked to comply, a copy of the SB 2037 which reflects changes in century code for section 10, and a document reflecting requested changes to HB 1275. He then discussed the remediation plan for projects that exceed the budget or exceed time frames for project completion. The requested change to HB 1275 takes place on page 2, line 12 and 13 replace "software development or implementation project" with "information technology project".

**Chairman Holmberg** asked if there is no cooperation from departments, then it goes to the legislative branch is that correct?

Page 2

Senate Appropriations Committee

Bill/Resolution Number 1275

Hearing Date February 23, 2005

**Senator Krauter** clarified that if it is not working out, just make sure it is reported. We are not really mandating anything, but the executive, legislative and judicial branches are included why not the university system.

No other questions.

**Chairman Holmberg** closed the hearing on HB 1275.

2005 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. **HB 1275**

Senate Appropriations Committee

☐ Conference Committee

Hearing Date 02/23/05

Tape Number	Side A	Side B	Meter #
2	x		4564-6188

Committee Clerk Signature



Minutes: **Chairman Holmberg** opened meeting on HB 1275.

**Representative Skarphol** commented on IT projects, stating that an early warning system was best, rather than waiting until after the fact to fix potential problems with IT projects. If you are doing an IT project in excess of \$250,000 and you have established bench marks for time line and dollar disbursement, and you exceed it by 20% you have to tell cy-tech. You have 90 days to correct it, or report to the IT committee about it.

**Chairman Holmberg:** we received in the packet of info from IT a proposed amendment are you aware of this, and if so do you have a problem with it?

**Rep Skarphol:** Yes, I am aware of it and no, I do not have a problem with it.

A motion to move the amendment was made by Sen. Mathern, seconded by Sen. Robinson. A voice vote was taken. A **Do Pass As Amended** motion was made by Sen. Christmann, seconded by Sen. Bowman. The bill with the amendment passed 15 to zero. Sen. Robinson will be the bill's carrier.



2005 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 1275

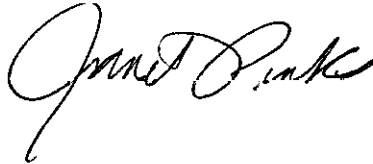
Senate Appropriations Committee

☐ Conference Committee

Hearing Date March 29, 2005

Tape Number	Side A	Side B	Meter #
1	a		3,163

Committee Clerk Signature



Minutes:

**Chairman Holmberg** opened the discussion on HB 1275 on the ag budget indicating it would a **DO NOT CONCUR**. The bill has to do with the information technology projects reporting to the advisory committee. There was some discussion when Senator Christmann mentioned higher education and the house took that information out. One of the suggestions on software development should state information technology because the term was incorrect and the house refused to concur.

**Chairman Holmberg** moved on to HB 1009.

Date 2/23/05  
Roll Call Vote #: 1

2005 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. HB 1275

Senate SENATE APPROPRIATIONS

Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number

Action Taken

Do Pass as Amended (2 Amendment)

Motion Made By

C

Seconded By

B

Senators	Yes	No	Senators	Yes	No
CHAIRMAN HOLMBERG	/		SENATOR KRAUTER	/	
VICE CHAIRMAN BOWMAN	/		SENATOR LINDAAS	/	
VICE CHAIRMAN GRINDBERG	/		SENATOR MATHERN	/	
SENATOR ANDRIST	/		SENATOR ROBINSON	/	
SENATOR CHRISTMANN	/		SEN. TALLACKSON	/	
SENATOR FISCHER	/				
SENATOR KILZER	/				
SENATOR KRINGSTAD	/				
SENATOR SCHOBINGER	/				
SENATOR THANE	/				

Total (Yes)

15

No

0

Absent

0

Floor Assignment

Sen. ~~And~~ Robinson

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

Wait for  
Christmanns (A)  
get (A) from Janet

**REPORT OF STANDING COMMITTEE**

HB 1275, as engrossed: Appropriations Committee (Sen. Holmberg, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (15 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). Engrossed HB 1275 was placed on the Sixth order on the calendar.

Page 2, line 8, remove ", except for institutions under"

Page 2, line 9, remove "the control of the state board of higher education,"

Page 2, line 12, remove "software development or"

Page 2, line 13, replace "implementation" with "information technology"

Renumber accordingly

2005 HOUSE APPROPRIATIONS

CONFERENCE COMMITTEE

HB 1275

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB1275

House Government Performance Division

☒ Conference Committee

Hearing Date April 5, 2005

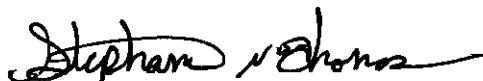
Tape Number  
1

Side A  
X

Side B

Meter #  
1-2255

Committee Clerk Signature



Minutes: **Chair Skarphol** opened conference committee hearing on HB 1275.

**Sen. Robinson:** I might add that the issue of software development, I don't know if that came from the ITD department or where, was inserted with the understanding it's better language, an improvement over the existing language. So, I don't think that's contentious as far as I'm concerned.

**Chair Skarphol:** I think that Higher Education would like to be removed, and I'm in agreement with that myself.

**Rep. Monson:** I don't have any problem with taking them out. Did I here Sen. Robinson correctly, you think that our words were better on line 12 and 13?

**Sen. Robinson:** It was my understanding, and I'm trying to rethink the actual comment that was made in our committee, again I might be mistaken, but the language we inserted was more comprehensive in all inclusive Information Technology versus software. So, we think that might be a bit of an improvement over just having software.

**Chair Skarphol:** I agree with the Senate amendments, their Information Technology project could involve a significant hardware project as well as software.

**Chair Skarphol:** So, we're in agreement with regard to allowing the exclusion for Higher Education, but we'd like to retain that language.

**Sen. Christmann:** I'm certainly not in agreement with that on Higher Ed. This is not SITAC being able to tell Higher Ed exactly what to do or what not to do, this is Higher Ed reporting back so that we have a handle on big projects. I know that there's the roundtable thing, and giving them flexibility, but in this language we're going beyond Constitutional, the different branches of government in putting requirements on branches outside the legislative branch or the executive branch. We even included the judicial branch, they're supposed to report, I don't know why that roundtable agreement to give the University System some flexibility would seem to be a bigger boarder to cross than the constitutional separations. Seems to me we end up paying for that, so why don't they just report on it so that we all know what's going on in these large IT projects.

**Sen. Robinson:** I have a conflict of interest here, I've been thinking through this, and the university in my estimation is they have reported every step of the way, even though we had experienced cost overruns, and ConnectND. I'm thinking back in terms of our IT committee, and I didn't serve on the SITAC committee, but the reporting was in place from the university perspective. They're of the opinion that because of their governance and the structure with the board, they feel that they have built into their system a number of checks and balances on these types of projects on an ongoing basis the way it is. So, what I'm hearing from the University system is that they would like to be excluded from the wording embedded in 1275.

**Rep. Monson:** Our language excluded them, and if I'm reading your language they're excluded as well.

**Chair Skarphol:** I think if you look at 03 and 02, the variations in them, our version excludes them, their version does not have the exclusion, and therefore they are included.

**Chair Skarphol:** I understand where your coming from. The one reason that we in the House thought that we should exclude them wasn't so much about the business aspects of Higher Education, the ConnectND, the administrative applications, it was all the research software that they do. They do a lot of unique things in with research software that is paid for by grant money and things like that, and our thought was that it would be somewhat ownerous for them to have to spend a lot of time doing this. If in fact, Higher Education has their own IT mechanism for controlling its costs, that it is their role if they want to do that to ask us for it. Therefore, we chose to exclude them. I wouldn't have any difficulty in including common administrative functions needing to be reported, but I do have some difficulty with the research aspect having to be reported.

**Sen. Christmann:** I'm not on SITAC, but I can't imagine that the SITAC committee would make that an ownerous requirement. I think that if the university system came in and said very generally we got these handful of research type projects being paid for by grants, and we see no problems with them, I would think that the SITAC committee would just let that go then. If they said that we've got these projects going on and they are being partially funded by grants, and we have no idea what the ultimate cost is going to be but whatever the balance is will be general fund money that you have to make up, then the SITAC committee might want a little more detailed report, at which time it might become a little bit ownerous, but it ought to.

**Rep. Glassheim:** I wonder if we're not going to double the work of SITAC. Secondly, I can't remember what the university testified. What is the process that they have to show internally controlling their software and hardware planning?

**Chair Skarphol:** That never did become part of the discussion in 1275's discussion, because our side concluded that we weren't going to include Higher Education, and having served on SITAC, we have virtually allowed Higher Education to operate in their own environment. I don't recall them reporting on any projects of any size to SITAC. I wouldn't necessarily have a problem with them telling us what they are doing, but this does set down some pretty specific guidelines as to what's required as preplanning for any software project. I think to impose those guidelines on all projects in Higher Education could be very onerous. I do not disagree that they could certainly tell us what they are doing with regard to technology, in just somewhat of a summary form, so that if there does appear to be a lot of spending that we're not made aware of that we'd be made aware of it. Does that seem like a reasonable step at this time, or would you anticipate that you want to have more?

**Sen. Robinson:** Your comment earlier just refreshed my memory regarding the history we've had with the university system as it pertains to the research area. We have a rather long history of trying to stay out of that for a host of reasons. Your comments rekindle some memory, this goes back many years ago where we've had some similar situations, and the legislature has on a number of occasions attempted to embark on that road. After further review and consideration has elected not to go down that road for the very reasons you cited.

**Chair Skarphol:** I would think as ConnectND gets implemented, it might be a lot easier for Higher Education to retrieve some summary type information, with regard to IT projects as well.



**Sen. Christmann:** Are there a bunch of other details that are just excluded from the bill, because all I see here is that they would need to report, according to guidelines developed by SITAC. So, SITAC can make it clear to them that if it's fully paid for by grants, and research oriented, and there's no problems. All they need to do is just mention that it's going on, and everything is fine. Number two is only a requirement if it's coming in over budget or behind schedule. Same with #3, and same with #4, except that's in the past tense if it ultimately did come in. So, as long as everything is fine, I don't see anything in here that's an issue other than if we include them they would need to report that a project is going on, and that it's a grant paid project, and everything should be fine.

**Chair Skarphol:** What is required on a project in excess of \$250,000. That number is on lines 13 and 14. These are large projects, and is a development of a plan for the implementation of a software project. That's required. In that plan, if it's complex enough that it needs to require a timeframe for implementation, what section 2 does is says that you have to set down some milestones during that timeframe, at which point certain deliverables are going to be in place, and your going to get paid. When the next milestone is achieved, certain deliverables have to be in place, and your going to get paid. That moves along until you come to the completion of a project, and everything's paid for, and everything's delivered. Section 2 says that if you get 20% overtime or over budget, you have to report to SITAC. That's what this bill does. Now, if the software project is simply an off the shelf thing that you plug in, and there's a relatively short timeframe to get it done, that's what section 4 refers to in past tense. I would submit in Higher Education, there may be a lot of projects in excess of \$250,000 dollars, and if they were subject to the provisions in here, they would be required to do all of these things. Higher Education,

because of the roundtable, has been granted flexibility, and it was just a decision on our part not to include them because of that flexibility granted by the roundtable. I like your idea about asking them to let us know what they are spending on technology, but I'm not sure that it's probably in the best interest of us or Higher Education to make them go to this extent to do it, but rather to provide us with a list of projects and cost and how they were funded.

**Sen. Christmann:** The details that you've mentioned, the milestones. Those are the guidelines that were developed by SITAC, or is that in the code?

**Chair Skarphol:** That's project management. Project Management Best Practices today say when your going to do a project, you set out a specific time schedule for what's going to be delivered when, and what that's worth. If the project is \$300,000 and there's four increments to it, you have 4 milestones. This much has to be delivered by milestone one, this much of the implementation, and we're going to pay you 1/4 of the money. Then you go to the next phase and you get it done, completed, tested, then you've got another 1/4 of the money which brings you to half.

**Sen. Christmann:** Where are these guidelines?

**Chair Skarphol:** They're established in the preplanning process by the project manager for that project. They're set up in advance, of the project being implemented.

**Sen. Christmann:** The pre project manager reports to SITAC what they were/

**Chair Skarphol:** All projects of \$250,000 or larger are reported, but the project manager only has to come in if the project is overtime or overbudget.

**Sen. Christmann:** In subsection 1, when it mentions the guidelines developed by the department. Wouldn't that be where they would make guidelines that if it's a fully granted

research type project, that it would just be reported what the project is going to be and they just need to report back if there's trouble brewing, or something with maybe additional flexibility than what the guidelines are for typical projects that we are in fact paying for?

**Chair Skarphol:** While Higher Education sits on SITAC, SITAC does not evaluate Higher Education technology projects. They're not included in what we do. SITAC is a state Information Technology Advisory Committee, it's germane to the state aspect of it. The Supreme Court participates in a discussion as well, more for purposes of collaboration. They are a participant in the discussion, but Higher Education's projects have never been evaluated by SITAC. It wasn't intended that they would be. We only deal with state projects as it stands now. ConnectND is one of those, and it does effect Higher Education. I wouldn't have any difficulty with the administrative aspects probably of Higher Education needing to do this, but I do have more than a little consternation over requiring the research ones, because of their uniqueness and their specialty, and maybe when they are somewhat different flavor with regard to funding.

**Sen. Christmann:** Are there situations like this that might arise where grants pay for Law Enforcement type programs, or something like that, that are fully funded outside of the state government?

**Chair Skarphol:** Absolutely. There's no question about that, I mean, I can't in my mind right now come up with an example in Higher Education that would deem to be inappropriate. I just think that they are much more common, because of the research grant dollars that university system's get, especially the two big ones. I think it's something that's probably much more common there than it is in state government, and would be more problematic for that reason.

**Sen. Robinson:** If we look at where we come from in the last 10 years in the area of IT, it's certainly an issue that has been on everyone's radar screen. We have increasing checks and balances in the system. I would not in any way suggest that we are immune from the potential failure of a large project. In this business, eventually we're going to have one. I think our structure is really evolved to the point where checks and balances are rather expensive, and be it either SITAC or the Information Technology Committee. There's precious little that happens out there that we don't hear about. The discussions that we had over the course of the last interim with given the bank, there on everyone's radar screen, and I'm sure from the department side, it's bitter sweet. The projection is not perfect, but it's much more comprehensive, and there's more integrity in that process than we've ever had. We can always improve, and I think that's fine.

**Chair Skarphol:** There is an attempt in this session to create somewhat of a parallel system in Higher Education, than what we have in state government, with giving Grant, and the CIO, and Higher Education a parallel to work with Curt. Hopefully, we'll both learn from each others mistakes and examples, to pick up the good aspects on both sides, and remember the bad aspects.

**Sen. Robinson:** The ConnectND project was of such magnitude that I think when we reflect, and we're not done with this project, and there'll be ongoing maintenance and updates for many years to come, but having said that, it's not everyday that we embark on a project of that magnitude. There were any number of lessons learned, I think by all players, and we run into roadblocks and we tripped once or twice, but I think the most important thing is that we've got up and moved on. I think that once the system, it's like the Motor Vehicle Registration System from 2 years ago, we look back now, and there were some tough times, but it's a great system

doing wonderful work, and I think we're going to find that with ConnectND. My point is vigilance is important, ongoing monitoring, and I would like to believe we have it, whether it be the Judiciary, Higher Ed, or state government with systems that we have in place, and again it's not perfect, but I think we've got a pretty good system, that has already paid big dividends for ND.

**Rep. Glassheim:** I maybe wrong, but there's something in terms of what you said like parallel systems, and the question is that I think structurally we're recognizing that the university system reports to the Board of Higher Education, and the SITAC ultimately reports to the Governor. We omit the Legislative Branch, because we don't report to the Governor, the Judiciary don't report, and with Higher Ed it certainly is dependent upon the Legislature for funding, but we've tried to keep it independent and a separate entity. So, then to require them to report that applies to this body that really is under the Governor's of the Executive Branch confuses me.

**Chair Skarphol:** Why don't we think about if we want to have a report from Higher Education that we have them report to the Interim IT committee, rather than SITAC. It's like Rep. Glassheim said, SITAC is kind of the state reporting to the Governor. They really shouldn't report to the Governor in a direct way. They should report to us, because we are the other branch that they have to deal with.

**Sen. Christmann:** I think that's worthy of some contemplation. I would say though that SITAC reports to the Governor, so does the Board of Higher Education.

Adjourned Conference Committee Hearing.

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB1275

House Government Performance Division

☒ Conference Committee

Hearing Date April 7, 2005

Tape Number  
1

Side A  
X

Side B

Meter #  
3347-3616

Committee Clerk Signature



Minutes: **Chair Skarphol** opened conference committee hearing on HB 1275.

**Chair Skarphol:** This is an issue with regard to the exemption for Higher Education. I did have a brief conversation with Laura Glott, and I will share that with you. One of the points that she made with regard to the research thing, is a lot of times when technology projects are involved in the grants aspect of Higher Education, there are requirements of these grants that they purchase unusual things that don't appear to be technology related, and it really squeezes the dollar values, and the whole normalcy of technology projects, thus, my concern about the research aspect of it. She said that they don't have a very good reporting system for this type of thing, and there current financial management systems, and it would create some difficulty for them to do this at this time. She did indicate with ConnectND that she thought it would be less problematic for them to be able to give us some type of summary report. I don't have any problem with waiting until you get an opportunity to do what you would be comfortable doing.

Adjourned Conference Committee Hearing.

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB1275

House Government Performance Division

☒ Conference Committee

Hearing Date April 8, 2005

Tape Number  
1

Side A  
X

Side B

Meter #  
1773-4143

Committee Clerk Signature

*Stephen N. Thomas*

Minutes: **Chair Skarphol** opened conference committee on HB 1275.

**Sen. Christmann:** The basic issues, I think, that I thought was important to this is there is a little bit of difference in how they evaluate large projects, compared to what this bill is talking about. This bill is talking about \$250,000 projects where the Century Code looks at a large project if it's \$250,000 or more in a biennium. She identified an administrative project for me as a project that directly collects, aggregates, modifies, stores the reports, institutional student financial or human resources records or data, and is provided primarily for administrative purposes. Now, I'm getting to the point that in these arrangements with grant funding, some non grant funding maybe used to cover indirect costs of the projects. I hope we don't ever get to a point where a real tiny grant goes in and disqualifies a major general fund costing project from being reported. I concluded that if we could leave our current language, and in that subsection 1 on the various agencies that report to the advisory committee regarding the plan and status of any Information Technology project that is estimated to cost that \$250,000, I though if we could just

include excluding grant funding received by institutions under the control of the State Board of Higher Education for non administrative projects.

**Laura Glott:** Are we talking about only reporting administrative projects, or reporting administrative projects and other projects regardless of funding source if the cost exceeds \$250,000?

**Sen. Christmann:** What I would be getting at would be you would have to report all administrative projects that are over \$250,000. You would only have to report the non administrative projects if it was expected that the non grant portion of the costs was going to exceed \$250,000.

**Chair Skarphol:** In state revenue? Are you only referring to when you say the non grant costs are going to exceed \$250,000 of state revenue?

**Sen. Christmann:** I haven't thought about that, but that is fine with me.

**Laura:** When you use the term non grant portion, obviously that could come from a variety of sources. It could come from student fees, state dollars, tuition dollars, or dollars the institution generates themselves.

**Sen. Christmann:** I do look at those student fees, and tuition dollars just the same way as I look at the general fund money that we give to the University System. We've got those students contacting us all the time saying we can't afford more tuition, look at how much our fees are. I know they vote for them, but usually the students vote for somebody else's fees.

**Chair Skarphol:** I think you're not so much interested in having the things in subsection 2, 3, or 4 apply to what you're asking for, but in reality your asking for some type of report of how, or what the expenditures for technology projects are in Higher Education.



**Sen. Christmann:** That is correct.

**Chair Skarphol:** The second part is some kind of mechanism to alleviate all the small stuff that they shouldn't have to report, and try to find a mechanism that works for the larger stuff.

**Sen. Christmann:** Correct. The small stuff, and the things that will be all or nearly all paid for with non state dollars.

**Rep. Monson:** When you say non state dollars, you did say that you thought the money from the students payments that they made, the special funds, would be considered in this report?

**Laura:** It may have been updating. I know one of the examples I used on the student fees, is that if the computer cluster that engineering students use, for example after hours, the computers are outdated that they don't run the latest software that is used in the classroom to teach engineering. Obviously, we have to update the computer cluster. That money would come from the fee that the student assist themselves, the technology fee to pay for those replacements. So, my question was is that the kind of thing that you're interested in?

**Sen. Christmann:** Yes, I do think that would be good to do that. I can't imagine that a responsible project that the It Committee is going to have a big concern over, but I think we ought to know the extent and scope of those projects.

**Chair Skarphol:** You envision this report going to the IT Committee?

**Roxanne, Legislative Council:** I hate to muddy up the waters here, but just to provide the committee with a little bit of information. SB 2037 has a number of items in there. It's an Interim IT bill that has a number of statutory changes in there. One of the statutory changes in here relates to the duties in the Information Technology Committee. This references the Legislative Interim Committee. One of those new items listed under duties is to receive

information from the State Board of Higher Education regarding Higher Education Information Technology planning services, and major projects. That's one of the duties listed under the IT Committee, so the It Committee will be looking at receiving this information.

**Sen. Christmann:** I'm not so uncomfortable with it, but it seems like since SITAC is going to be getting these other reports of major projects, you'd want the same group to be getting them.

**Chair Skarphol:** The only difference is that SITAC is really an organization of Executive Branch agencies. It's a little bit different environment than Higher Education typically reports to. They don't typically report to Executive Branch people.

**Sen. Christmann:** If Higher Ed doesn't typically report to SITAC, which you refer to as more of an Executive Branch agency, how does the Judicial Branch report to an Executive Branch agency? They're their own branch.

**Chair Skarphol:** They're willing to share information and report. They're not required to.

**Sen. Christmann:** If we pass this law they are.

**Chair Skarphol:** They are willing to be required to report, but not to comply with any edicts from the Executive Branch agency. They have to except what we pass, but they will not accept, for example, our chief information officer having any type of control over what their decisions are in their branch of government.

**Sen. Robinson:** If you look at the composition of the 2 committees, the IT committee is 100% legislative members. In SITAC we have 2 legislative members on that committee. I think the SITAC committee is doing a great job, and I think the relationship between SITAC and the IT committee has been very progressive and healthy. To me, there is an argument to have this report to the interim IT committee, on the basis of the composition of the committee.

**Chair Skarphol:** If you want to sit down and work out language that adequately defines the parameters that you think you want to have addressed, I'd be happy to work with you on that.

**Sen. Christmann:** That works good for me.

**Rep. Glassheim:** I want to record my discomfort with the move to have us require more of Higher Ed. My sense is that neither SITAC nor Higher Ed wants this to happen. My sense is that it would double the burden on SITAC, and double the burden on Higher Ed, and that Higher Ed is moving within its own system to develop controls and reporting mechanisms within its own system, but that its not as far developed as the state system, and to do this now seems to me a mistake.

**Sen. Christmann:** I think that's a fairly general feeling, but it begs the question, is the university system equally as opposed to the provision in SB 2037?

**Laura:** What 2037 does, because I think everyone would agree including Mr. Wolf, that for years there's been real confusion, or at least blurred lines about who controls, and where we report with regards to IT activities. In fact, you'll notice for those that serve on SITAC, and many of the Enterprise Architecture standards that are currently adopted through SITAC for state government, there are exemptions provided in there for Higher Ed. That was really to recognize that Higher Ed had a unique environment. Our mission is very different then your typical state agency. We're about teaching research and public service, not about regulatory agencies and things of that nature. So, it's been kind of blurred, so what 2037 does is it clearly says now that the Board of Higher Education is in charge of overseeing IT for the University System, including developing a parallel structure to what Mr. Wolf has developed for state agencies. Parallel but not identical, because obviously we have different needs, because our mission is unique. So,

2037 sets up that responsibility with the board, but it does require us to periodically report to the IT committee. In that bill, it doesn't specifically identify what is reported at what dollar amounts, and what levels, and those kind of things, so that has to be defined yet. I think our assumptions that we can come up with a reporting methodology that satisfies the legislatures need for information without overwhelming them with too much. This bill takes us in a different direction again. It continues to blur the lines about who's in charge of IT for Higher Ed. To me it's not a question of who's in charge, but who is responsible. That bill says it's the board. This bill makes things gray again. We have found that when authority gets diffused, nobody has responsibility.

**Sen. Robinson:** I work at a small college just next store to a finance BP, and I do know the system is really creating a tremendous amount of pressure on folks that work for all areas of government, certainly Higher Education. In the area of reporting, at some point we are going to far. I don't know where that point is, but I know that we have had Executive Committee meetings and our people miss the meetings because they have reports to get in. It's no small task, we find ourselves reporting on reports, so we need to be cognizant of that as well, not that we're holding back information. We know we have a responsibility to the state and the legislature and the board office, but it gets to be a bit much from time to time.

**Curt Wolf:** HB 1275 relates to projects that once defined as milestones that we exceed the budget 20% on a particular milestone, or 20% over in terms of the timeframe for which that milestone is supposed to be completed. So, we are not really reporting on every project that the state has, we wouldn't be reporting on every project that Higher Ed has, only those that aren't meeting time and dollar projections is there a reporting mechanism required here. We are trying

to track projects to make sure they are done on time and on budget, and that's what this bill is all about. To have a reporting mechanism and corrective mechanism that informs people of what is going on to fix problems before they become a serious issue.

**Chair Skarphol:** I think Sen. Christmann, I understand your concern, and I appreciate your concern, because I think your concern is somewhat similar to what the House concern was last session, in that it was difficult to understand how much money was being spent on technology. We kind of got a handle on state government, and your thinking we really don't know what's going on in Higher Education, and I can appreciate that.

Closed Conference Committee Hearing.

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB1275

House Government Performance Division

☒ Conference Committee

Hearing Date April 11, 2005

Tape Number  
1

Side A  
X

Side B

Meter #  
2220-4849

Committee Clerk Signature

*Stephann N. Thomas*

Minutes: **Chair Skarphol** opened conference committee hearing on HB 1275.

**Sen. Christmann:** Overview of amendment. (SEE AMENDMENT 50227.0202)

**Sen. Christmann:** I don't understand the 3rd and 4th lines of this. If we have an institution reporting to the State Information Technology Advisory Committee, I don't understand according to guidelines developed by the department, and reviewed by the State Information Technology Advisory Committee.

**Roxanne, Legislative Council:** That language is taken directly from #1, or subdivision 1, and I believe it reflects to any agencies going to report according to guidelines developed by the department, and in this subsection department means the Information Technology department, and reviewed by the SITAC committee. So, the Information Technology Department is going to develop guidelines for how agencies are supposed to report, and those guidelines are going to have to be reviewed by the SITAC committee. Then an agency will use those guidelines to make their report.

**Sen. Christmann:** I hadn't read back into that, and I sort of forgotten that language in there. So, that makes sense then. The other question I have then is the first two lines of this, does that then just apply to the institutions, or does it apply to the University System as a whole as well?

**Roxanne:** I believe so, if they are under the control of the State Board of Higher Education.

**Laura Glott:** It would include our office, and it would also include related entities.

**Sen. Christmann:** I think with Roxanne's explanation, and Laura's explanation that this pretty well covers the things that we're looking for, that we for sure would want to have reported. The one thing I could see that maybe wouldn't would be a potential research project that then gets us going down a path that we can't stop, but I don't know how we'd identify this any better than this. I would move this amendment.

**Chair Skarphol:** We have a motion to adopt this amendment, do we have a second?

**Rep. Monson:** I'm really not all that convinced that we need to have them report to SITAC, instead of maybe the Information Technology Committee. I think what we have here, this makes more sense if you want to put it in 2037, but I don't think it's necessary here.

**Sen. Robinson:** We left on Friday, and it was my understanding that you, Sen. Christmann, and Laura were going to get together and craft some language. What happened to that effort?

**Chair Skarphol:** If you look at the amendment, it creates a new subsection B on page 2 of the House bill. It takes subsection 1 of section 2, and makes it into 1A, and then it creates a 1B. It would state that the institution under the control of the State Board of Education shall report to the SITAC committee according to the guidelines developed by the department, and reviewed by the SITAC committee, regarding the plan and status for any Information Technology project under subsection 11 of section 34-35-15.2. I guess that particular reference is a reference that

says that the Information Technology Committee shall, subsection 11 says 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 of Higher Education if the project A, significantly impacts the statewide rowder, B in other words it appears like what the Senator's amendment does is requires that the same report given to the Interim IT Committee be given to SITAC. Would that be a correct summary?

**Sen. Christmann:** I'm not that familiar with 2037. What this amendment does is have the administrative parts of the University System, leaving out the research, under the same reporting guidelines as the Legislative, Judicial, and Executive Branches of government.

**Chair Skarphol:** This is a subsection of code that's referenced by the amendment here. It requires, as I'm reading it, what your amendment does is requires the same information be reported to SITAC as being reported to the Interim IT Committee. Is that a correct assessment based on what your understanding is?

**Roxanne:** It requires the same information for Higher Ed projects as for other projects as identified. They report the information that is required by these guidelines for the same projects that are described in that section. So, it might not exactly be the same information. We're just using that section 54-35-15.2 to define which projects the University System has to report to SITAC. It necessarily won't be the same information that Higher Ed has to provide under 54-35-15.2, it might be similar depending on the guidelines that are established by the department for this information that goes to SITAC.

**Chair Skarphol:** Does Sen. Christmann's amendment have the \$250,000 dollar threshold?



**Roxanne:** No it doesn't, because it references those projects that are described in that section, and that section doesn't have the \$250,000 threshold either for Higher Ed education. 54-35-15.2, the only section that has the \$250,000 threshold is state agencies and the Legislative and Judicial Branches.

**Chair Skarphol:** So, when it says in this section of law that they shall review the cost benefit analysis of any major project of the State Board of Higher Education, what does that mean?

**Roxanne:** Any major project as defined as those subdivisions A, B, or C.

**Sen. Christmann:** I would sure stand to be corrected on this, but I think another section of law 54-25-15.2 states a major project is a project with the cost of \$250,000 or more in one biennium, or a total cost of \$500,000 or more.

**Chair Skarphol:** Is that correct from the boards perspective? Do you have a dollar threshold that you work with?

**Laura:** We don't. We would abide by the guidelines that ITD has set, and I believe you using the \$250,000 threshold and you define large projects.

**Sen. Robinson:** If I understand this right then, in the working of this proposal, if it were adopted, we would meet mid June, for example, with the IT the day before the SITAC committee would meet. The University System, if they had a project that fell under this legislation, would report one day to the SITAC committee, and then they would subsequently come back and report the same or similar information to IT?

**Chair Skarphol:** I'm assuming that's the way it would work, yes.

**Sen. Christmann:** I don't know if this major project part is in the chapter that we are referencing here. OK, so we are dealing with major projects, the information that I got from Laura, which identifies major projects, has been repealed. It might just be a typo or something.

**Rep. Glassheim:** I think we're discussing whether the primary report should go to the IT committee or to SITAC. The SITAC reports are a little bit more detailed, that requirements for the Executive Branches are a little bit more detailed than the report to IT committee. It seems to me that SITAC in a way doesn't even want the Board of Higher Education, it could double their work. If the initial reports go to the IT committee, and there are problem areas, it seems to me then that those individually could be assigned to SITAC if there's need for further collaboration, or they could be assigned to the CIO if something is way off track, or something is having serious problems. We're not looking for pieces of paper, and that kind of stuff, we're looking to make sure things are on track. Already in law, we have the requirement that Higher Ed reports major projects to the IT committee, and that they have periodic reviews to ensure that they're on schedule, and within cost projection. So, we already have what we are trying to get at here, except it's not through the state agency SITAC process. It seems to me that we have good enough control over major projects already in law.

**Sen. Robinson:** I don't sit on the SITAC committee, but the 4 of us here have been on the Information Technology Interim committee. It seems to me, with the number of legislatures on the Interim IT committee, all but one member of that committee are legislatures. The real scrutiny is going to be on that committee, and not on SITAC. It seems to me in terms of communication, it's on that committee and not SITAC. In terms of early intervention and identification of a problem IT project, when I look at where we come from, it seems to me that

agencies would want to come at the earliest possible time to the Information Technology Interim committee just for the good of the order, so there are no surprises. If there's something that's getting to be a little bit shaky, if there are concerns, if there's some problems, it's for their benefit and ours that we all know about it sooner rather than later. The composition of the committee does not lend itself to the scrutiny that you're probably going to have with the IT committee.

**Chair Skarphol:** The function of legislators on SITAC, as I see it is not to drive the train, but rather just to listen, so that you become familiar with the discussion that 's taking place between the agencies, and just so that you get a better feel for what their problems are and what their discussions involve. The Interim IT committee is really where the discussions with the legislators needs to take place. If 2037 were to pass, it would, in fact, give better definition to Higher Education's responsibilities with regard to reporting to us. If it fails to pass, that section of law still exists, and the Interim IT committee still needs to be reported to.

**Rep. Glassheim:** Where are we at, what motion should be appropriate, and who should make it if we wanted to not have the Board of Higher ED in?

**Roxanne:** The Senate amendments to this bill do two things. One, we exempted or removed Higher Education from being exempted. The other was a minor wording change as requested by the Information Technology Department to clean up software development or implementation projects to just say Information Technology projects. I'm assuming that's been agreed upon by the committee, so the proper motion would be that the Senate recede from its amendments. We would need to further amend to clean up the wording and any other amendments the committee would wish.

Page 7

House Government Performance Division

Bill/Resolution Number HB1275

Hearing Date April 11, 2005

**Rep. Monson:** I would move that the Senate recede from their amendments, and that we further amend the House version on HB 1275 to on page 2, line 12, remove "software development or", line 13, "implementation", and replace it with "Information Technology."

**Rep. Glassheim:** Second.

Roll Call Vote, motion passes.

Adjourned Conference Committee Hearing.

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1275

That the Senate recede from its amendments as printed on page 858 of the House Journal and page 644 of the Senate Journal and that Engrossed House Bill No. 1275 be amended as follows:

Page 2, line 8, after "1." insert "a."

Page 2, line 12, replace "software development or" with "information technology"

Page 2, line 13, remove "implementation"

Page 2, after line 14, insert:

"b. An institution under the control of the state board of higher education shall report to the state information technology advisory committee according to guidelines developed by the department and reviewed by the state information technology advisory committee regarding the plan for and status of any information technology project described under subsection 11 of section 54-35-15.2."

Renumber accordingly

REPORT OF CONFERENCE COMMITTEE  
(ACCEDE/RECEDE)

Bill Number 1275 (, as (re)engrossed):

Date: April 11, 2005

Your Conference Committee House Appropriations Government Performance

For the Senate:

YES / NO

For the House:

YES / NO

Sen. Kringstad X

Chairman Skarphol X

Sen. Christmann X

Rep. Manson X

Sen. Robinson X

Rep. Glassheim X

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

the (Senate House) amendments on (SJ/HJ) page(s) 858 -- \_\_\_\_\_

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

X, adopt (further) amendments as follows, and place HB 1275 on the Seventh order:

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

((Re)Engrossed) HB 1275 was placed on the Seventh order of business on the calendar.

DATE: April 11, 2005

CARRIER: Rep. Skarphol

LC NO. \_\_\_\_\_ of amendment

LC NO. \_\_\_\_\_ of engrossment

Emergency clause added or deleted  
Statement of purpose of amendment

MOTION MADE BY: Rep. Manson

SECONDED BY: Rep. Glassheim

VOTE COUNT 5 YES 1 NO 0 ABSENT

Revised 4/1/05

**REPORT OF CONFERENCE COMMITTEE**

**HB 1275, as engrossed:** Your conference committee (Sens. Kringstad, Christmann, Robinson and Reps. Skarphol, Monson, Glassheim) recommends that the **SENATE RECEDE** from the Senate amendments on HJ page 858, adopt amendments as follows, and place HB 1275 on the Seventh order:

That the Senate recede from its amendments as printed on page 858 of the House Journal and page 644 of the Senate Journal and that Engrossed House Bill No. 1275 be amended as follows:

Page 2, line 12, replace "software development or" with "information technology"

Page 2, line 13, remove "implementation"

Renumber accordingly

Engrossed HB 1275 was placed on the Seventh order of business on the calendar.

2005 TESTIMONY

HB 1275



## 05-07 Executive Recommendation IT Projects

Project Title	Amount	Agency
MMIS Rewrite Phase II	\$29,188,859	DEPARTMENT OF HUMAN SERVICES
Mainframe Migration Strategy	\$6,000,000	INFORMATION TECHNOLOGY
N D Public Safety Mobile Communications Project	\$4,957,923	DIV OF EMERGENCY MANAGEMENT
Legislative Applications Replacement System	\$4,200,000	LEGISLATIVE ASSEMBLY
CJIS - Establish services to support deployment	\$2,700,000	INFORMATION TECHNOLOGY
Strategic Initiatives	\$2,127,687	BANK OF NORTH DAKOTA
Central Voter File for Elections	\$1,000,000	SECRETARY OF STATE
WIC	\$835,882	ND DEPARTMENT OF HEALTH
Special Education IEP	\$700,000	DEPT OF PUBLIC INSTRUCTION
HAN	\$683,484	ND DEPARTMENT OF HEALTH
ConnectND PeopleSoft Modules	\$600,000	OFFICE OF MANAGEMENT AND BUDGET
Upgrade Pavement Management System	\$559,000	DEPT OF TRANSPORTATION
UI Modernization-Reed Act	\$525,000	JOB SERVICE NORTH DAKOTA
Enhanced Web based applications	\$450,000	WORKFORCE SAFETY AND INSURANCE
DREAMS	\$417,000	ND DEPARTMENT OF HEALTH
Itag Offender Management System	\$411,650	DEPT OF CORRECTIONS AND REHAB
Upgrade RIMS Inventory Interface	\$397,918	DEPT OF TRANSPORTATION
Migrating data from AS400 to another platform	\$250,000	SECRETARY OF STATE
Core Banking	\$240,594	BANK OF NORTH DAKOTA
National Animal Identification System	\$235,000	DEPARTMENT OF AGRICULTURE
Enhanced Records Management System	\$225,000	JUDICIAL BRANCH
Case Management System	\$200,000	HIGHWAY PATROL
Wireless Field Reporting	\$200,000	HIGHWAY PATROL
FileNet for Admin Lic & Business Divisions	\$199,615	SECRETARY OF STATE
CVISN (Commercial Vehicle Systems and Networks)	\$166,500	DEPT OF TRANSPORTATION
Priority System Rewrite	\$156,600	DEPT OF TRANSPORTATION
Interactive Television	\$155,000	JUDICIAL BRANCH
Disaster recovery hot site	\$120,000	WORKFORCE SAFETY AND INSURANCE
Online Campground Reservation System	\$110,000	PARKS AND RECREATION DEPT
TDEA rewrite to include WIM data	\$108,000	DEPT OF TRANSPORTATION
Digital Audio Recording	\$103,677	JUDICIAL BRANCH
Case Management Systems Review	\$100,000	JUDICIAL BRANCH
Monitor System Replacement	\$100,000	LEGISLATIVE ASSEMBLY
Centralized EDI process for medical billing	\$75,000	WORKFORCE SAFETY AND INSURANCE
Continuity Planning	\$75,000	JUDICIAL BRANCH
Bringing FileNet to the County Recorders for CIS	\$58,231	SECRETARY OF STATE
Security Access Replacement	\$56,000	HISTORICAL SOCIETY
Field Office Network Project	\$50,000	GAME AND FISH DEPARTMENT
NDPERS Online Services	\$47,632	PUBLIC EMPLOYEES RETIREMENT SYSTEI
EDMS Workflow	\$35,000	PUBLIC EMPLOYEES RETIREMENT SYSTEI
EDMS	\$31,475	DEPT OF FINANCIAL INST
SERFF Interface	\$27,840	OFFICE OF THE INSURANCE COMMISSION

# Information Technology - Large Project Summary Report

## Active Projects

State of North Dakota  
ITD Policy and Planning

Agency	Project Name	Project Description	Project Duration	Project Status	Project budget	Actual to date	Est. cost at completion
Bank of North Dakota	SLND e-commerce	Y This project will replace the SLND guarantor system, providing a significant decrease in processing costs, substantial increases in customer service and efficiencies in loan processing.	Phase 4.2/4.3 08/02 - 01/05 (Revised: 7/04 Original End Date: 01/03) Complete	Vitex Technology Consulting Services performed a project review to provide a third party opinion regarding the readiness to cease parallel Guarantor processing and terminate the use of the Guarantor legacy system at year end. The Student Loan guarantor legacy system ceased processing as of the last business day in December 2004.			
				Phase 1.0 Completed. (01/2000 - 04/2000)	\$151,090	\$195,986	\$195,986
				Phase 1.1 Completed. (05/2000 - 06/2000)	\$122,700	\$93,350	\$93,350
				Phase 2.0 Completed. (06/2000 - 02/2001)	\$943,255	\$1,036,907	\$1,036,907
				Phase 2.1 Completed. (12/2000 - 08/2001)	\$1,755,788	\$1,824,694	\$1,824,694
				Phase 3.0 Completed. (08/2001 - 12/2001)	\$349,650	\$353,824	\$353,824
				Phase 4.0 Completed. (10/2001 - 12/2001)	\$323,320	\$294,164	\$294,164
				Phase 4.1 Completed. (12/2001 - 08/2002)	\$1,217,350	\$1,395,032	\$1,395,032
				Phase 4.2/4.3 Completed (12/2004)	\$2,202,000	\$2,359,075	\$2,359,075
				BND staffing costs	\$424,070	\$1,475,686	\$1,475,686
Bank of North Dakota	Core Banking	Y This project will replace the "Core Banking" system, which supports multiple banking functions while maintaining centralized information. Currently BND utilizes multiple systems on the mainframe requiring substantial manual programming and the systems cannot be linked to provide sufficient customer relationship management. Cost of processing and maintenance, the need for modern technology and the need to deliver new products and services to customers are all business drivers for this project.	01/04 - TBD	Total	\$7,489,223	\$9,028,718	\$9,028,718
					TBD	\$144,165	TBD
					TBD	\$0	TBD
Bank of North Dakota	Phase I - This involves the RFP and vendor selection process.	Y This project will replace the "Core Banking" system, which supports multiple banking functions while maintaining centralized information. Currently BND utilizes multiple systems on the mainframe requiring substantial manual programming and the systems cannot be linked to provide sufficient customer relationship management. Cost of processing and maintenance, the need for modern technology and the need to deliver new products and services to customers are all business drivers for this project.	01/04 - 02/05 (Revised: 01/05 Original End Date 12/04)	An additional deliverable was added to the Cornerstone contract for the purpose of assisting with contract negotiations. This extended the original completion date. In the absence of this extension, Phase 1 would have completed within the original schedule. The new completion date is February 2005.	\$250,000	\$144,165	\$250,000
	Phase II - This will be the implementation phase		TBD	Project has not started.	TBD	\$0	TBD

**54-35-15.2. Information technology committee - Powers and duties.** The information technology committee has continuing existence and may meet and conduct its business during the legislative session and in the interim between sessions. The committee shall:

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. Except as provided in subsection 11, 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 two hundred fifty thousand dollars or more in one biennium or a total cost of five hundred thousand dollars or more.
11. Review the cost-benefit analysis of any major project of the state board of higher education or any institution under the control of the state board of higher education if the project:
  - a. Significantly impacts the statewide wide area network, including the campus access routers;
  - b. Impacts the statewide library system; or
  - c. Is an administrative project. An administrative project is a project that directly collects, aggregates, modifies, stores, or reports institutional student, financial, or human resources records or data and is provided primarily for administrative purposes.
12. Perform periodic reviews to ensure that a major information technology project is on its projected schedule and within its cost projections.

## **Engrossed House Bill No. 1275**

Delete, on page 2 – line 12 and 13 “software development or implementation project”

Replace with “information technology project”