

# NORTH DAKOTA LEGISLATIVE COUNCIL

## Minutes of the

### INFORMATION TECHNOLOGY COMMITTEE

Wednesday, October 11, 2006  
Harvest Room, State Capitol  
Bismarck, North Dakota

Senator Larry J. Robinson, Chairman, called the meeting to order at 9:00 a.m.

**Members present:** Senators Larry J. Robinson, Randel Christmann, Randy A. Schobinger, Tom Seymour, Rich Wardner; Representatives Bette B. Grande, David Monson, Bob Skarphol, Robin Weisz; Chief Information Officer Lisa Feldner

**Members absent:** Representatives Eliot Glassheim, Keith Kempenich

**Others present:** See attached appendix

**It was moved by Representative Skarphol, seconded by Representative Grande, and carried on a voice vote that the minutes of the August 8, 2006, meeting be approved as distributed.**

#### REPORT FROM THE CHIEF INFORMATION OFFICER

Ms. Lisa Feldner, Chief Information Officer, Information Technology Department, provided information regarding the recommendation of the State Information Technology Advisory Committee regarding prioritization of major computer software projects, pursuant to North Dakota Century Code (NDCC) Section 54-59-02.1. A copy of the information is on file in the Legislative Council office. She said the State Information Technology Advisory Committee met on Wednesday, September 20, 2006, and prioritized computer software projects with a general fund component of \$250,000 or more for the 2007-09 biennium. The prioritization of projects is summarized as follows:

	Project	Agency	2007-09 Estimated Cost	
			General Fund	All Funds
1	Medicaid management information system rewrite - Phase 2	Department of Human Services	\$3,643,133	\$52,529,371
2	Client information sharing system	Department of Human Services	423,800	1,000,000
3	Tax distribution system rewrite	State Treasurer	768,228	768,228
4	Computer-aided dispatch	Department of Emergency Services	980,000	980,000
5	Knowledge base - Phase 2	Secretary of State	824,153	824,153
6	Additional radio towers	Department of Emergency Services	4,500,000	4,500,000
7	Inmate medical system	Department of Corrections and Rehabilitation	1,000,000	1,000,000
8	EAS satellite notification	Department of Emergency Services	500,000	500,000
9	Child welfare information system	Department of Human Services	196,000	400,000
10	Foundation aid system rewrite	Department of Public Instruction	300,000	300,000
11	Business intelligence implementation and support	Information Technology Department	350,872	1,634,387
12	Education Standards and Practices Board coming off the mainframe	Department of Public Instruction	1,000,000	1,000,000
13	Grants management software	Department of Emergency Services	350,000	350,000
14	Integrate field service operations into offender management system (ITAG)	Department of Corrections and Rehabilitation	3,750,000	3,750,000
Total			\$18,586,186	\$69,536,139

Ms. Feldner said the State Information Technology Advisory Committee will meet on October 25, 2006, to receive information regarding computer software projects over \$250,000 requesting funds from non-general fund sources for the 2007-09 biennium and information on computer software projects of the legislative and judicial branches.

In response to a question from Senator Seymour, Ms. Feldner said the Information Technology Department will forward the prioritized list of computer software projects to the Office of Management and Budget for consideration in the development of the Governor's budget recommendation.

Mr. Jeff Swank, Information Technology Department, provided information on the statewide information technology plan for the 2007-09 biennium. A copy of the information is on file in the Legislative Council office. He said the Information Technology Department must prepare a statewide information technology plan for each biennium based on the information included in agency information technology plans. He said the goals and objectives to be included in the statewide information technology plan for the 2007-09 biennium are:

Goals	Objectives
Build and support automated services to meet increasing customer expectations	Improve navigation and usability of the state portal and agency web sites Continue to incorporate e-government services into agency standard business processes Use automation to improve the efficiency of state government
Maintain business applications to minimize disruptions to service and incorporate new functionality	Plan and manage major system replacement projects to ensure system viability Incorporate disaster recovery and business continuity assessment and mitigation processes as standard practices Perform required updates to accommodate changing business needs and legislative mandates
Collect and disseminate information to ensure informed decisionmaking while maintaining the privacy and confidentiality of personal information where appropriate	Establish and expand the use of "hub and spoke" architectures where appropriate for sharing data across organizational boundaries Build staff competencies and deploy business intelligence tools to provide timely access to accurate information Identify, plan, and implement measures necessary to ensure privacy, confidentiality, and security of information and other assets
Build an affordable shared infrastructure to deliver core services to North Dakota citizens	Manage network services to state government, education, and political subdivisions to ensure availability at a reasonable cost Identify opportunities and implement shared solutions to reduce the total cost of ownership for state agencies and political subdivisions Improve the management of technology by sharing knowledge and training opportunities Leverage the state's investment in PeopleSoft financial and human resource software by upgrading to new functionality and expanding its usage

In response to a question from Senator Seymour, Mr. Swank said the state needs to continually review the state portal and agency web sites to improve navigation and usability.

Mr. Swank provided information on the state's existing legacy information technology systems. A copy of the information is on file in the Legislative Council office. He said at the present time the department has identified 259 business applications within state government. He said of the 259 applications, 67 are expected to be replaced, 108 are not expected to be replaced, and 84 have various other plans. He said the estimated timeframe for replacing the 67 applications is 4 in the 2005-07 biennium, 33 in the 2007-09 biennium, 8 in the 2009-11 biennium, and 22 in the 2015-17 biennium.

In response to a question from Representative Skarphol, Mr. Swank said it is difficult to estimate the costs associated with the anticipated application replacements.

Representative Skarphol requested the Information Technology Department provide the committee with information regarding the 33 business applications expected to be replaced during the 2007-09 biennium.

Ms. Feldner presented the following information regarding the status of implementing the recommendations included in the Pacific Technologies, Inc., report on information technology organization and information technology management. A copy of the information presented is on file in the Legislative Council office.

Major Recommendations	Status
<p><b>Workstation support and help desk services consolidation -</b>                      Consolidate all workstation support and help desk services within the Information Technology Department, including:</p> <ul style="list-style-type: none"> <li>• Initial problem reporting and resolution</li> <li>• Workstation environment maintenance and support</li> <li>• Adds, moves, and changes</li> <li>• Hardware replacement management</li> <li>• Associated performance measurement and management</li> </ul>	The Information Technology Department is requesting funding for the 2007-09 biennium for workstation support to agencies as requested.

Major Recommendations	Status
<p><b>Workstation standardization</b> - Move to a highly standardized workstation environment on a statewide basis with the Information Technology Department managing a workstation replacement program</p>	<p>Standard configurations for a single brand of workstations for all state agencies were developed through the enterprise architecture process and the Information Technology Department awarded a contract for desktop and laptop acquisition to Hewlett Packard.</p>
<p><b>Server consolidation</b> - Continue to consolidate all agency-managed servers into the Information Technology Department</p>	<p>The Information Technology Department completed the functional consolidation process during the 2003-04 interim and eliminated a number of servers. The department continues to reduce the number of servers as outdated applications and servers are replaced.</p>
<p><b>Information technology governance</b> - Improve the existing information technology governance processes by:</p> <ul style="list-style-type: none"> <li>• Improving the processes and tools for information technology project evaluation</li> <li>• Improving mechanisms to support cost-containment</li> <li>• Developing meaningful statewide management and reporting views of information technology initiatives</li> <li>• Implementing information technology performance measures</li> <li>• Establishing an information technology innovation fund</li> </ul>	<p>The Information Technology Department has implemented an information technology project prioritization process. The department's enterprise architecture process is maturing and procurement and asset management have been strengthened.</p>

Ms. Feldner provided information on agency utilization of the state contract for desktop and laptop computers. A copy of the information is on file in the Legislative Council office. She said the department has awarded a contract for desktop and laptop acquisition to Hewlett Packard. Under the contract, state agencies, higher education institutions, school districts, and political subdivisions are allowed to purchase a mainstream or power user desktop or a mainstream or power user laptop. From inception of the contract in December 2004 through June 2006, she said, state agencies have expended \$2,202,104 under the contract resulting in savings of \$843,452 from Western States Contracting Alliance (WSCA) prices. She said the total amount expended by all entities under the contract for the same time period is \$6,555,202, a savings of \$2,793,413 from WSCA prices. The following is a summary of computer purchases through the contract from December 2004 through June 2006:

	State Agencies	Higher Education Institutions	School Districts	Political Subdivisions	Total
Desktop - Mainstream (per unit price \$550)	1,358	229	2,712	597	4,896
Desktop - Power user (per unit price \$795)	482	77	1,095	67	1,721
Laptop - Mainstream (per unit price \$1,334)	481	301	340	82	1,204
Laptop - Power user (per unit price \$1,478)	158	57	283	49	547
<b>Total</b>	<b>2,479</b>	<b>664</b>	<b>4,430</b>	<b>795</b>	<b>8,368</b>

In response to a question from Senator Christmann, Ms. Feldner said the recommended replacement cycle for desktops and laptops is four years.

In response to a question from Representative Skarphol, Ms. Feldner said WSCA is an alliance of

15 states whose primary purpose is to establish a means by which states may join together in cooperative multistate contracting in order to achieve cost-effective and efficient acquisition of products and services. She said WSCA has a computer contract that states may use to take advantage of volume pricing. She said North Dakota was able to negotiate a lower price for computers compared to the WSCA contract due in part to North Dakota specifying only four computer models to be purchased under the contract. She said the WSCA computer contract includes a number of computer models.

Mr. Gary Vetter, Director, Customer Services Division, Information Technology Department, provided information regarding the evolution of the department's help desk. A copy of the information is on file in the Legislative Council office. He said the department's traditional help desk has been transformed into a customer-focused service desk. He said the service desk handles incidents and questions and provides an interface for customer work orders, requests for change, problem root-cause analysis, and service level management. He said the department's incident management process was updated to incorporate industry best practices as defined in the information technology information library. He said all incidents are assigned a priority based upon their impact and urgency. He said priority is used to drive the department's commitment to customers in the form of service level objectives. He said one of the department's goals is to have 90 percent of incidents meet its service level objective for resolution. He said as the department's incident management process has matured, the department's need for an enterprise information technology management toolset has increased. He said the department anticipates implementing such a toolset during the 2006-07 fiscal year.

In response to a question from Senator Robinson, Mr. Vetter said the department's service desk logs approximately 2,000 calls per month.

In response to a question from Senator Christmann, Mr. Vetter said the service desk has been relocated to Northbrook Mall.

Mr. Mike Ressler, Deputy Chief Information Officer, Information Technology Department, provided information on the department's budget request for the 2007-09 biennium. A copy of the information is on file in the Legislative Council office. He said the department's base budget request for the 2007-09 biennium totals \$100,287,812, of which \$9,880,510 is from the general fund. He said the general fund base budget request of \$9,880,510 is \$92,327 less than the department's 2005-07 general fund appropriation of \$9,972,837. The department's base budget request for the 2007-09 biennium is summarized as follows:

	General Fund	Special Funds	Federal Funds	Total
Department operations	\$791,362	\$84,242,681		\$85,034,043
Wide area network	3,395,550	408,000		3,803,550
Geographic information system	686,980			686,980
Criminal justice information sharing	683,923	180,000	\$300,000	1,163,923
Division of Independent Study	783,750	5,276,621		6,060,371
EduTech	2,652,348			2,652,348
Educational Technology Council	886,597			886,597
<b>Total</b>	<b>\$9,880,510</b>	<b>\$90,107,302</b>	<b>\$300,000</b>	<b>\$100,287,812</b>

Mr. Ressler said the department's budget request for the 2007-09 biennium includes several optional package adjustments, including adjustments relating to the Department of Human Services Medicaid management information system replacement project, implementation of business intelligence tools, technical support for the ConnectND system and the PowerSchool application, Voice over Internet Protocol implementation, kindergarten through grade 12 data warehousing hosting, kindergarten through grade 12 video service, and support of the Northern Tier Network. He said the following is a partial listing of the general fund optional package adjustments:

EduTech	\$70,000
Criminal justice information sharing	1,236,212
Geographic information sharing	251,020
Educational Technology Council	610,000
<b>Total</b>	<b>\$2,167,232</b>

Senator Robinson requested the Information Technology Department provide the committee with a

written summary of the status of the department's business intelligence initiative.

Representative Skarphol suggested the Information Technology Department consider referring to special funds received from state agencies as reallocated funds or agency funds.

In response to a question from Senator Robinson, Ms. Feldner said the Information Technology Department has been notified by the Federal Communications Commission that the department will be able to receive a portion of e-rate reimbursement funding for costs incurred during fiscal year 2002. She said the department was originally denied e-rate reimbursement funding for fiscal year 2002 due to a technicality in the filing of forms for the e-rate reimbursement program. She said the department is in the process of determining the amount of e-rate reimbursement funding to be received for expenses incurred during the 2001-02 fiscal year.

In response to a question from Representative Skarphol, Mr. Ressler said the Educational Technology Council is a council created by NDCC Section 54-59-17 for coordinating educational technology initiatives for elementary and secondary education. He said the Educational Technology Council provides governance for EduTech and the Division of Independent Study. He said EduTech provides information technology services and education technology professional development to North Dakota educators and students.

### INFORMATION TECHNOLOGY DEPARTMENT - ANNUAL REPORT

Mr. Ressler distributed a copy of the department's annual report on information technology projects, services, plans, and benefits, pursuant to NDCC Section 54-59-19. A copy of the report is on file in the Legislative Council office. He said the annual report includes an executive summary, information on the department's performance, and rate comparisons. He said for fiscal year 2006 actual agency spending on information technology services from the Information Technology Department totaled approximately \$37.7 million, including approximately \$3.1 million for telephone services, \$5.7 million for network services, \$6.9 million for mainframe services, and \$8 million for software development analysis.

Mr. Ressler said for fiscal year 2006 state agencies completed 11 large information technology projects. Of the 11 projects, he said, 7 projects were completed under budget for a total of \$1,434,944. He said the remaining four projects were over budget for a total of \$300,853, which was less than 15 percent of each total project budget.

Mr. Ressler provided the following update on the department's performance measures:

Performance Measures	Baseline (Previous Years)	Current Status (June 2006)	Target
Acceptable level of total net assets	2004 - 1.4 2005 - 2.0	1.4	< or = to 2.0
Percentage of Information Technology Department rates reported in annual report that are competitive	2005 - 100%	100%	100%
Total number of customer projects and service requests completed:	2005		
• Service requests	22,114	29,456	Monitor
• Incidents	30,694	41,423	Monitor
Customer satisfaction indexes (percentages satisfied or very satisfied) related to:	2004 - 2005		
• Value	88.1% - 91.4%	91.7%	92%
• Timeliness	91.6% - 90.9%	92.5%	97%
• Quality	92.3% - 95.3%	93.7%	97%
• Knowledge	97.3% - 93.7%	93.1%	98%
• Professionalism and courtesy	98.1% - 96.4%	96.5%	100%
Employee satisfaction index	2004 - 1.96 2005 - 1.96	2.13	2.0
Controllable employee turnover	2004 - 3.2% 2005 - 4.5%	7.0%	Below 6.0%
Percentage of service levels met	100%	100%	100%
Percentage of strategic business plan objectives completed or on schedule	2004 - 72% 2005 - 73%	85%	75%

Mr. Ressler said the department tracks and monitors the cost and revenue for each service to ensure that service is not subsidizing another service. He said the federal government does not allow the department to charge rates that generate revenues in excess of costs; therefore, the department monitors its

cash balances and adjusts rates accordingly. He said the department also monitors what other entities are charging for similar services in an effort to maintain quality services at a fair price. The following is a summary of rate comparisons for the services that generate a majority of the department's total revenue:

Service	North Dakota Information Technology Department Rates	South Dakota Bureau of Information Technology Rates	Montana Information Technology Services Division Rates	Wisconsin Division of Enterprise Technology Rates
Central computer central processing unit (CPU rates)	<b>Batch CPU</b> - \$ .93 per second  <b>CICS CPU</b> - \$ .93 per second <b>ADABAS CPU</b> - \$ .98 per second <b>TSO CPU</b> - \$ .93 per second	<b>Batch CPU</b> - \$ .95 per second  <b>CICS CPU</b> - \$ .95 per second <b>ADABAS CPU</b> - \$ .95 per second <b>TSO CPU</b> - \$ .95 per second	<b>Batch CPU</b> - \$1.90 per second  <b>CICS CPU</b> - \$ .55 per second <b>ADABAS CPU</b> - \$1.08 per second <b>TSO CPU</b> - \$2.32 per second	<b>Batch CPU</b> - \$ .93 per second  <b>CICS CPU</b> - \$1.23 per second <b>ADABAS CPU</b> - \$1.23 per second <b>TSO CPU</b> - \$1.23 per second
Network fees	<b>Device fee</b> - \$29 per device per month <b>DSL service</b> - Actual cost (ranges from \$40 to \$120) <b>ATM T-1 service</b> - \$840 per month	<b>Device fee</b> - \$39 per device per month <b>DSL service</b> - N/A  <b>ATM T-1 service</b> - N/A <b>Access fee</b> - \$62 per device per month	<b>Device fee</b> - \$72.60 per device per month <b>DSL service</b> - \$250 per month <b>ATM T-1 service</b> - \$650 per month	<b>Device fee</b> - \$55 per device per month <b>DSL service</b> - \$665 per month <b>ATM T-1 service</b> - \$1,067 per month

<b>TELEPHONE FEES</b>	
North Dakota Information Technology Department rates	Telephone line - \$21 per device per month Speaker function - \$2 per month Display function - \$3 per month Voice mail (unlimited) - \$3 per month
South Dakota Bureau of Information Technology rates	Telephone line - \$10 per device per month Speaker function - Actual cost Display function - Actual cost Voice mail (unlimited) - \$6 per month
Montana Information Technology Services Division rates	Telephone line - \$20 per mile/per drop Speaker function - \$7 - \$11 per month Display function - \$10 - \$18 per month Voice mail (three-minute limit) - \$5 per month Voice mail (six-minute limit) - \$8 per month Voice mail (eight-minute limit) - \$10 per month
Wisconsin Division of Enterprise Technology	Telephone line - N/A Speaker function - Actual cost Display function - Actual cost Voice mail (unlimited) - \$6 per month

<b>LONG DISTANCE</b>	
North Dakota Information Technology Department rates	In state - \$.05 per minute Out of state - \$.05 per minute 800 service - \$.07 per minute
South Dakota Bureau of Information Technology rates	In state - \$.10 per minute Out of state - \$.11 per minute 800 service - \$.11 per minute
Montana Information Technology Services Division rates	In state - \$.105 per minute Out of state - \$.105 per minute 800 service - \$.10 per minute
Wisconsin Division of Enterprise Technology	In state - \$.03 per minute Out of state - \$.03 per minute 800 service - \$.047 per minute
Minnesota Department of Administration	In state - \$.059 per minute Out of state - \$.047 per minute 800 service - \$.047 per minute
Nebraska Division of Communications	In state - \$.07 per minute Out of state - \$.07 per minute 800 service - \$.07 per minute
Oklahoma Office of State Finance	In state - \$.09 per minute Out of state - \$.09 per minute 800 service - \$.11 per minute

<b>SOFTWARE DEVELOPMENT</b>		
	<b>Location</b>	<b>Billing Rate Per Hour of Service</b>
Information Technology Department	Bismarck, North Dakota	\$54 - \$58
Applied Engineering	Bismarck, North Dakota	\$75 - \$100
Eide Bailly	Bismarck, North Dakota	\$65 - \$140
Enterprise Solutions	Bismarck, North Dakota	\$75 - \$140
Internet Design & Consulting	Bismarck, North Dakota	\$70 - \$75
Nexus Innovations	Bismarck, North Dakota	\$65 - \$130
Vision Technology	Bismarck, North Dakota	\$70 - \$75
Stratacom	Fargo, North Dakota	\$75 - \$125
Strategic Business Engineering	Fargo, North Dakota	\$75 - \$95
BPro, Inc.	Pierre, South Dakota	\$55 - \$85
CIBER	Vancouver, Washington	\$40 - \$100
Compuware	Plymouth, Minnesota	\$55 - \$110
Maximus	Rancho Cordova, California	\$145 - \$185

In response to a question from Senator Robinson, Mr. Ressler said the telephone rates for the state of South Dakota are lower than North Dakota because the state of South Dakota does not own its own telephone switches as does the state of North Dakota.

He said state agencies in South Dakota are also required to purchase their own telephones and are charged separately for telephone support costs.

In response to a question from Representative Skarphol, Mr. Ressler said the limit on the

department's level of net assets would not be affected by the establishment of an enterprise fund for information technology projects.

**CONNECTND SYSTEM**

Ms. Laura Glatt, Vice Chancellor for Administrative Affairs, North Dakota University System, provided information regarding the status of the ConnectND system. A copy of the information is on file in the Legislative Council office. She said the North Dakota University System is recommending the addition of 11.5 new full-time equivalent (FTE) positions for support of the ConnectND system. She said the 11.5 FTE positions consist of 4 functional business analyst FTE positions, 3.5 technical support FTE positions for the student administration data center, and 4 programmer/analyst FTE positions. She said the annual costs for the additional FTE positions are estimated to be \$856,000. She said the North Dakota University System 2007-09 budget request includes approximately \$4.1 million of funding from the general fund for support of the ConnectND system. She said it is imperative to the success of the ConnectND system that the Legislative Assembly provide funding from the general fund for support of the system.

Ms. Glatt said in approximately two to four years the PeopleSoft product will be merged into a new product Oracle is developing called Fusion. She said North Dakota University System's transition to the Fusion product may be similar in magnitude to the transition from the legacy system to the PeopleSoft product.

In response to a question from Senator Robinson, Ms. Glatt said at the present time it appears as though the state will either need to transition to the Fusion product or move to another software product.

In response to a question from Representative Skarphol, Ms. Feldner said there is a possibility that a third party may take over support of the PeopleSoft product.

In response to a question from Senator Robinson, Ms. Glatt said the North Dakota University System has a one-year contract with Ms. Bonnie Neas to serve as the interim deputy chief information officer and the executive director for ConnectND and a two-year contract with Mr. Randall Thursby to serve as the interim chief information officer. She said the North Dakota University System did not have funding in the 2005-07 budget for a ConnectND project manager; therefore, Ms. Neas is currently funded with one-time funding. She said the North Dakota University System budget request for the 2007-09 biennium includes permanent funding for a ConnectND project manager.

In response to a question from Representative Skarphol, Ms. Glatt said she is not aware of any other states directly assessing students a fee for an administrative system.

In response to a question from Representative Skarphol, Ms. Glatt said a majority of the revenue generated by the ConnectND student fee is used for

debt retirement relating to the bonds outstanding for the ConnectND system and staffing costs.

In response to a question from Representative Skarphol, Ms. Glatt said if the Legislative Assembly were to provide funding to pay off the bonds outstanding for the ConnectND system, the ConnectND student fee would be decreased but the fee would not be eliminated.

Ms. Pam Sharp, Director, Office of Management and Budget, provided a project closeout report for the state government portion of the ConnectND system and distributed a copy of the postimplementation review for the state government portion of the ConnectND system. A copy of the project closeout report and the postimplementation review is on file in the Legislative Council office. She said seven of the eight project objectives established for the implementation of the ConnectND system were met, including the reduction of "shadow" systems, integration on a common system, establishment of a self-service environment for employees, and integration of workflow industry best practices. She said the state government portion of the ConnectND system was completed in September 2004, approximately three months later than the original estimated completion date of June 2004. She said the actual cost of implementing the ConnectND system for state government was \$17,610,063, \$3,035,053 more than the budgeted cost of \$14,575,010. She said the difference between the budgeted and actual costs for implementing the ConnectND system is summarized as follows:

PeopleSoft software	\$2,364
Contract amendments	948,706
Equipment and hosting	(140,511)
Staffing and training	2,224,494
<b>Total</b>	<b>\$3,035,053</b>

Ms. Sharp said the return on investment document prepared for the ConnectND system estimated the cost of operating the state government portion of the ConnectND system to be approximately \$2.9 million per year. She said the Information Technology Department and the Office of Management and Budget have established rates to cover those costs on an ongoing basis. She said actual costs for operating the state government portion of the ConnectND system have been approximately \$2.7 million.

In response to a question from Senator Christmann, Ms. Sharp said the lessons learned section of the project closeout report and the postimplementation review include information regarding challenges encountered during the project.

The committee recessed for lunch at 11:50 a.m. and reconvened at 1:00 p.m.

Representative Skarphol distributed information regarding costs associated with implementing the ConnectND system for state government and higher education. A copy of the information is on file in the Legislative Council office.

## **LARGE INFORMATION TECHNOLOGY PROJECTS**

The Legislative Council staff presented a memorandum entitled [Large Information Technology Projects](#). The memorandum provides a summary of the project management lifecycle processes, executive and legislative branch activities, and statutory provisions relating to planning and executing large information technology projects.

Mr. Mark Molesworth, Information Technology Department, presented information on information technology project budgeting. A copy of the information is on file in the Legislative Council office. He said there are distinct differences between the appropriation process and the project reporting process that prevent information technology project budgets from being considered the same in the two processes. He said during the appropriation process agencies request spending authority for costs associated with the implementation of the project. He said the past practice has been to also report the requested appropriation as the entire project budget. However, he said, a fully developed project budget may encompass much more. He said it is important to understand that the initial estimate at the time of the budget request is high level and informational. He said the most accurate project budget would be available at the completion of the project planning process.

Mr. Molesworth said the Enterprise Project Management Advisory Group provides the following recommendations relating to information technology project budgeting:

1. Between October 15, 2006, and December 31, 2006, the Enterprise Project Management Advisory Group will develop guidelines that will allow agencies to establish percentage-based estimates of reallocated direct costs associated with information technology projects. Agencies will be prepared to testify on these estimates as a portion of the total cost of information technology projects during the legislative session.
2. For projects approved by the 2007 Legislative Assembly include reallocated direct costs in the planning phase and in the final budget submission for the projects. Specific direct costs to be included will be provided in guidance to be published by July 1, 2007.
3. During the 2007-08 interim, the Enterprise Project Management Advisory Group will establish guidance, provide training, and implement potential toolsets to enable information technology projects requested for the 2009-11 biennium to include all costs associated with the projects from the budget request process through the project tracking and reporting process.

## **Department of Public Instruction - Special Education Information Technology Project**

Mr. Guy McDonald, Regional Coordinator, Special Education Unit, Department of Public Instruction, provided information regarding the department's special education information technology project. He said the department is in the process of exploring the possibility of implementing a web-based electronic individualized education program (IEP) system for the 31 special education units in the state. He said at the present time each of the 31 special education units operates its own IEP system.

In response to a question from Representative Skarphol, Mr. McDonald said there is a possibility the state could lose federal funding because of inaccurate data records.

In response to a question from Representative Monson, Mr. McDonald said the department has approximately \$700,000 of federal funding to complete the project.

## **Department of Transportation - Priority System Rewrite Project**

Mr. Tim Horner, Director, Office of Operations, Department of Transportation, provided a project startup report for the department's priority system rewrite project. A copy of the report is on file in the Legislative Council office. He said the priority system is the process used to identify, prioritize, schedule, and allocate a budget based on the current investment strategy for construction projects. He said the current priority system application is an antiquated system that resides on the mainframe. He said the rewrite of the application will integrate the planning development program and statewide transportation improvement program processes into one system and will make the department more efficient and productive. He said the total estimated cost for the project is \$255,525 and the estimated completion date for the project is June 2007.

In response to a question from Representative Skarphol, Mr. Molesworth said the project budget for the priority system rewrite project provided to the 2005 Legislative Assembly was \$156,600. After the department completed planning for the project, he said, the department determined a more accurate budget of \$255,525. He said the project budget of \$255,525 will be used as a benchmark to determine any project budget variance.

## **Secretary of State - Knowledge Base Project**

Mr. Alvin A. Jaeger, Secretary of State, provided a project startup report for the agency's knowledge base project. A copy of the report is on file in the Legislative Council office. He said the project consists of acquiring and implementing a new software application to replace existing technology systems for the agency's central indexing system functions. He said the new software application will be built on an upgraded technology platform that will allow the application to have maintenance, scalability, and cost

benefits over the existing application. He said the new system will also automate a number of manual business processes. He said the total estimated cost for the project is \$532,844 and the estimated completion date for the project is October 2007.

#### **Department of Human Services - National Provider Identifier Project**

Ms. Jennifer Witham, Director, Information Technology Division, Department of Human Services, provided a project startup report for the department's national provider identifier project. A copy of the report is on file in the Legislative Council office. She said the national provider identifier was established by Congress to identify health care providers in all standard transactions. She said the national provider identifier will allow all providers to use one number when submitting claims rather than using multiple identifiers for multiple payers. She said health care providers will be required to submit claims using only the national provider identifier by May 23, 2007; therefore, the department's Medicaid management information system and other applications must be able to accept and process claims with national provider identifier numbers by May 23, 2007. She said the total estimated cost for the project is \$446,576.

#### **Department of Human Services - Temporary Assistance for Needy Families Diversion Project**

Ms. Carol Cartledge, Department of Human Services, provided a project startup report for the department's temporary assistance for needy families diversion project. A copy of the report is on file in the Legislative Council office. She said the diversion assistance program helps eligible persons reduce or eliminate their need for public assistance with job readiness and job preparation activities. She said the main objective of the diversion project is to integrate the diversion assistance program into the existing temporary assistance for needy families program in the department's vision system. She said the project will be completed in two phases. She said the first phase of the project was completed in August 2006 and the second phase of the project was started in October 2006. She said the total estimated cost for the project is \$246,988.

In response to a question from Representative Skarphol, Ms. Cartledge said the estimated cost for the project of \$246,988 is for both phases of the project.

#### **Public Employees Retirement System - Legacy Application System Replacement Project**

Mr. Sparb Collins, Executive Director, Public Employees Retirement System, provided a project startup report for the agency's legacy application system replacement project. A copy of the report is on file in the Legislative Council office. He said the

agency is in the process of developing a request for proposal for the replacement of the agency's legacy application system. He said the request for proposal will be released by the end of November 2006 and responses will be due in January 2007. He said the responses will be presented for consideration to the 2007 Legislative Assembly. If the project is funded by the 2007 Legislative Assembly, he said, the agency will begin with project implementation in July 2007. He said the agency anticipates a three-year implementation period for the project. He said the total estimated cost for the request for proposal phase of the project is \$590,326 and the total estimated cost for the implementation phase of the project is \$9,563,000.

In response to a question from Representative Grande, Mr. Collins said the project will be funded with special funds.

In response to a question from Representative Grande, Mr. Collins said the agency will present information regarding the impact of the project on the trust fund balances to the 2007 Legislative Assembly.

#### **Job Service North Dakota - Case Management System Project**

Mr. Larry Anderson, Director, Unemployment Insurance, Job Service North Dakota, provided a project startup report for the agency's case management system project. A copy of the report is on file in the Legislative Council office. He said the project consists of replacing the agency's existing customized case management system with a commercial off-the-shelf case management system from Geographic Solutions, Inc. He said the total estimated cost for the project is \$675,000 and the estimated completion date for the project is December 2006.

#### **Workforce Safety and Insurance - Learning Management System Project**

Mr. James D. Long, Chief of Support Services, Workforce Safety and Insurance, provided a project startup report for the agency's learning management system project. A copy of the report is on file in the Legislative Council office. He said Workforce Safety and Insurance needs to provide North Dakota employers and employees 24 hours a day 7 days a week access to high-quality training programs. As a result, he said, Workforce Safety and Insurance released a request for proposal in August 2006 for a qualified vendor to provide a comprehensive learning management system that will provide the capability of delivering training to North Dakota employers and employees. He said Workforce Safety and Insurance received 13 proposals and invited the three vendors whose proposals received the highest scores by the evaluation team to provide a demonstration of their proposed solutions in October 2006. He said a vendor is to be selected by the end of October 2006 and the learning management system is to be

implemented by January 1, 2007. He said the total estimated cost for the project is \$400,000.

In response to a question from Senator Seymour, Mr. Long said Workforce Safety and Insurance will be allowed to select the specific training courses to be included in the learning management system.

### **Workforce Safety and Insurance - Information Technology Transformation Program System Replacement Project Phase 1**

Mr. Long provided a project startup report for Phase 1 of the Workforce Safety and Insurance information technology transformation program system replacement project. A copy of the report is on file in the Legislative Council office. He said the information technology transformation program system replacement project includes the replacement of existing core business applications with a commercial off-the-shelf, seamless, integrated software solution. He said Phase 1 of the project includes surveying potential commercial off-the-shelf solutions, gathering system requirements, executing a request for proposal, cleansing data, establishing new in-house technology-related procedures, and reorganizing the agency's information technology division. He said the estimated cost for Phase 1 of the project is \$341,000 and the estimated completion date for Phase 1 is June 2007. He said funding for Phase 2 of the project, which is the implementation of the new software solution, must be approved by the 2007 Legislative Assembly. He said the estimated cost for Phase 2 is \$8 million to \$14 million.

### **Department of Transportation - Commercial Vehicle Information Systems and Networks**

Mr. Mike Becker, Project Manager, Department of Transportation, provided a project closeout report for the department's commercial vehicle information systems and networks (CVISN) project. A copy of the report is on file in the Legislative Council office. He said CVISN is a broad term used to describe a number of systems and network interfaces to allow motor carriers to file electronically information, such as international fuel tax and international registration plan renewals and quarterly reports. He said the international fuel tax portion of the project was completed on schedule in June 2005 and the international registration plan portion of the project was completed three months later than budgeted because the Motor Vehicle Division did not want to deploy a new system during its busiest renewal cycle. He said the project was completed under budget with expenditures of \$1,249,834 compared to the budget of \$1,367,249.

### **Job Service North Dakota - Project Herakles**

Mr. Anderson provided a project closeout report for the agency's Project Herakles. A copy of the report is on file in the Legislative Council office. He said Project Herakles was the procurement planning phase

of the agency's unemployment insurance system modernization project. He said the objectives of the project included:

- Development of base system requirements for a modernized unemployment insurance system.
- Issuance of a request for proposal for the procurement of a modernized unemployment insurance system.
- Development of a funding level for the modernization effort.

Mr. Anderson said as the agency neared the critical milestone of releasing a request for proposal for systems development, the agency determined the appropriate direction for the project was to maintain, enhance, and upgrade the existing system; therefore, a request for proposal was not released and the project was terminated. He said actual expenditures for the project were \$347,311 compared to the original budget for the project of \$813,366. He said the remaining funds will be used for modernization efforts for the existing system.

### **Bank of North Dakota - Core Banking**

Mr. Tim Atkinson, Senior Vice President for Internal Services, Bank of North Dakota, provided a project closeout report for the Bank's core banking project. A copy of the report is on file in the Legislative Council office. He said the primary goal of the core banking project was to convert the Bank's existing core banking and related systems to a new integrated solution that resided off the mainframe. He said the new solution streamlined Bank operations, reduced development and maintenance activities, and added functionality that offered new services to the Bank's customers. He said the project was completed in November 2005, approximately two months later than anticipated due to changes in delivery of hardware. He said the project was completed under budget with expenditures of \$3,173,751 compared to the budget of \$3,500,000.

### **OTHER RESPONSIBILITIES**

The Legislative Council staff distributed testimony from the North Dakota League of Cities regarding the coordination of information technology between the Information Technology Department and political subdivisions, pursuant to NDCC Section 54-59-12. A copy of the testimony is on file in the Legislative Council office. The testimony provides that the North Dakota League of Cities has been working with the Information Technology Department in the development of records retention schedules for all departments of city government, and the North Dakota League of Cities has had discussions with the Information Technology Department to explore the possibilities that may exist for joint projects in the area of geographic information systems.

**PROPOSED INFORMATION TECHNOLOGY BILL DRAFTS**

**Higher Education Information Technology Planning, Services, and Major Projects**

The Legislative Council staff presented a bill draft [70018.0100] relating to higher education information

technology planning, services, and major projects. The following is a summary of the bill draft:

Section 1	Creates a new section to Chapter 15-10 to provide that the State Board of Higher Education shall manage and regulate information technology planning and services for institutions under its control; collaborate with the Information Technology Department to coordinate higher education information planning with statewide information technology planning; provide advice to the Information Technology Department regarding the development of policies, standards, and guidelines relating to access to or use of wide area network services; and present information technology planning, services, and major projects to the Information Technology Committee
Section 2	Amends Section 54-35-15.2 relating to the powers and duties of the Information Technology Committee to remove administrative projects from the definition of higher education major information technology projects and to provide that the Information Technology Committee is to receive information from the State Board of Higher Education regarding higher education information technology planning, services, and major projects
Section 3	Amends Section 54-59-05 relating to the powers and duties of the Information Technology Department to provide that the department shall collaborate with the State Board of Higher Education on guidelines for reports to be provided by institutions under control of the State Board of Higher Education on information technology
Section 4	Amends Section 54-59-09 relating to information technology standards to exclude institutions under the control of the State Board of Higher Education from having to comply with the policies, standards, and guidelines developed by the Information Technology Department
Section 5	Amends Section 54-59-11 relating to information technology plans to provide that institutions under the control of the State Board of Higher Education are not required to prepare information technology plans

Ms. Glatt provided comments and suggested amendments to the bill draft. A copy of the suggested amendments are on file in the Legislative Council office. She said the State Board of Higher Education is supportive of the bill draft. She said the suggested amendments are to provide consistency between the bill draft relating to higher education information technology planning, services, and major projects and the bill draft relating to the powers and duties of the Information Technology Committee and the Information Technology Department, information technology plans, and other information technology issues.

In response to a question from Representative Skarphol, Ms. Glatt said the bill draft provides that the State Board of Higher Education shall manage and regulate information technology planning and services for institutions under its control. She said the bill draft would elevate the issue of information technology with the State Board of Higher Education.

Senator Christmann said he believes the State Board of Higher Education has enough issues to manage and regulate. He said he is not in support of the bill draft.

After committee discussion, the committee decided to not further consider this bill draft.

**Powers and Duties of the Information Technology Committee and the Information Technology Department, Information Technology Plans, and Other Information Technology Issues**

The Legislative Council staff presented a bill draft [70015.0300] relating to powers and duties of the Information Technology Committee and the Information Technology Department, information technology plans, and other information technology issues. The following is a summary of the bill draft:

Sections 1 and 6	Amends Section 12-60-24(2)(h) and Section 54-59-20 relating to criminal history record checks to provide that the Chief Information Officer may require as a condition of contracting with the Information Technology Department or other state agency or department with respect to an information technology project that any individual employed by the contractor or subcontractor to perform the work under the contract submit to a criminal history record check
Section 2	Amends Section 54-35-15.2 to more accurately reflect the powers and duties of the Information Technology Committee, including providing that the committee receive and review project startup reports and project closeout reports for any major information technology project of an executive, legislative, or judicial branch agency, the State Board of Higher Education, or any institution under the control of the State Board of Higher Education, and the committee receive information regarding any information technology project of an executive, legislative, or judicial branch agency with a total cost between \$100,000 and \$250,000 as determined necessary by the Information Technology Department

Section 3	Amends Section 54-59-05 relating to the powers and duties of the Information Technology Department to provide that the department shall request and review information regarding any major information technology project of an executive, legislative, or judicial branch agency, the State Board of Higher Education, or any institution under the control of the State Board of Higher Education and the department may request and review information regarding any information technology project of an executive, legislative, or judicial branch agency with a total cost between \$100,000 and \$250,000 as determined necessary by the department
Section 4	Amends Section 54-59-11 relating to information technology plans to provide that information technology plans are subject to acceptance by the Information Technology Department and information technology plans must include an asset management plan relating to the inventory of information technology assets owned, leased, or employed by the entity. The bill draft also provides that the statewide information technology plan must be developed with emphasis on long-term strategic goals, objectives, and accomplishments and the statewide information technology plan must contain specific information regarding information technology projects, plans, and benefits.
Section 5	Amends Section 54-59-19 relating to the Information Technology Department annual report to revise the required contents of the report
Section 7	Amends Section 54-59-21 relating to the criminal justice information sharing system to provide that only entities within the criminal justice system and those entities approved by the Criminal Justice Board may access the criminal justice system
Section 8	Creates a section to Chapter 54-59 to provide that a state agency that proposes to implement a computer application or system that is designed to serve as an alternative or shadow of the ConnectND system must request approval from the director of the Office of Management and Budget before proceeding with implementation of the application or system. The director is to notify the Information Technology Committee of each request for approval submitted.

Ms. Glatt provided comments and suggested amendments to the bill draft. A copy of the suggested amendments is on file in the Legislative Council office. She said the State Board of Higher Education is supportive of the bill draft; however, the board is concerned with the change in the threshold of a major information technology project from a project with a cost of \$250,000 or more in one biennium or a total cost of \$500,000 or more to a project with a total cost of \$250,000 or more. She said the board is also concerned with the definition of alternative or shadow applications or systems of the ConnectND system (Section 8). She said the suggested amendments are to provide consistency between the bill draft relating to higher education information technology planning, services, and major projects and the bill draft relating to the powers and duties of the Information Technology Committee and the Information Technology Department, information technology plans, and other information technology issues.

Senator Christmann said he is not in favor of allowing the director of the Office of Management and Budget to approve alternative or shadow applications or systems of the ConnectND system. He said elected officials should not be required to seek the approval of an individual appointed by the Governor in order to implement an application or system believed to be necessary to run their agencies.

Ms. Feldner said the Information Technology Department would like the committee to approve at least Sections 1 and 6 of the bill draft relating to criminal history record checks.

**It was moved by Representative Skarphol, seconded by Representative Monson, and carried on a roll call vote that the bill draft relating to the powers and duties of the Information Technology Committee and the Information Technology Department, information technology plans, and other information technology issues be amended to remove the section relating to alternative or shadow applications or systems of the ConnectND system and that the bill draft as amended be approved and recommended to the Legislative Council.** Senators Robinson, Schobinger, and Wardner and Representatives Grande, Monson, Skarphol, and Weisz voted "aye." Senator Christmann voted "nay."

**Major Information Technology Projects, State Information Technology Advisory Committee, and Information Technology Standards**

The Legislative Council staff presented a bill draft [\[70016.0200\]](#) relating to major information technology projects, the State Information Technology Advisory Committee, and information technology standards. The following is a summary of the bill draft:

Section 1	Creates a subsection to Section 54-35-15.2 to provide that the Information Technology Committee shall receive a report from the Chief Information Officer regarding the recommendations of the State Information Technology Advisory Committee relating to the prioritization of proposed information technology projects and other information technology issues
Section 2	Amends Section 54-59-02.1 relating to the prioritization of major information technology projects to provide that the Information Technology Department shall submit information regarding proposed major information technology projects for executive branch state agencies, departments, and institutions, excluding institutions under the control of the State Board of Higher Education and agencies of the judicial and legislative branches to

	the State Information Technology Advisory Committee. The State Information Technology Advisory Committee shall review the projects and rank those projects that receive the committee's affirmative recommendation. The recommendations of the State Information Technology Advisory Committee shall be submitted to the Information Technology Committee, the Office of Management and Budget, and the Appropriations Committees of the Legislative Assembly.
Section 3	Amends Section 54-59-07 relating to the State Information Technology Advisory Committee to provide that the committee shall review policies, standards, and guidelines developed by the Information Technology Department and the Chief Information Officer shall submit recommendations of the State Information Technology Advisory Committee regarding information technology issues to the Information Technology Committee for its consideration
Section 4	Amends Section 54-59-09 to provide that the Information Technology Department shall develop policies, standards, and guidelines using a process involving advice from state agencies and institutions. The bill draft retains the role of the Office of Management and Budget in the development of information technology policies, standards, and guidelines.

**It was moved by Representative Skarphol, seconded by Senator Wardner, and carried on a roll call vote that the bill draft relating to major information technology projects, the State Information Technology Advisory Committee, and information technology standards be approved and recommended to the Legislative Council.** Senators Robinson, Christmann, Schobinger, and Wardner and Representatives Grande, Monson, Skarphol, and Weisz voted "aye." No negative votes were cast.

### **Information Technology Policies, Standards, and Guidelines and the Administrative Agencies Practice Act**

The Legislative Council staff presented a bill draft [\[70017.0100\]](#) relating to the exclusion of certain policies, standards, and guidelines of the Information Technology Department from compliance with the Administrative Agencies Practice Act. The bill draft amends NDCC Section 28-32-01(11) to provide that any product and services standard and best practice standards, primarily intended to affect state agencies and with respect to access to or use of wide area network services, institutions under the control of the State Board of Higher Education, counties, cities, and school districts if the policy, standard, or guideline has been reviewed by the State Information Technology Advisory Committee, is not considered a rule under the Administrative Agencies Practice Act.

After committee discussion, the committee decided to not further consider this bill draft.

### **COMMITTEE DISCUSSION**

In response to a question from Representative Grande, Ms. Nancy Walz, Director, Policy and

Planning Division, Information Technology Department, said the Information Technology Department does not formally review and report information on information technology projects with a total cost of less than \$250,000.

In response to a question from Representative Skarphol, Ms. Walz said the Information Technology Department is not notified if an information technology project with a cost of less than \$250,000 fails.

**It was moved by Senator Christmann, seconded by Representative Skarphol, and carried on a roll call vote that the chairman and the staff of the Legislative Council be requested to prepare a report and the bill drafts recommended by the committee and to present the report and recommended bill drafts to the Legislative Council.** Senators Robinson, Christmann, Schobinger, and Wardner and Representatives Grande, Monson, Skarphol, and Weisz voted "aye." No negative votes were cast.

Chairman Robinson thanked committee members for their work during the interim.

The meeting was adjourned subject to the call of the chair at 4:05 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](#)