NORTH DAKOTA LEGISLATIVE COUNCIL

Minutes of the

INFORMATION TECHNOLOGY COMMITTEE

Thursday, June 8, 2006
Room 305, Twamley Hall, University of North Dakota
Grand Forks, North Dakota

Senator Larry J. Robinson, Chairman, called the meeting to order at 9:00 a.m. at Twamley Hall, University of North Dakota, Grand Forks.

Members present: Senators Larry J. Robinson, Randel Christmann, Tom Seymour, Rich Wardner; Representatives Eliot Glassheim, Bob Skarphol, Robin Weisz; Chief Information Officer Lisa Feldner

Members absent: Senator Randy A. Schobinger; Representatives Bette B. Grande, Keith Kempenich, David Monson

Others present: Louise Potter, State Representative, Grand Forks

Ken Svedjan, State Representative, Grand Forks

See attached appendix for additional persons present.

It was moved by Representative Skarphol, seconded by Senator Wardner, and carried on a voice vote that the minutes of the March 13, 2006, meeting be approved as distributed.

REPORT FROM THE CHIEF INFORMATION OFFICER

Chairman Robinson welcomed Ms. Lisa Feldner, Chief Information Officer, Information Technology Department, to the Information Technology Committee.

Ms. Feldner provided information regarding the state's existing legacy information technology systems, the state's business intelligence study, and the status of the Criminal Justice Information Sharing Initiative. A copy of the information is on file in the Legislative Council office. She said in regard to the state's existing legacy information technology systems, the department will be collecting information regarding all information technology software assets of state agencies with agencies' information technology plans. She said the information technology plans are to be submitted to the Information Technology Department by July 15, 2006.

Ms. Feldner said in April 2006 the state's business intelligence team, consisting of representatives from several state agencies, selected CIBER, Inc., to conduct a high-level assessment of the state's business intelligence architecture and strategy. She said CIBER, Inc., developed 12 specific recommendations. She said the business intelligence team is reviewing the recommendations to determine appropriate next steps for the state.

In response to a question from Senator Robinson, Ms. Feldner said business intelligence is a process for gathering, processing, and disseminating decisionmaking information to business leaders. She said it allows a "drill-down" capability across agency lines.

In response to a question from Representative Skarphol, Ms. Nancy Walz, Director, Policy and Planning Division, Information Technology Department, said higher education is also interested in implementing business intelligence tools.

In response to a question from Senator Robinson, Ms. Feldner said the business intelligence team will be completing a budget for implementing business intelligence tools within the next month.

Ms. Feldner said there are three information technology systems supported under the Criminal Justice Information Sharing (CJIS) Initiative--law enforcement records management system (LERMS), state's attorney records management system (STARS), and the CJIS hub. She said the CJIS hub is the portal used to search driver's licenses, vehicle registrations, concealed weapons permits, criminal history information, and other information. She said the Information Technology Department receives funding from the general fund for four full-time equivalent (FTE) positions for supporting and maintaining the CJIS hub. She said user fees partially pay for the software and hosting of the LERMS and STARS. She said the CJIS Board will be finalizing a budget request for the 2007-09 biennium in the next few months.

In response to a question from Senator Robinson, Mr. Mike Ressler, Deputy Chief Information Officer, Information Technology Department, said the department received a $2,525,090 legislative appropriation for the CJIS Initiative for the 2005-07 biennium, of which $525,090 is from the general fund and $2 million is from federal funds. He said the funding of $525,090 from the general fund includes $281,090 for operational costs and $244,000 for project costs.

In response to a question from Representative Skarphol, Mr. Ressler said he believes cities and counties would be able, but cannot be required by the state, to use federal homeland security funding to pay user fees for the LERMS and STARS.

Mr. Ressler provided information regarding the status of the mainframe migration project, including a diagram depicting the schedule for the project. A copy of the information is on file in the Legislative Council office. He said the Information Technology

Department signed a contract with Software AG, Inc., to complete the migration of information technology systems from the mainframe environment to a Linux platform. In response to a question from the legislative budget analyst and auditor, Mr. Ressler said all systems currently operating on the mainframe will be migrated except for three systems--Department of Human Services Medicaid management information system (MMIS), Bank of North Dakota student loan system, and Legislative Assembly Legislator's Automated Work Station system--for which migration is not feasible. He said the project plan provides for a phased approach with systems being migrated with no changes made to the functionality of the systems. The following is a summary of the project approach:

Phase 1 January 3- September 25, 2006	Attorney General Bank of North Dakota Insurance Department Office of Management and Budget State Department of Health Information Technology Department (part 1) Workforce Safety and Insurance
Phase 2 April 27- October 27, 2006	Game and Fish Department State Treasurer's office Public Employees Retirement System Job Service North Dakota Information Technology Department (part 2) Department of Human Services (stand-alone applications)
Phase 3 August 1, 2006- February 12, 2007	Department of Transportation Highway Patrol Department of Emergency Services - Division of State Radio North Dakota University System Department of Public Instruction
Phase 4 December 1, 2006- June 4, 2007	Department of Human Services Secretary of State

Mr. Ressler said the department is experiencing some issues with the first phases of the mainframe migration project and will be adding more FTE positions to the project. He said the department will continue to update the committee on the status of the project.

Senator Robinson suggested the Information Technology Department also update the Budget Section on the status of the mainframe migration project.

In response to a question from Representative Skarphol regarding the status of the Department of Human Services MMIS rewrite project, Mr. Ressler said the Department of Human Services is proceeding with preliminary MMIS work and is gathering information and completing a cost-benefit analysis relating to the remainder of the project. He said the information is to be available to the Legislative Assembly by January 8, 2007.

LARGE INFORMATION TECHNOLOGY PROJECTS
Quarterly Summary Status Report

Ms. Walz provided information regarding the Information Technology Department quarterly summary status report on large information technology projects. A copy of the information is on file in the Legislative Council office. She said for the period ending March 31, 2006, the following three projects were reported in the planning stage:

- Department of Human Services - MMIS rewrite project Phase II.
- Legislative Assembly - Application replacement study.
- Secretary of State - Central voter file.

Ms. Walz said no projects were moved into the execution phase. She said the following four projects were reported complete:

Agency	Project	Budget	Schedule
Department of Corrections and Rehabilitation	Offender management system upgrade	Under budget	On schedule
Department of Transportation	CVISN	Under budget	Within acceptable variance
Information Technology Department	Second data center	Within acceptable variance	Within acceptable variance
Retirement and Investment Office	Teachers' Fund for Retirement pension system	Under budget	Over schedule variance

Ms. Walz said the following three projects have been completed and have postimplementation reviews that are either under review or overdue:

Agency	Project	Postimplementation Review Status
Office of Management and Budget and North Dakota University System	ConnectND system	Incomplete - Portions under review
Bank of North Dakota	Core banking	Overdue - Extension granted
Department of Corrections and Rehabilitation	Offender management system upgrade	Overdue - Extension granted

Ms. Walz said one project--State Department of Health women, infants, and children system--reported budget or schedule variances. She said the revised completion date for the project is June 30, 2006. She said one project--Job Service North Dakota Project Herakles (unemployment insurance system modernization project)--has a major scope change.

North Dakota University System - Facilities Management, Housing Management, and Parking Management Systems

Mr. Rich Lehn, North Dakota University System, Grand Forks, provided project closeout reports regarding the North Dakota University System facilities management, housing management, and parking management systems. A copy of the information is on file in the Legislative Council office. He said the purpose of the projects was to replace the old ancillary systems used by the North Dakota University System higher education institutions and to provide additional functionality. He said the old ancillary systems operated in association with the legacy computer system that was replaced by the ConnectND system. He said the new systems operate in a Windows environment with web browser access. He said the projects were completed as follows:

Project	Schedule	Budget
Facilities management system	On schedule	Over budget with expenditures of $1,466,521, compared to the budget of $1,274,531
Housing management system	On schedule	Under budget with expenditures of $558,560, compared to the budget of $696,296
Parking management system	On schedule	Under budget with expenditures of $322,094, compared to the budget of $420,886

In response to a question from Representative Skarphol, Mr. Lehn said the ancillary systems scheduled to be replaced with the implementation of the ConnectND system are complete. He said there are other ancillary systems that will need to be replaced in the future.

In response to a question from Representative Glassheim, Mr. Lehn said the housing management system and the parking management system were under budget due to less than anticipated FTE costs and lower than anticipated equipment costs.

CONNECTND SYSTEM

Ms. Laura Glatt, Vice Chancellor for Administrative Affairs, North Dakota University System, provided information regarding the status of the ConnectND system, including information on entities that are assisting with the costs of the ConnectND system and the amount of outstanding debt associated with the ConnectND system. A copy of the information is on file in the Legislative Council office. She said the North Dakota University System recently hired Ms. Bonnie Neas as the interim Deputy Chief Information Officer and Executive Director for ConnectND. She said Mr. Randall Thursby, former Vice Chancellor for Information and Instructional Technology and Chief Information Officer for the University of Georgia, will serve as the interim Chief Information Officer for the North Dakota University System beginning at the end of June 2006.

Ms. Glatt said the North Dakota University System is in the process of addressing several critical business function issues associated with the ConnectND system. She said the custom comprehensive effort reporting solution for the grants and contracts module has been fixed, tested, and implemented. She said at the present time the solution resolves all known effort reporting issues with the grants and contracts module. She said a comprehensive solution has also been developed and implemented for determining satisfactory academic progress for financial aid purposes. She said the University System staff is working with representatives of Oracle to better understand the interface and flow of data between the general ledger module in the financial component of the system and student finance module in the student administration component of the system. She said the University System is considering the possibility of hiring graduate students to assist with preparing proper documentation for the ConnectND system.

Ms. Glatt said the North Dakota University System, along with state government, recently started an upgrade to the human resource component of the ConnectND system. She said the targeted "go live" date for the upgrade is October 2006; however, the University System has fallen behind in the timeline for the implementation of the upgrade. She said the same technical and business function staff who are assigned to the upgrade are also trying to support day-to-day operations and respond to development requests from users. She said the University System and state government are also discussing the timing for an upgrade to the financial component of the system.

Ms. Glatt provided the following summary of fiscal year 2006 revenues and expenditures for the ConnectND system:

Revenues		
ConnectND student fee revenues ($81 per semester)	$6,000,000	
Bank of North Dakota Student Loans of North Dakota contribution	400,000	
Campus assessments	300,000	
State appropriations	3,300,000	
Carryover	500,000	
Total revenues		$10,500,000
Expenditures		
Staff and related operating costs	$2,500,000	
Data center	3,200,000	
Debt service	1,900,000	
Ancillary systems	1,300,000	
Enhancements, customizations, and upgrades	700,000	
Total expenditures		9,600,000[1]
Balance		$900,000

[1]In addition, higher education institutions and related entities, such as the University of North Dakota Energy and Environmental Center, North Dakota State University Extension Service, and agricultural research and experiment stations, have had to absorb several million dollars of additional costs for internal expenses associated with the implementation and ongoing operations of the ConnectND system.

Ms. Glatt said in addition to the ConnectND student fee, the North Dakota University System issued 10-year revenue bonds in 1996 for campus networking to be repaid by a special student technology fee. She said those bonds will be paid off in fiscal year 2006 and beginning in fiscal year 2007 the University System plans to reallocate $460,000 per year from the revenues used to cover the debt service to the ConnectND system budget to help cover ongoing ConnectND system costs.

Ms. Glatt said in September 2003 the Office of Management and Budget issued bonds totaling $20 million for support of the ConnectND project. She said the Legislative Assembly provided that 29 percent of the debt service for the bonds is the responsibility of state agencies and 71 percent of the debt service is the responsibility of higher education. She said the annual debt service paid by the North Dakota University System is approximately $1.94 million, approximately 20 percent of the annual budget for the ConnectND system.

Ms. Glatt said the North Dakota University System budget request for the 2007-09 biennium includes $4,120,000 of additional funding for support of the ConnectND system as follows:

Permanent funding to replace the one-time funding provided by the State Board of Higher Education	$1,500,000
Funding to replace the reallocation of revenue from the student technology fee	920,000
Contingency funding	1,700,000
Total	$4,120,000

In response to a question from Representative Skarphol, Ms. Glatt said the upgrade to the human resources component of the system will provide additional functionality.

In response to a question from Senator Wardner, Ms. Glatt said the North Dakota University System is in the process of determining an appropriate number of additional FTE positions to consider adding to support the ConnectND system. At the present time, she said, the estimate is six to eight FTE positions.

The Legislative Council staff distributed a memorandum entitled *History of the Enterprise Resource Planning System Initiative (ConnectND)*. The memorandum provides a summary of the activities associated with the ConnectND system initiative.

Chairman Robinson requested the status report on the ConnectND system prepared by the North Dakota University System and the memorandum regarding the history of the ConnectND system prepared by the Legislative Council staff be provided to all members of the Legislative Assembly. He said the committee will continue to receive information regarding the status of the ConnectND system at future meetings.

Chairman Robinson thanked Mr. Grant Crawford, Chief Information Officer, North Dakota University System, for his service to the North Dakota University System and wished him well in his retirement.

EDUCATIONAL TECHNOLOGY COUNCIL

Mr. Dan Pullen, Director, Educational Technology Council, Fargo, provided information regarding the council's efforts in assisting school districts with the selection of a data warehousing system. A copy of the information is on file in the Legislative Council office. He said the Fargo, Bismarck, Grand Forks, and Minot School Districts began a process in early September 2005 to identify data warehousing systems that would meet their needs. He said the four school districts asked the Educational Technology Council to take the lead on a request for proposal (RFP) process to identify a single data warehousing system that could be purchased by all the state's school districts. He said an RFP was issued on February 3, 2006, and four finalists were selected. He said the four finalists provided product demonstrations in May 2006 and the vendor who was ranked first after the product demonstrations has been invited to provide a "proof of concept" during the week of June 19-23, 2006. He said the 16 schools of the North Central Education Cooperative, West Fargo School District, and Jamestown School District have joined the RFP process and other districts and educational associations have expressed interest. He said the status of the schools involved in the data warehousing initiative is as follows:

Implementation in the summer of 2006 for the 2006-07 school year	Bismarck
	Grand Forks
	North Central Education
	  Cooperative (pilot in 3 to 4
	  schools)
	Jamestown
	West Fargo

Implementation in 2006-07 for the 2007-08 school year	Fargo Minot
Other schools that have expressed interest	Williston Missouri River Education Cooperative

Mr. Pullen said based on the range of costs proposed by vendors responding to the RFP, the estimated costs for implementing a data warehousing system will include:

- $90,000 to $120,000 of one-time startup costs to set up the North Dakota data model, purchase licenses for software, and fund initial training.
- $2.50 to $5.50 per student per year costs (year one through year five) to maintain the data warehouse, develop reports as required, and update the system as needed.

Mr. Pullen said the Educational Technology Council is seeking funding options for the first year startup costs so the costs would not have to be borne solely by the schools that choose to implement that year.

In response to a question from Representative Skarphol, Mr. Pullen said the interested school districts represent approximately 40 percent of the state's students enrolled in kindergarten through grade 12.

UNIVERSITY OF NORTH DAKOTA JOHN D. ODEGARD SCHOOL OF AEROSPACE SCIENCES

Dr. Bruce Smith, Dean, University of North Dakota John D. Odegard School of Aerospace Sciences, conducted a tour of the facilities.

The committee recessed for lunch at 12:35 p.m. and reconvened at 1:10 p.m. at Gamble Hall, University of North Dakota.

INTERNET2

Ms. Dorette Kerian, Director, Information Technology Systems and Services, University of North Dakota, welcomed the committee to the University of North Dakota.

Ms. Sandy Sprafka, Internet2 Coordinator, North Dakota State University, provided information regarding Internet2. A copy of the information is on file in the Legislative Council office. She said Internet2 is a research and development consortium led by higher education institutions working in partnership with industry and government to develop and deploy advanced network applications and technologies. She said North Dakota State University and the University of North Dakota are members of Internet2 and the other North Dakota University System higher education institutions, kindergarten through grade 12, and the Flatlands Disability Network are sponsored education group participants. She said Internet2 facilitates high-performance applications not possible on the Internet, supports development of revolutionary applications, allows the transfer of large data sets quickly, and allows testing of new technologies.

In response to a question from Senator Wardner, Ms. Sprafka said an entity needs a specific router to be able to connect to Internet2.

Ms. Kim Owen, Coordinator of Instructional Services, EduTech, Valley City, provided information regarding kindergarten through grade 12 and Internet2. A copy of the information is on file in the Legislative Council office. She said Internet2 goals for kindergarten through grade 12 include:

- Curriculum enrichment programs provided by North Dakota content providers.
- Collaborative videoconference events.
- Access to advanced applications.

In response to a question from Representative Skarphol, Ms. Owen said North Dakota State University and the University of North Dakota have sponsored kindergarten through grade 12; therefore, all kindergarten through grade 12 schools can access Internet2 free of charge.

Dr. Bryce Fifield, Director, North Dakota Center for Persons with Disabilities, Minot, who joined the committee through videoconference, provided information regarding the Flatlands Disability Network. A copy of the information is on file in the Legislative Council office. He said the Flatlands Disability Network delivers effective health services to North Dakota citizens with mental retardation. He said the center uses Internet2 to deliver psychiatric, neurological, orthopedic, nursing, speech and language, and audiology services.

Dr. Leon F. Osborne, Jr., Director, Surface Transportation Weather Research Center and the Regional Weather Information Center, University of North Dakota, provided information regarding facilitating advanced research through Internet2. A copy of the information is on file in the Legislative Council office. He said Internet2 is of critical importance to the Surface Transportation Weather Research Center and the Regional Weather Information Center. At the present time, he said, approximately $1.5 million in annual research would not be possible without Internet2 availability. He said Internet resources need further expansion to maintain research competitiveness.

NORTHERN TIER NETWORK

Ms. Bonnie Neas, Interim Deputy Chief Information Officer and Executive Director for ConnectND, North Dakota University System, provided information regarding the status of the development of the Northern Tier Network. A copy of the information is on file in the Legislative Council office. She said the Northern Tier Networking Consortium seeks to develop and sustain advanced networking capabilities in order to support the education, research, and economic vitality of the Northern Tier region. She said the lack of a high-speed fiber optic network in North Dakota:

- Puts business at a competitive disadvantage.
- Diminishes the state's ability to grow and attract new industry.
- Jeopardizes the colleges and universities in recruiting superior faculty, students, and researchers.
- Pushes the state even further behind other states in the race to recruit and retain the best and the brightest.

Ms. Neas said in 2005 the Northern Tier Networking Consortium received a National Science Foundation planning grant to develop a network engineering plan with a proposed budget for the states of North Dakota, South Dakota, Montana, and Idaho. She said the proposed design and associated budget are nearly complete and representatives of the consortium are conducting meetings and formal presentations to gain support with local, state, and federal leaders. She said the total estimated one-time installation cost for the proposed high-speed network across the Northern Tier region is $13 million, of which North Dakota's share is $2.7 million. She said the total estimated annual recurring cost for the proposed network is $3.6 million, of which North Dakota's share is $535,000.

The committee then returned to Twamley Hall.

INFORMATION TECHNOLOGY COUNCIL OF NORTH DAKOTA

Mr. Benjamin Klipfel, Vice President, Information Technology Council of North Dakota, Grand Forks, distributed information regarding the council's 2007 legislative agenda and the 2005 *State of the IT Industry Guide*. A copy of the information is on file in the Legislative Council office.

Mr. Brian Erickstad, Senior Regional Information Technology Manager, Microsoft Corporation, Fargo, provided information regarding benefits resulting from the implementation of the state's wide area network and future information technology needs. A copy of the information is on file in the Legislative Council office. He said to attract new business and industry, the state needs to improve metro network redundancy, interstate network redundancy and bandwidth, and proximity to a major fiber backbone. He said most telecommunications carriers are protective of their network maps but there needs to be a comprehensive understanding of the networking capabilities and availability within the state.

Representative Skarphol questioned whether the Legislative Assembly could establish a depository of information regarding the state's networking capabilities.

In response to a question from Representative Skarphol, the legislative budget analyst and auditor said to facilitate consideration of the issue, the committee could invite representatives of the telecommunications industry to the committee's next meeting to provide information regarding the extent maps summarizing networking capabilities are available and reasons for entities not wanting to disclose this information.

Mr. Steve Lunseth, Chief Executive Officer, Aatrix Software, Grand Forks, provided information regarding benefits resulting from the implementation of the state's wide area network and future information technology needs. A copy of the information is on file in the Legislative Council office. He said the state of North Dakota could assist new high-tech companies by providing nonloan investments and expert consulting services. He said North Dakota high-tech companies should get an e-mail with a solicitation each time an information technology project for state government is open for bids. He said state government should allow ACH debits instead of ACH credits for electronic payments.

Representative Skarphol suggested Mr. Lunseth contact the State Procurement Office within the Office of Management and Budget regarding the possibility of registering for electronic notice of bid requests.

Mr. Steve Shark, Vice President of Sales and Marketing, DakTech, Inc., Fargo, provided information regarding benefits resulting from the implementation of the state's wide area network and future information technology needs. A copy of the information is on file in the Legislative Council office. He said DakTech, Inc., is currently on the State Procurement Office in-state bidders list but the company rarely sees any in-state opportunities. He said he would like to see more opportunities to bid on state business.

JOB SERVICE NORTH DAKOTA - PROJECT HERAKLES

Ms. Maren Daley, Executive Director, Job Service North Dakota, provided information regarding the status of the agency's Project Herakles. A copy of the information is on file in the Legislative Council office. She said Project Herakles is the procurement planning phase of the agency's unemployment insurance system modernization project. She said the objectives of the project include:
- Development of use cases and system business requirements.
- Identification of the project scope.
- Identification and development of the system architecture.
- Development of a project budget.

Ms. Daley said as the agency neared the critical milestone of releasing an RFP for systems development, the agency determined the appropriate direction for the project was to maintain, enhance, and upgrade the existing system; therefore, an RFP will not be released. She said the 2005 Legislative Assembly provided a $525,000 special funds appropriation from Reed Act funds for Project Herakles. She said to date funding of approximately $212,000 remains unspent. She said the remaining funds will be used to develop a transition plan to identify system improvement opportunities that would provide the most benefits to the agency and its customers and to provide the ability for employers to self-register via the Internet. She said the agency will provide the 2007 Legislative Assembly with the transition plan and will ask for Reed Act funding to conduct the next biennium's projects.

COMMITTEE DISCUSSION AND STAFF DIRECTIVES

Representative Skarphol requested the committee receive a status report on Extend America and Space Data Corporation's demonstration of providing wireless services using weather balloons at the committee's next meeting.

Representative Glassheim suggested the committee encourage the State Board of Higher Education to consider hiring the number of FTE positions necessary to adequately support the ConnectND system and submit a request for a deficiency appropriation for the related costs to the 2007 Legislative Assembly.

Representative Skarphol said before the committee takes any action the North Dakota University System should be invited to present revised information regarding the number of FTE positions and the amount of funding necessary to adequately support the ConnectND system at the committee's next meeting.

Chairman Robinson said the committee will receive information regarding the following items at the committee's next meeting tentatively scheduled for August 2006:

- Proposed information technology bill drafts.
- The Information Technology Department's 2007-09 budget request.
- The status of the ConnectND system, including information on the number of FTE positions and the amount of funding necessary to adequately support the system.
- The status of elementary and secondary information technology initiatives, including information on the Educational Technology Council's efforts in assisting school districts with the selection and implementation of a data warehousing system.

- Testimony regarding networking capabilities across the state.
- Large information technology projects, including the status of the Tax Department's integrated tax system and the Legislative Assembly's application replacement study.

The meeting was adjourned subject to the call of the chair at 4:30 p.m.

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Roxanne Woeste
Senior Fiscal Analyst

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Jim W. Smith
Legislative Budget Analyst and Auditor

ATTACH:1