NORTH DAKOTA LEGISLATIVE MANAGEMENT

Minutes of the

# INFORMATION TECHNOLOGY COMMITTEE

Wednesday, April 4, 2012
Harvest Room, State Capitol
Bismarck, North Dakota

Representative Robin Weisz, Chairman, called the meeting to order at 9:00 a.m.

**Members present:** Representatives Robin Weisz, Corey Mock, Gary Paur, Roscoe Streyle; Senators Joe Miller, Larry Robinson, Donald Schaible, Rich Wardner; Chief Information Officer Lisa Feldner

**Members absent:** Representatives Randy Boehning, Keith Kempenich; Senator Margaret Sitte

**Others present:** See Appendix A

**It was moved by Senator Robinson, seconded by Senator Wardner, and carried on a voice vote that the minutes of the January 11, 2012, meeting be approved as distributed.**

## REPORT FROM THE CHIEF INFORMATION OFFICER

Ms. Lisa Feldner, Chief Information Officer, Information Technology Department, provided status reports (Appendix B) on the Statewide Longitudinal Data System Initiative pursuant to North Dakota Century Code Section 15.1-02-18 and health information technology activities. She said a statewide longitudinal data system is required of the state due to the acceptance and expenditure of elementary and secondary education federal fiscal stimulus funds. She provided the following summary of efforts currently underway regarding the initiative:

- The Department of Public Instruction has been awarded approximately $5 million of federal funds for implementing an elementary and secondary education longitudinal data system. This system will provide information to the statewide longitudinal data system. The project is currently 44 percent under budget and 2 percent behind schedule.
- Job Service North Dakota has been awarded approximately $1 million of federal funds for a Workforce Data Quality Initiative, which is the agency's component of the statewide longitudinal data system. The agency has selected a project vendor and is currently in the planning phase of the project.
- The North Dakota University System has implemented a data warehouse for its campus solutions application and has applied for a federal grant to develop automated data extracts to the statewide longitudinal data system.

- The Statewide Longitudinal Data System Initiative, which is the combination of all of the individual projects, is currently 85 percent under budget and 12 percent behind schedule.

Ms. Feldner said the Information Technology Department would be able to provide a demonstration of the statewide longitudinal data system at the committee's next meeting.

Ms. Feldner said the Legislative Assembly in 2011 authorized three new full-time equivalent positions for the Health Information Technology Office within the department, including a health information network technical manager, a health information network trainer, and a health information network technical, security, and privacy specialist. She said the positions have been filled.

Ms. Feldner said the department has received a $5,343,733 grant from the Office of the National Coordinator for Health Information Technology for implementing a statewide health information technology and exchange network. She said the grant is for four years and will be used for planning activities (10 percent), intrastate implementation (55 percent), and interstate implementation (35 percent). She said the grant's matching requirements are:

| | |
|---|---|
| Year 1 | $0 of state funds for each federal dollar |
| Year 2 | $1 of state funds for each $10 of federal dollars |
| Year 3 | $1 of state funds for each $7 of federal dollars |
| Year 4 | $1 of state funds for each $3 of federal dollars |

Ms. Feldner said the department issued a request for proposal for a statewide health information technology and exchange network and awarded a contract to Optum Health Information Exchange. She said the project will be completed in three phases. She said funding for the statewide health information technology and exchange network will be provided equally among state government, health care payers, and health care providers. She said participation fees for health care payers and providers will be established by the Health Information Technology Advisory Committee and are anticipated to begin in fiscal year 2014.

In response to a question from Senator Robinson, Ms. Feldner said the participation fees are estimated to generate approximately $1 million to $1.5 million per year.

## ELEMENTARY AND SECONDARY EDUCATION INFORMATION TECHNOLOGY INITIATIVES

Ms. Jody French, Interim Director, Educational Technology Council, provided information (Appendix C) regarding elementary and secondary education information technology initiatives. She said the council's activities for the 2011-13 biennium include:

- Classroom transformation grants - Competitive grants totaling $349,000 were awarded to six schools to support adoption of digital content to replace traditional textbooks and the use of 1-to-1 student devices and online or blended teaching and learning methods.
- Century Link grants - Grants totaling $25,000 were awarded to five schools. Grants were limited to schools in the Century Link service areas.
- United States Department of Agriculture Rural Utilities Service grants - Grants totaling $658,236 were awarded to schools across the state to upgrade 48 video classrooms.
- North Dakota kindergarten through grade 12 educational technology plan - Update of the plan for 2012 through 2015.

Ms. French said all elementary and secondary education schools are required to use the PowerSchool application as their student information system by July 2013. She said EduTech staff is in the process of deploying the application to all schools. She said there are 160 public schools currently using PowerSchool. She said seven additional schools will be added by September 2012, and all schools will be using PowerSchool by July 31, 2013. She said EduTech staff is also working on delivering active directory services to all schools.

Ms. French said the North Dakota Center for Distance Education is partnering with groups of small North Dakota schools to assist them to provide additional high school curriculum offerings and to fill a growing teacher shortage in critical areas.

## HIGHER EDUCATION INFORMATION TECHNOLOGY INITIATIVES

Mr. Rich Lehn, Assistant to the Chief Information Officer, North Dakota University System, provided information (Appendix D) regarding higher education information technology planning, services, and major projects pursuant to Section 15-10-44, including information on the status of the joint University System and University of North Dakota (UND) information technology building project. He said the State Board of Higher Education has identified the following information technology initiatives:

- Lecture capture and content management - This initiative involves the implementation of online technology to record video, audio, and content.
- Learning management system - This initiative involves the implementation of consistent learning management systems to enhance curriculum content and provide mobile device interfaces.
- Document imaging scanning - Most higher education institutions use document scanning software for business functions such as invoice processing, contract management, electronic personnel files, and student records. Most of the current systems are departmental-based and departmental-housed which do not provide operational efficiencies or sound security practices. Implementation of a common administrative approach will improve efficiencies.
- Unified communications system - This initiative involves the implementation of a consistent set of communication services, including integrated voice mail, e-mail, instant messaging, and personal computer interactions.
- Human resources electronic workflow - This initiative involves an expansion and enhancement to the human resources electronic workflow, including centralized payroll.
- Integrated approach to delivering information technology services - This initiative involves the implementation of a more integrated approach to information technology planning and service delivery, including minimizing locally developed software and hosting services and moving to broadly accepted and supported applications and services.

Mr. Lehn said the Information Technology Department and University System recently completed a PeopleSoft environment partitioning project in which the human resources and financial databases for state government and higher education were separated.

Mr. Lehn said the project steering committee for the joint University System and UND information technology building project has decided to separate the data center from the office building and construct the data center in an existing warehouse on the UND campus and construct a new office building on the west edge of the campus. He said staff is currently reviewing the final designs and construction bid documents for the projects. He said both facilities should be completed by August 2013.

In response to a question from Representative Mock, Mr. Lehn said the existing warehouse is currently not being used to its capacity.

In response to a question from Representative Streyle, Mr. Lehn said the estimated cost for the office building is $9 million, and the estimated cost for the data center is $6 million.

## COORDINATION OF SERVICES

Mr. Mark Johnson, Executive Director, North Dakota Association of Counties, provided information (Appendix E) regarding the coordination of services between the Information Technology Department (ITD) and political subdivisions. He said the coordination of information technology services between the department and political subdivisions is essential to the efficient delivery of services. He said the department through the statewide information technology network provides network connectivity, Internet access, firewall security, videoconferencing, and secure wireless access to support the delivery of services. He said department personnel meet regularly with the technology resources group of the association to discuss issues and strategize about future improvements and enhancements. He said counties are pleased with the services received from the department.

In response to a question from Senator Wardner, Mr. Johnson said the Association of Counties could provide information regarding average annual information technology costs for small, medium, and large counties. Chairman Weisz asked the association to prepare and plan to present this information at the committee's next meeting.

The Legislative Council staff distributed written testimony (Appendix F) from the North Dakota League of Cities regarding the coordination of services between the Information Technology Department and political subdivisions. The testimony provides that:

- Representatives of the department have provided training to city representatives regarding the state's comprehensive records management program which provides information on how long to retain records and methods of records disposal for all city departments.
- The department provides wide area network services to some cities, including firewall protection, e-mail, and Internet access.
- The department also provides antivirus protection, help desk support, and network administration support to some cities.

## PROPOSED BILL DRAFT

The Legislative Council staff presented a proposed bill draft [13.0032.01000] to change the definition of a large information technology project. The Legislative Council staff said the bill draft amends Sections 54-35-15.2, 54-59-05(8), 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.

In response to a question from Senator Robinson, Ms. Feldner said the bill draft allows the department to request and review information regarding any information technology project of an executive branch agency with a total cost between $100,000 and $500,000.

Ms. Feldner distributed a summary (Appendix G) regarding completed large information technology projects. She said during the period July 1, 2010, through December 31, 2011, there were 18 large information technology projects completed totaling $27,040,661. Of the 18 projects, she said, 17 projects were completed on or under budget resulting in a budget savings of $2,052,706.

**It was moved by Senator Wardner, seconded by Senator Miller, and carried on a roll call vote that the bill draft relating to the definition of a large information technology project be approved and recommended to the Legislative Management.** Representatives Weisz, Mock, Paur, and Streyle and Senators Miller, Robinson, Schaible, and Wardner voted "aye." No negative votes were cast.

## LARGE INFORMATION TECHNOLOGY PROJECT REPORTS
### Quarterly Summary Status Report

Mr. Mark Molesworth, Project Manager, Information Technology Department, distributed a copy of the department's most recent quarterly summary status report (Appendix H) on large information technology projects. He said each calendar quarter the department prepares a large project summary report that summarizes the performance of large information technology projects and submits the report to the Information Technology Committee. He said the cover letter attached to the quarterly summary status report includes:

- Graphic depiction of North Dakota's project success as compared to the CHAOS 2009 report.
- Status summary of projects with a budget in excess of $5 million.
- Status summary of projects being monitored closely due to budget or schedule variance concerns.

### Department of Human Services - Medicaid Management Information System Replacement Project

Ms. Jennifer Witham, Director, Information Technology Services, Department of Human Services, provided information (Appendix I) regarding the status of the department's Medicaid management information system (MMIS) replacement project. In December 2011, she said, the department and Affiliated Computer Services (ACS) finalized negotiations for past project delays through June 1, 2012, resulting in ACS agreeing to reduce its contract by $3,500,000, of which $404,250 is from the general fund. She said the negotiations also addressed the inclusion of the HIPAA 5010 transaction standards into the new MMIS. She said the compliance date for this federal requirement was January 1, 2012. She said the cost for this expansion of the project is $6,606,822, of which $763,088 is from the general fund. She said the department's legislative

appropriation for the 2011-13 biennium includes $6.7 million for postproduction support and licensing services from ACS for the period from June 1, 2012, to June 30, 2013. With the extension of the go-live date for the project, she said, these funds will no longer be needed for the postproduction support and licensing services. She said the department will be using these funds for the cost of the increase in the project's scope. She said the Centers for Medicare and Medicaid Services (CMS) and the project's executive steering committee as required by Executive Order 2011-20 have approved the increase to the project scope and budget.

Ms. Witham said the department's 2011-13 legislative appropriation also includes funding of $1,885,744, of which $217,803 is from the general fund, for user acceptance testing of the new system. She said the department is also including these funds in the project budget to better represent overall project costs.

Ms. Witham said the department is negotiating with ACS regarding the impact of the implementation of the federal ICD-10 coding standard. She said the compliance date for this federal requirement is October 1, 2013.

Ms. Witham said the ACS health enterprise implementation in New Hampshire has met several significant milestones over the past several months. She said the first phase of the system in New Hampshire--provider enrollment--became operational in December 2011. She said New Hampshire completed its first cycle of integration testing in January 2012, and most recently the state has completed the user acceptance test data conversion validation.

Ms. Witham provided the following project funding summary through February 2012:

| Description | Budget | Spent Through February 2012 | Remaining |
|---|---|---|---|
| General fund | $6,098,318 | $2,915,777 | $3,182,541 |
| Federal funds | 62,730,093 | 37,655,995 | 25,074,098 |
| Other funds | 2,193,526 | 2,193,526 | 0 |
| Total | $71,021,937 | $42,765,298 | $28,256,639 |

In response to a question from Representative Weisz, Ms. Witham said the implementation date for the new MMIS is tentatively October 1, 2013.

In response to a question from Senator Robinson, Ms. Witham said the department will need to ensure that its legacy MMIS has been modified to include the federal ICD-10 standards in case the new MMIS is not implemented by October 1, 2013.

In response to a question from Representative Paur, Ms. Witham said the department will request funding for postproduction support for the new MMIS in its 2013-15 budget request.

### Highway Patrol - Electronic Permits Project
Colonel James J. Prochniak, Superintendent, Highway Patrol, provided information (Appendix J) regarding the status of the agency's electronic permit project. He said the project consists of the following two components:
- The update of the receipt and permit application, including the expansion of the e-permit application.
- The purchase and implementation of a commercial off-the-shelf automated routing module to interface with the e-permit application and other Department of Transportation applications for state and federal roads.

Colonel Prochniak said the update of the receipt and permit application portion of the project has been separated into three phases. He said the first phase was deployed on February 1, 2012, and includes online identification supplements, online workover rig permits, and the update and revamp of all e-permit application pages. He said the second phase is scheduled to be deployed in April 2012 and will result in all permits being available online. He said the third phase is primarily the permit administration functions.

Colonel Prochniak said a request for proposal for the automated routing portion of the project has been released, and four proposals were received. He said the agency is in the process of scoring the proposals. He said vendors will be invited to conduct onsite demonstrations in April 2012. He said the agency is inviting industry representatives to participate in the demonstrations.

In response to a question from Representative Streyle, Colonel Prochniak said the agency anticipates the project to be completed by the end of the 2011-13 biennium.

### Workforce Safety and Insurance - Information Technology Transformation Project
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 project vendor--Aon eSolutions--did not meet the production implementation date for the claims system of January 2012. As a result, he said, Aon eSolutions is forfeiting payments of $115,000 for February 2012, $115,000 for March 2012, and $25,000 for April 2012. He said Aon eSolutions will continue to forfeit $25,000 per month until the claims system is implemented. He said the project's executive steering committee is negotiating with Aon eSolutions regarding a revised implementation date.

Mr. Klipfel said the estimated cost of the project remains at $17.8 million, which consists of the $14 million originally appropriated for the project, $3 million of additional funding appropriated by the Legislative Assembly in 2011 for the project, and $800,000 of internal reallocations. He said the agency has negotiated $912,000 in free maintenance and support from Aon eSolutions over a two-year period following the implementation date. He provided the following summary of original and current contract costs associated with the project:

|  | Original Contracts | Current Contracts | Payments to Date |
|---|---|---|---|
| Aon eSolutions | $6,122,460 | $8,806,828 | $6,706,855 |
| HCL | 4,014,000 | 7,153,439 | 6,321,865 |
| Third-party vendors, including Intertech, ITD, and SurePoint | 1,440,000 | 3,262,062 | 2,838,252 |
| Total | $11,576,460 | $19,222,329 | $15,866,972 |

In response to a question from Representative Weisz, Mr. Klipfel said current contracts for the project total approximately $19.2 million, which is $1.4 million more than the project budget of $17.8 million. He said the agency anticipates staying within the project budget by negotiating with Aon eSolutions for funding for any costs in excess of budget.

Senator Robinson suggested representatives of Aon eSolutions be asked to present information to the Information Technology Committee regarding the status of the project and to explain the project delays.

Chairman Weisz said representatives of Aon eSolutions will be asked to present information regarding the status of the project, an explanation for project delays, and its plans for completion of the project at the committee's next meeting.

## Office of Management and Budget - PeopleSoft Talent Management Project

Mr. Darin Schorsch, Business Analyst, Office of Management and Budget, provided a project startup report (Appendix L) for the agency's PeopleSoft talent management project. He said the purpose of the project is to implement the PeopleSoft talent management suite to provide state agencies with access to an online system for performance evaluations, succession planning, and career planning. He said the estimated cost of the project is $745,336, and the project is anticipated to be completed in June 2012.

## State Department of Health - Disease Surveillance and Management System Project

Mr. Kirby Kruger, Director, Division of Disease Control, State Department of Health, provided a project closeout report (Appendix M) for the department's disease surveillance management system project. He said the purpose of the project was to implement a flexible and configurable, commercial, off-the-shelf electronic disease surveillance and outbreak management system. He said the system--Maven--is fully functional and has been performing according to expectations. He said

the project was completed in 41 months, 28 months longer than the final baseline schedule of 13 months. He said the project was completed on budget with actual expenditures of $550,000.

## Job Service North Dakota

Ms. Heather Raschke, Job Service North Dakota, provided a project closeout report (Appendix N) for the agency's unemployment insurance consortium project. She said the project was a federally funded consortium to develop and administer a study to determine the feasibility of designing, developing, and implementing a core unemployment insurance benefit system that could be used by multiple state agencies. She said the consortium determined that it would be feasible to proceed with the development of a core unemployment insurance benefit system. She said the project was completed in 20 months, 2 months shorter than the final baseline schedule of 22 months. She said the project was completed over budget with actual expenditures of $347,796 compared to the final project baseline budget of $345,006.

Mr. Mark Butland, Associate Director of Unemployment Insurance, Job Service North Dakota, provided a project closeout report (Appendix O) for the agency's interactive voice response system rewrite project. He said the purpose of the project was to replace the current obsolete interactive voice response system. He said the project was completed in 8 months, approximately two weeks longer than the final baseline schedule of 7.5 months. He said the project was completed under budget with actual expenditures of $1,248,817 compared to the final project baseline budget of $1,369,541.

## OTHER

No further business appearing, Chairman Weisz adjourned the meeting at 12:16 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:15