NORTH DAKOTA LEGISLATIVE MANAGEMENT

Minutes of the

INFORMATION TECHNOLOGY COMMITTEE

Wednesday, September 9, 2015
Harvest Room, State Capitol
Bismarck, North Dakota

Representative Mark S. Owens, Chairman, called the meeting to order at 9:00 a.m.

Members present: Representatives Mark S. Owens, Ben Koppelman, Christopher D. Olson, Nathan Toman, Robin Weisz; Senators Kyle R. Davison, Richard Marcellais, Larry J. Robinson, Donald Schaible; Citizen Member Mike Ressler

Members absent: Representative Blair Thoreson; Senator David S. Rust

Others present: See Appendix A

The Legislative Council staff reviewed the *Supplementary Rules of Operation and Procedure of the North Dakota Legislative Management*.

BACKGROUND INFORMATION

The Legislative Council staff presented a memorandum entitled *Information Technology Committee - Background Memorandum*. The Legislative Council staff reviewed the committee's statutory and assigned responsibilities, previous committee recommendations, and related legislation from the 2015 Legislative Assembly. The Legislative Council staff said the 2013-14 interim Information Technology Committee recommended four bills for consideration by the 2015 Legislative Assembly. Of the four bills, House Bill No. 1051, relating to higher education email and records retention, and House Bill No. 1052, relating to higher education reports, were approved by the 2015 Legislative Assembly. The Legislative Council staff said House Bill No. 1021 included provisions for desktop support services, which were similar to the provisions in House Bill No. 1053, a recommended bill that was not approved. The Legislative Council staff said recommended Senate Bill No. 2051, relating to the consolidation and relocation of information technology hardware, also was not approved.

The Legislative Council staff presented a memorandum entitled *Information Technology - Related Statutory Provisions*. The Legislative Council staff said the statutory provisions of the Information Technology Committee and the Information Technology Department for the 2015-17 biennium are substantially the same as the provisions in the 2013-15 biennium. The Legislative Council staff said the provisions for the Statewide Longitudinal Data System Committee were moved from North Dakota Century Code Chapter 15.1-02, relating to education, to Chapter 54-59, relating to the Information Technology Department.

Report from the Chief Information Officer

Mr. Mike Ressler, Chief Information Officer, Information Technology Department, presented information (Appendix B) regarding the department's divisions, services, and funding as well as the impact of legislation approved by the 2015 Legislative Assembly. He said the department's organizational structure no longer includes the criminal justice information sharing program since the program was transferred to the Attorney General's office. He said the department's budget for the 2015-17 biennium is $179.6 million. He said the Information Technology Department developed a deployment schedule to provide desktop support services to 19 state agencies related to Section 7 of 2015 House Bill No. 1021.

In response to a question from Senator Marcellais, Mr. Ressler said the Information Technology Department will provide desktop support to additional state agencies if requested by the agencies.

Enterprise Architecture

Mr. Gary Vetter, Enterprise Services Director, Information Technology Department, presented information (Appendix C) regarding statewide information technology standards and policies. He said the Information Technology Department is responsible for developing statewide information technology standards to ensure effective and efficient delivery of technology services. He said the department restructured the enterprise architecture process based on agency feedback to enhance collaboration and to improve communication. He said

the department created the Information Technology Coordinators Council, which consists of information technology coordinators from selected agencies, to receive guidance regarding enterprise architecture.

Information Technology Security

Mr. Dan Sipes, Deputy Chief Information Officer, Information Technology Department, presented information (Appendix D) regarding information technology security. He said the results of the security audit by the State Auditor's office identified a significant finding related to a lack of a formal risk assessment framework and a significant finding related to a lack of periodic reviews of enabled ports and services. He said the Information Technology Department is in the process of implementing multi-factor authentication for privileged-access user accounts to improve network security. He said the department identified the need to inventory agency applications and scan critical applications for vulnerabilities after a Workforce Safety and Insurance server security breach.

In response to a question from Chairman Owens, Mr. Sipes said when an agency initiates an information technology project that includes the development of a critical application, the agency will need to include the cost of scanning in the project budget. He said scanning tests the applications for security vulnerabilities so that any issues can be resolved before the application is implemented.

Health Information Technology

Mr. Sheldon Wolf, Health Information Technology Director, Information Technology Department, presented information (Appendix E) regarding recent activities of the Health Information Technology Office. He said the North Dakota health information network is operational with approximately 730,000 patient records entered in the database. He said over 180 health care providers have signed participation agreements while approximately 50 of those providers have entered or searched data on the network. He said the network allows health care providers to search patient health information while patients can view their health records electronically. He said future enhancements to the network include the ability to exchange diagnostic images and to track prescription medications.

In response to a question from Senator Robinson, Mr. Wolf said Nebraska, New York, and California have the most developed networks. He said the development of North Dakota's network is keeping pace with the progress in many other states.

In response to a question from Senator Marcellais, Mr. Wolf said law enforcement does not have access to the data for drug abuse investigations. He said law enforcement works with the North Dakota Board of Pharmacy to investigate drug abuse cases.

Statewide Longitudinal Data System

Mr. Tracy Korsmo, Business Intelligence Enterprise Architect, Information Technology Department, presented information (Appendix F) regarding the statewide longitudinal data system. He said the statewide longitudinal data system compiles data from the Department of Public Instruction, the North Dakota University System, and Job Service North Dakota into reports. He said data sharing agreements allow authorized users to conduct research and analysis for schools, policymakers, and other stakeholders. He said the system uses encryption and other security protocols and is subject to periodic security audits to maintain the privacy of the data. He said future plans for the system include the development of a training site for teachers and other users as well as the integration of data from the Department of Career and Technical Education.

EDUCATION-RELATED INFORMATION TECHNOLOGY UPDATES
Higher Education

Dr. Lisa Feldner, Chief Information Officer, North Dakota University System, presented information (Appendix G) regarding higher education information technology initiatives and projects for the 2015-17 biennium. She said the University System is in the process of consolidating campus email systems and establishing a process to archive nonstudent emails as required by Section 1 of 2015 House Bill No. 1051. She said the University System is leveraging support from the Information Technology Department to enhance security policies and infrastructure to protect the University System network.

In response to a question from Senator Robinson, Dr. Feldner said the University System has made a number of improvements to information technology security. However, she said, the security on the University System network is still less robust than the security on the state network.

Educational Technology Council

Ms. Jody French, Director, Educational Technology Council, Information Technology Department, presented information (Appendix H) regarding the status of elementary and secondary education information technology

activities. She said the Educational Technology Council is in the process of developing application requirements for grants to school districts related to training and equipment upgrades. She said the high turnover rate of school administrators necessitates additional training, resulting in higher costs for the Educational Technology Council. She said fall 2015 enrollment in distance education courses increased by 17 percent compared to fall 2014. She said the enrollment increase is higher than anticipated, which may cause a funding shortfall during the 2015-17 biennium. She said the drop policy for distance education courses was revised to remove students from courses if the students do not participate in the course within 10 days of the start of the course. She said the revised policies will help to improve student retention and course completions.

In response to a question from Senator Robinson, Ms. French said the increase in enrollments appears to be related to a shortage of teachers. She said she is not aware of any cases where schools are using distance education to avoid hiring teachers. She said schools use distance education to supplement the curriculum and to provide courses that would not otherwise be financially feasible.

In response to a question from Representative Koppelman, Ms. French said distance education receives funding from user fees and the general fund. She said school districts determine which user fees are charged to the students. She said generally school districts pay the user fees for essential courses. She said some school districts may require students to pay the user fees for nonessential courses such as advanced placement courses.

LARGE PROJECT REPORTING

The Legislative Council staff presented a memorandum entitled *Major Information Technology Project Life Cycle*. The memorandum provides a summary of the project management life cycle process, executive and legislative branch activities, and statutory provisions related to planning and executing major information technology projects.

Startup and Closeout Reports

Mr. Justin Data, Manager, Enterprise Services Division, Information Technology Department, presented information (Appendix I) regarding an overview of project management. He said the Legislative Assembly implemented project management standards in 2005 and required project startup and closeout reports beginning in 2007. He said the three constraints of information technology projects are scope, cost, and schedule. He said a change in any one of the constraints will impact the other two constraints. He said the Information Technology Department is implementing a new iterative process for project management in which large projects are divided into phases. He said the overall project will have general cost and schedule parameters while each phase will be assessed based on more specific criteria. He said the new process provides more flexibility in planning while producing measurable results throughout the duration of the project. He said the goal of the new process is to reduce project failures.

In response to a question from Representative Olson, Mr. Data said the new iterative method will be used for the Workforce Safety and Insurance transformation program project.

Mr. Data provided information (Appendix J) regarding the most recent quarterly summary status report on large information technology projects. He said of the five projects with budgets exceeding $5 million, four are within the budget and schedule variances, while the Department of Human Services' eligibility systems mondernization project is 22.6 percent behind schedule. He said of the seven other active projects, three are within the budget and schedule variances but four are behind schedule.

Mr. Data provided a copy (Appendix K) of project startup and closeout reports completed between October 2014 and August 2015. Mr. Data said the startup reports relate to the State Department of Health's Dakota immunization information system project; the State Department of Health's women, infants, and children management information system project; the Department of Human Services' transformed medical statistical information system; and the Department of Transportation's motor vehicle system rewrite project. He said the closeout reports relate to the Department of Public Instruction's statewide longitudinal data system for K-12 project, the Information Technology Department's K-12 identity management project, and the Tax Department's taxpayer access point business registration project.

Ms. Cheri Giesen, Executive Director, Job Service North Dakota, presented information (Appendix L) regarding the termination of Job Service's WyCAN computer project. She said the project is being developed by a consortium of four states including Wyoming, Colorado, Arizona, and North Dakota. She said North Dakota's participation in the WyCAN project was terminated in April 2015 because the system being developed no longer aligned with the specific needs of the agency. She said no state funds were expended on the project. She said Job Service North Dakota will continue to use the current system with minor modifications as an interim solution. She said Job Service North Dakota will postpone the mainframe replacement until a long term solution is identified.

In response to a question from Representative Weisz, Ms. Giesen said $12 million of federal funds remain unspent related to the project. She said the availability of federal funds for an alternate project is unknown.

Status of Selected Projects
Ms. Renae Bloms, Accounting Director, Secretary of State's office, presented information (Appendix M) regarding the status of the Secretary of State's office data processing system project. She said the Secretary of State's office contracted with Major Oak Consulting to complete a business process modeling analysis. She said the agency, in conjunction with the project's executive steering committee, is in the process of reviewing the results of the analysis and determining how to proceed. She said the agency anticipates the components of the electronic filing system will be implemented before July 2016.

Ms. Jennifer Witham, Director, Information Technology Services, Department of Human Services, presented information (Appendix N) regarding the status of the Medicaid management information system replacement project and the status of the eligibility systems modernization project. She said the implementation of the Medicaid management information system is scheduled for October 5, 2015. She said the department has conducted provider training sessions since May 2015 in preparation for the new system. She said the new system is compliant with federal requirements and will process claims dated October 1, 2015, or later when the new system is implemented.

In response to a question from Representative Weisz, Ms. Witham said the provider system will be inoperable between August 21, 2015, and October 4, 2015, during the transition from the old system to the new system. She said the department provided information to providers related to the transition. She said providers may not receive payments for a few weeks during the transition. She said the department established a process to allow providers to apply for transition payments based on historical claims. She said normal payments to providers will resume when the new system is operational in October 2015.

In response to a question from Senator Robinson, Ms. Witham said the claims backlog is anticipated to increase to 60,000 as the department transitions to the new Medicaid management information system. She said the department will use temporary staff to help process the claims. She said the department is planning to reduce the claims backlog to normal levels by March 2016.

Ms. Witham said the eligibility systems modernization project is scheduled to be completed in 2017. She said the project will be completed in two major phases with the first phase anticipated to be complete in December 2015. She said the components of the first phase are in the process of being tested for proper functionality.

Mr. Timothy Schenfisch, Director, Information Technology, Workforce Safety and Insurance, presented information (Appendix O) regarding the status of large information technology initiatives for the 2015-17 biennium and the status of a lawsuit related to an information technology transformation program project. He said planning for the Workforce Safety and Insurance system replacement project began in December 2014. He said the project will be completed in multiple phases over the next few years. He said the first portion of the project is scheduled to be complete in May 2016 with a budget of $1.8 million.

In response to a question from Representative Weisz, Mr. Schenfisch said preliminary estimates for the total cost of the project are approximately $30 million.

Mr. Schenfisch said the proceedings for the lawsuit against Aon eSolutions, Inc., are ongoing. He said the lawsuit is for the entire cost expended on the project, which was approximately $17 million. He said the anticipated trial date for the lawsuit is 2017.

In response to a question from Senator Robinson, Mr. Schenfisch said the state of Oklahoma reached a settlement with Aon eSolutions, Inc., in a similar lawsuit. He said the amount of the settlement was not disclosed.

STATE RADIO INTEROPERABILITY NETWORK INITIATIVE
Mr. Duane Schell, Director, Network Services, Information Technology Department, presented information (Appendix P) regarding the State Radio interoperability network initiative. He said the Statewide Interoperability Executive Committee provided funding for a study of the current radio communications system. He said the results of the study identified issues with the current system. He said the 2015 Legislative Assembly appropriated $1.5 million in Senate Bill No. 2016 for determining the feasibility of developing a statewide radio interoperability network. He said the Information Technology Department plans to complete the assessment in the summer of 2016.

Mr. Schell said the Information Technology Department used $1.1 million from a federal grant to map critical service areas related to the FirstNet initiative. He said FirstNet will provide a dedicated wireless network for public safety for data communication. He said FirstNet will provide public safety with an additional method of communication but will not replace radio communication systems.

OTHER

Senator Robinson suggested the committee receive an update on the state's contract with Dakota Carrier Network for Internet and Ethernet access. He suggested the committee receive information at a future meeting regarding the status of Internet availability in rural areas.

Mr. Ressler suggested the committee receive an update on network security at a future meeting.

Chairman Owens said the next committee meeting is tentatively scheduled for December 4, 2015. He said the Legislative Council staff will provide the committee members with a list of possible dates for future meetings.

No further business appearing, Chairman Owens adjourned the meeting at 2:50 p.m.

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Adam Mathiak
Fiscal Analyst

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