NORTH DAKOTA LEGISLATIVE MANAGEMENT

Minutes of the

INFORMATION TECHNOLOGY COMMITTEE

Thursday, October 14, 2010
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, Tom Seymour, Rich Wardner; Representatives Craig Headland, Corey Mock, Bob Skarphol, Gary R. Sukut, Lonny Winrich; Chief Information Officer Lisa Feldner

Members absent: Senator Joe Miller; Representative Robin Weisz

Others present: Jim W. Smith, Jason J. Steckler, John Bjornson; Legislative Council, Bismarck

See Appendix A for additional persons present.

It was moved by Representative Skarphol, seconded by Senator Seymour, and carried on a voice vote that the minutes of the September 9, 2010, meeting be approved as distributed.

LARGE INFORMATION TECHNOLOGY PROJECT REPORTING
Secretary of State's Office - Data Processing System Project

Mr. Alvin A. Jaeger, Secretary of State, provided information (Appendix B) regarding the status of the agency's data processing system project. He said the project continues to be behind schedule due to the project vendor experiencing financial challenges. He said the project is under budget because the project vendor has only received payment for delivered product. He said the project coordinator continues to work with the project vendor on a recovery plan that will allow the project to resume with the expectation of a completion date within the 2011-13 biennium.

In response to a question from Senator Robinson, Mr. Jaeger said the agency is waiting for the project vendor's recovery plan and is progressing with the project cautiously.

In response to a question from Senator Robinson, Mr. Jaeger said the project vendor furloughed most of its staff due to financial challenges in May 2010.

REPORT FROM THE CHIEF INFORMATION OFFICER
Statewide Information Technology Plan - 2011-13 Biennium

Ms. Lisa Feldner, Chief Information Officer, Information Technology Department, provided information regarding the statewide information technology plan for the 2011-13 biennium. She said North Dakota Century Code Section 54-59-11 requires each executive branch state agency or institution, excluding institutions under the control of the State Board of Higher Education, unless the Chief Information Officer grants an exemption, to prepare an information technology plan. She said the plan must be prepared based on guidelines developed by the department and must be submitted to the department by August 15 of each even-numbered year unless the Chief Information Officer grants an extension. Based on the information included in the plans, she said, the Information Technology Department prepares a statewide information technology plan with emphasis on long-term strategic goals and objectives. She said the statewide information technology plan is distributed to members of the Legislative Assembly.

Ms. Feldner said the department will present to the 2011 Legislative Assembly a statewide information technology plan that will communicate a shared vision between state government, higher education, and elementary and secondary education; outline strategic initiatives; and establish goals and strategies that will serve as a basis for more detailed planning efforts.

Major Information Technology Project Prioritization

Ms. Feldner provided information regarding the recommendations of the State Information Technology Advisory Committee regarding major information technology projects for the 2011-13 biennium. She said state agencies were responsible for prioritizing information technology projects for the 2011-13 biennium and submitting their information technology plans by August 15, 2010. She said the State Information Technology Advisory Committee reviewed information regarding proposed major information technology projects for executive branch state agencies, excluding institutions under the control of the State Board of Higher Education and the judicial and legislative branches, and ranked those projects in groups by funding source on September 20, 2010.

Ms. Feldner presented the following prioritization of general fund projects:

	Project	Agency	Preliminary Project Budget	
			General Fund	Total Funds
1	Eligibility determination systems replacement	Department of Human Services	$23,395,890	$46,937,379

	Project	Agency	Preliminary Project Budget	
			General Fund	Total Funds
2	Dispatch console replacement system	Adjutant General	$1,100,000	$1,100,000
3	Commercial vehicle information exchange window	Highway Patrol	$185,000	$474,000
4	Statewide Longitudinal Data System Initiative	Information Technology Department	$3,293,225	$3,364,162
5	Automated routing application	Highway Patrol	$467,000	$1,194,000
6	Statewide baseline map - Phase 2	Adjutant General	$400,000	$900,000

Ms. Feldner presented the following prioritization of special funds projects:

	Project	Agency	Preliminary Project Budget
1	Criminal history repository replacement	Attorney General's office	$450,000
2	Driver's license redesign	Department of Transportation	$17,322,400
3	Loan servicing for Department of Education direct student loans	Bank of North Dakota	$2,220,000
4	Estimating program rewrite	Department of Transportation	$537,680
5	Billing system	Information Technology Department	$767,726

Ms. Feldner presented the following prioritization of federal fund projects:

	Project	Agency	Preliminary Project Budget
1	Vocational rehabilitation information technology system replacement	Department of Human Services	$2,896,480
2	Workforce Data Quality Initiative	Job Service North Dakota	$1,036,000

Ms. Feldner said the Information Technology Department will forward the prioritization to the Office of Management and Budget for consideration in the development of the Governor's budget recommendation.

Statewide Longitudinal Data System Initiative

Ms. Feldner provided information (Appendix C) on the status of the department's Statewide Longitudinal Data System Initiative pursuant to Section 15.1-02-18. She said the following are efforts currently underway regarding the initiative:

- Authorizations and data sharing agreements have been received for the unemployment insurance data sets. These data sets will serve as the foundation for workforce measurements.
- Staff is in the process of matching elementary and secondary education data and unemployment insurance data. This effort will identify linkages needed between elementary and secondary education systems and workforce systems.
- A data exchange with the Federal Employee Data Exchange System is being established to identify program participants that are federally employed.
- An interface with the National Student Clearinghouse has been authorized and will be established to determine elementary and secondary education enrollment in higher education across the nation.

Information Technology Department - 2011-13 Budget Request

Mr. Mike Ressler, Deputy Chief Information Officer, Information Technology Department, provided information (Appendix D) on the department's budget request for the 2011-13 biennium. He said the department's budget request for the 2011-13 biennium includes several optional package adjustments, including adjustments relating to federal funding for E911 and broadband mapping grants, continued implementation of the Statewide Longitudinal Data System Initiative, continued development of new applications for the Criminal Justice Information Sharing Initiative, and establishment and operation of a health information exchange.

Information Technology Security Measures

Mr. Dan Sipes, Director, Administrative Services Division, Information Technology Department, provided information (Appendix E) regarding information technology security measures implemented by the department. He said the department applies prevention, detection, and response security principles to network, hosting, and application environments.

In response to a question from Representative Winrich, Mr. Sipes said the department has detected five breaches of security during the past three years.

Broadband Mapping

Mr. Duane Schell, Director, Telecommunications Division, Information Technology Department, provided a project closeout report (Appendix F) for the department's broadband mapping project. He said the department received a grant from the United States

Department of Commerce National Telecommunications and Information Administration to develop and maintain a comprehensive, interactive, and searchable inventory map of existing broadband service connectivity available in the state. He said the department entered a contract with Tetra Tech to complete the project. He said the project was completed in October 2010 approximately eight days after the baseline schedule. He said the project was completed under budget with actual expenditures of $779,266, compared to the project budget of $782,951.

In response to a question from Representative Skarphol, Mr. Schell said the department received data from all broadband providers in the state.

In response to a question from Representative Skarphol, Mr. Schell said the department will work with the broadband providers to submit map updates to the federal government twice per year.

ELEMENTARY AND SECONDARY EDUCATION INFORMATION TECHNOLOGY INITIATIVES

Mr. Dan Pullen, Director, Educational Technology Council, Fargo, provided information (Appendix G) regarding elementary and secondary education information technology initiatives and anticipated budget needs for the 2011-13 biennium. He said all public elementary and secondary education technology plans were received, reviewed, and approved by the council and approved by the United States Department of Education. He said the council has awarded classroom transformation grants totaling $349,000 to 22 schools and video grants totaling $255,000 to 6 video consortiums. He said the council is considering the establishment of a statewide elementary and secondary education directory.

Mr. Pullen said Dr. Alan Peterson was hired as the director of the Center for Distance Education in July 2010. He said the Center for Distance Education has begun a process of redefining its mission and making technical advancements in its delivery of online courses to high school students.

Mr. Pullen said the PowerSchool application is currently being used in 125 public elementary and secondary education schools. He said an additional 14 schools will begin using the application by September 2011, and all public schools will be using the PowerSchool application by June 30, 2013.

Mr. Pullen said anticipated budget needs for the 2011-13 biennium include:

- An increase in funding from the general fund for the video grants program to help schools update video classroom transmission equipment.
- An increase in funding from the general fund for the Center for Distance Education's reorganization.
- Full funding of the PowerSchool application for all public schools.

In response to a question from Senator Seymour, Mr. Pullen said the Center for Distance Education is collaborating with higher education institutions.

In response to a question from Representative Skarphol, Mr. Pullen said data is being gathered from nonpublic schools to meet federal requirements relating to the statewide longitudinal data system.

Chairman Robinson requested the Educational Technology Council provide the committee with information regarding the number of nonpublic schools in the state and corresponding student enrollments.

HIGHER EDUCATION INFORMATION TECHNOLOGY INITIATIVES

Ms. Bonnie Neas, Vice President for Technology, North Dakota State University, Fargo, provided information (Appendix H) regarding the status of the Northern Tier Network project. In August 2010, she said, North Dakota State University and the South Dakota Board of Regents were awarded a federal grant for fiber optic connections between the Northern Tier Network in Fargo and the South Dakota Research Education and Economic Development Network at Northern State University in Aberdeen, South Dakota. In September 2010, she said, North Dakota State University and the University of Washington in Seattle, Washington, were awarded a federal grant to add services along the Northern Tier Network path between Seattle and Chicago, Illinois. She said the North Dakota University System has revised its 2011-13 budget request for Northern Tier Network operations from $1,691,399 to $1,572,200.

In response to a question from Representative Headland, Ms. Neas said the University System would need to sell its Northern Tier Network assets if funding is not provided for the operational costs of the network.

In response to a question from Senator Christmann, Mr. Randall Thursby, Chief Information Officer, North Dakota University System, Fargo, said the University System is currently establishing the audit scope for the audit required of Northern Tier Network activities pursuant to Section 15-10-45.

In response to a question from Senator Christmann, the legislative budget analyst and auditor said Section 15-10-45 requires the University System to provide a comprehensive report of Northern Tier Network activities in the 2007-09 biennium. He said the section does not identify an entity to receive the report, but the University System is responsible for determining its compliance with the section.

The committee recessed for lunch at 12:00 noon and reconvened at 12:45 p.m.

Mr. Thursby provided information (Appendix I) regarding higher education information technology planning, services, and major projects. He said the University System's information technology strategic plan consists of the following goals:

- Goal 1 - Improve information technology-enabled business processes and services while providing and managing resources to align with strategic goals.
- Goal 2 - Support systemwide infrastructure needs.
- Goal 3 - Improve and enhance collaborative efforts.
- Goal 4 - Improve and enhance student learning.
- Goal 5 - Increase customer focus.

Mr. Thursby said the University System is in the process of implementing an integrated services initiative. He said the objectives of the initiative are to:

- Improve the integration of systemwide applications.
- Provide a more consistent end-user experience for students, faculty, and staff.
- Improve coordination of resources, applications, and processes.
- Provide better support for collaborative students.

Mr. Thursby said the initiative consists of multiple projects, including:

- Project 1 - Phased migration to an active director single forest/domain model.
- Project 2 - Implementation of a common e-mail and calendar system.
- Project 3 - Implementation of a common framework for unified communications.

Mr. Thursby provided the following summary of specific information technology-related budget request items for the 2011-13 biennium in addition to parity or cost to continue funding requests:

Technology maintenance enhancement - Network improvements and cost increases to expand disk and processor capacity	$3,200,000
Technology infrastructure pool - Funding for licensing of software, maintenance, limited personnel support for new technologies, applications, or services	4,300,000
Technology infrastructure enhancements - One-time funding to enhance efficiency, foster collaboration, and improve student success	3,200,000
Joint data center facility - One-time funding for construction of a new data center facility	17,600,000
Total	$28,300,000

In response to a question from Representative Skarphol, Mr. Thursby said the University System is making progress toward implementing electronic transcripts.

HEALTH INFORMATION TECHNOLOGY
Proposed Bill Drafts

The Legislative Council staff presented a bill draft [10050.0200] relating to the exchange of information with the health information exchange. The Legislative Council staff said the bill draft amends Sections 54-59-02 and 54-59-05(13) relating to the responsibilities and powers and duties of the Information Technology Department to provide that the department may connect to a wide area network service for health information exchange in accordance with federal requirements for health information exchange.

It was moved by Senator Wardner, seconded by Representative Winrich, and carried on a roll call vote that the bill draft relating to the exchange of information with the health information exchange be approved and recommended to the Legislative Management. Senators Robinson, Christmann, Seymour, and Wardner and Representatives Headland, Mock, Skarphol, Sukut, and Winrich voted "aye." No negative votes were cast.

Mr. John Bjornson, Counsel, Legislative Council, presented a bill draft [10223.0200] relating to the establishment and participation in the health information exchange. He said the bill draft creates four new sections of North Dakota Century Code relating to the confidentiality of health information under the health information exchange and participation in the health information exchange and amends Sections 54-59-25 and 54-59-26 relating to the Health Information Technology Advisory Committee and the Health Information Technology Office.

In response to a question from Senator Christmann, Mr. Sheldon Wolf, Health Information Technology Director, Information Technology Department, said the proposed bill draft incorporates language relating to the establishment of the health information exchange infrastructure and the exchange of electronic medical records.

Mr. Howard C. Anderson Jr., Executive Director, State Board of Pharmacy, provided comments regarding the proposed bill draft. He said the establishment of a health information exchange will be beneficial to the citizens of North Dakota.

It was moved by Senator Seymour, seconded by Representative Skarphol, and carried on a roll call vote that the bill draft relating to the establishment and participation in the health information exchange be approved and recommended to the Legislative Management. Senators Robinson, Seymour, and Wardner and Representatives Headland, Mock, Skarphol, Sukut, and Winrich voted "aye." Senator Christmann voted "nay."

Status Report
Mr. Wolf provided information (Appendix J) regarding the status of health information technology activities pursuant to 2009 Senate Bill No. 2332. He said the Health Information Technology Office and the Health Information Technology Advisory Committee completed a strategic plan and an operational plan for the statewide health information technology and exchange network. He said both plans were submitted to the federal Office of the National

Coordinator for Health Information Technology in September 2010. He said the plans must be approved by the Office of the National Coordinator for Health Information Technology before implementation of the statewide network.

Mr. Wolf said the Office of the National Coordinator for Health Information Technology has provided funding for 70 regional extension centers that will provide technical assistance, guidance, and information on best practices to support and accelerate health care providers' efforts to become meaningful users of electronic health records. He said these services are available to North Dakota and Minnesota providers across the continuum of care. He said fees for the services depend on the service and the qualifications for federal discounts.

INFORMATION TECHNOLOGY COSTS

The Legislative Council staff presented a memorandum entitled *Information Technology Costs for Select Agencies*. The memorandum provides information regarding state agencies exempt from obtaining information technology services from the Information Technology Department pursuant to Section 54-59-22 and expenditures by state agencies for providing their own technology services. Total actual expenditures by agencies by providing their own selected information technology services was $1,190,031 for fiscal year 2008, $1,833,361 for fiscal year 2009, and $1,257,195 for fiscal year 2010.

LARGE INFORMATION TECHNOLOGY PROJECT REPORTING
Proposed Bill Draft

The Legislative Council staff presented a bill draft [10049.0100] relating to the definition of a major information technology project. She said the bill draft amends Sections 54-35-15.2, 54-59-05, and 54-59-23 to change the definition of a large information technology project from a project with a total cost of $250,000 or more to a project with a total cost of $500,000 or more.

Ms. Feldner said due to changes in the Information Technology Department's large information technology project oversight process and project management services, the proposed bill draft is not necessary. She said the department plans to exempt agencies from large project oversight under certain circumstances.

Legislative Enterprise System
North Dakota Update

Mr. Jason J. Steckler, Information Technology Director, Legislative Council, provided information regarding the status of the legislative enterprise system North Dakota (LEGEND) project. He said the project is currently 17 percent under budget and 2 percent behind schedule. He said the project schedule delays are in the area of the journal application. He said the Legislative Council staff will begin mock biennium testing on October 25, 2010.

Workforce Safety and Insurance - Information Technology Department

Mr. Bryan Klipfel, Executive Director and CEO, Workforce Safety and Insurance, provided information (Appendix K) regarding the status of the agency's information technology transformation project. He said the status of the project is improving. He said the production implementation dates have been revised to January 2012 for claims and September 2012 for policy. Previously, he said, production implementation dates were June 2011 for claims and November 2011 for policy.

In response to a question from Representative Skarphol, Mr. Klipfel said the agency has agreed to provide the project vendor additional funding of $2.7 million to complete the project. He said the $2.7 million is in addition to the $14 million originally appropriated for the project. He said the $2.7 million will need to be appropriated by the 2011 Legislative Assembly.

In response to a question from Representative Skarphol, Ms. Feldner said she believes this is the first time an agency has renegotiated a contract and agreed to additional funding for a project without first receiving legislative appropriation of the additional funding.

Department of Human Services - Medicaid Management Information System

Ms. Jennifer Witham, Director, Information Technology Services, Department of Human Services, provided information (Appendix L) regarding the status of the department's Medicaid management information system replacement project. She said the department has successfully completed and accepted all revised detailed workplans and is in the process of revising the integrated workplan for the new project completion date of June 2012. She said the department is continuing to work toward the finalization of the cost negotiations with the new project vendor--ACS. She provided the following project funding summary through August 2010:

Description	Budget	Spent Through August 2010	Remaining
General fund	$3,643,133	$2,651,027	$992,106
Federal funds	55,218,418	33,079,533	22,138,885
Other funds	3,667,820	1,828,252	1,839,568
Total	$62,529,371	$37,558,812	$24,970,559

State Department of Health - Disease Surveillance Management System Project

Mr. Kirby Kruger, State Epidemiologist, State Department of Health, provided information (Appendix M) regarding the status of the department's disease surveillance management system project. He said the project consists of the implementation of a flexible and configurable, commercial, off-the-shelf, electronic disease surveillance and outbreak management system. He said the system became

operational on January 1, 2010, with all but four of the components functioning. He said one of the four components not operational on January 1, 2010, was completed on October 1, 2010. He said the remaining three components are pending completion and are not critical to the department's operations. He said the department anticipates all components to be operational by December 31, 2010.

Department of Emergency Services - Statewide Seamless Base Map Project

Mr. Greg Wilz, Deputy Director, Department of Emergency Services, provided a project startup report (Appendix N) for the agency's statewide seamless base map project. He said the project consists of the establishment of a statewide, seamless, spatially accurate, and complete base map dataset of the state that is accessible by all state agencies, local and tribal governments, the private sector, and the general public. He said the project is 44 percent behind schedule as of October 14, 2010, due to delays in work schedules and other image capture requirements.

Job Service North Dakota

Mr. Mark Butland, Job Service North Dakota, provided a project startup report (Appendix O) for the agency's unemployment insurance consortium project. He said the federal government has decided to fund a consortium to develop and administer a study to determine the feasibility of designing, developing, and implementing a core unemployment insurance tax and a core unemployment insurance benefit system that could be used by multiple state agencies. He said Job Service North Dakota is participating in the AWIN Consortium comprised of Arizona, Wyoming, Idaho, and North Dakota. He said the estimated cost of the project is $408,508 and is scheduled to be complete in December 2011.

Mr. Butland provided a project startup report (Appendix P) for the agency's unemployment insurance Internet claim entry application reemployment enhancements project. He said the purpose of the project is to expand and enhance the functionality provided by the agency's unemployment insurance claim application to incorporate the delivery of individualized intensive reemployment services, provide automated notification of suitable job openings, expand self-service capabilities, and provide automated task reminders and event notifications. He said the project is estimated to cost

$615,025 and is anticipated to be completed in June 2011.

Office of Management and Budget - ConnectND System Business Intelligence Project

Mr. Chuck Lang, Office of Management and Budget, provided a project closeout report (Appendix Q) for the agency's ConnectND system business intelligence project. He said the project consisted of the implementation of a reporting solution for state agencies regarding the financial and human capital management data stored in the ConnectND system. He said the project was completed on schedule in March 2010 based on the final baseline schedule. He said the project was completed under budget with actual expenditures of $853,117, compared to the project budget of $929,531.

OTHER

Chairman Robinson thanked the committee members, representatives of the Information Technology Department, and the Legislative Council staff for their work during the interim.

It was moved by Representative Skarphol, seconded by Senator Seymour, 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 Management. Senators Robinson, Christmann, Seymour, and Wardner and Representatives Mock, Skarphol, Sukut, and Winrich voted "aye." No negative votes were cast.

No further business appearing, Chairman Robinson adjourned the meeting at 3:52 p.m.

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Roxanne Woeste
Assistant Legislative Budget Analyst and Auditor

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Allen H. Knudson
Legislative Budget Analyst and Auditor

ATTACH:17