

FISCAL NOTE
Requested by Legislative Council
12/19/2014

Bill/Resolution No.: HB 1067

- 1 A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2013-2015 Biennium		2015-2017 Biennium		2017-2019 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures			\$29,883			
Appropriations			\$29,883			

- 1 B. **County, city, school district and township fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

	2013-2015 Biennium	2015-2017 Biennium	2017-2019 Biennium
Counties			
Cities			
School Districts			
Townships			

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

This bill would require the update of the populations used for calculating the State Aid distribution amounts annually using the most recent actual or estimated data from the US Census Bureau. Currently, population numbers are updated after the decennial census is completed every ten years.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Section 1 of this bill would require a rewrite of the Office of State Treasurer's TDOC (Tax Distribution Outstanding Check) system to allow for an annual update of population without adjusting the population data used by all of the other distribution formulas that have population as a factor. Currently all distribution formulas are linked to one data set. This bill would require a second population data set to be maintained for State Aid/Sales Tax distribution purposes. It would also require a second upload process to upload annual census data.

Although there would be zero net change in the total amount of distributions being sent to the counties and cities, there may be shift among the political subdivisions based on the interim census numbers.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

- A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

- B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

Of the \$29,883 shown as an increase in expenditures, \$27,769 is from the attached ITD cost estimate for them to complete the TDOC rewrite required. The remaining \$2,114 is based on an estimate of the amount of time it would take Office of State Treasurer staff to assist in and test the rewrite process.

- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

The expenditures listed above would require a general fund appropriation increase for the Office of State Treasurer of \$29,883.

Name: Ryan Skor

Agency: Office of State Treasurer

Telephone: 701-328-4637

Date Prepared: 01/06/2015



Software Development Division Budget Estimate

To: Ryan Skor – State Treasurer’s Office	Date Issued: 12/30/2014	Prior Est. Date:
	From: Della Thorsness	
	Prepared By: Josh Ridl	
Project Description: Rewrite the state aid distribution process to use annual census data to perform calculation for the state aid distribution.		
WMS Work Order Number: 236811	WMS Service Request: 1538203	

ITD is recommending your agency budget **\$27,769** for this project. This amount includes an estimated **\$25,244** based on requirements we received during the interview process plus an additional **\$2,525** for scope changes. The additional **10%** is based on ITD’s experience with scope changes in projects this size. Including this additional amount will give your agency the flexibility to cover typical scope changes, and remain within your budgeted amount. A more accurate estimate will be prepared once this project has started and the analysis phase is completed. The cost to complete the analysis phase is estimated to be approximately **\$6,069**.

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ITD estimates this project to take **2 months**. This timeframe is a projected timeframe based on typical project staffing levels. The actual timeframe will be determined during the Planning Phase and will be based on the availability of customer and ITD resources at that time.

Should you decide to proceed with this project, please approve the cost estimate via the online Work Management System. Upon your approval, you will be prompted to submit a service request under the existing work order. All ITD services relating to this project will be billed to your department monthly at actual cost.

At the start of the project ITD will review any estimate over 90 days old. If necessary a revised estimate will be issued.

ITD Request Number: 1538203

Project: 236811

Project Description

Rewrite the State Treasurer's TDOC (Tax Distribution & Outstanding Checks) application for the State Aid Distribution to calculate the distribution based on annual census data. The annual census data will be uploaded and maintained within the TDOC application.

Assumptions

The one-time costs (development) of the routines are based on the following assumptions:

- The cost estimate used the upcoming biennium (15-17) rate of \$105 per hour.
- ITD will not assign a project manager to the project.
- No changes are required for the Cognos reports.
- No changes to security. The changes will utilize the existing TDOC Administrator group.
- The change to the State Aid Distribution calculation will allow for prior distributions using the old populations to be recalculated using those prior population values.
- All application data will be transmitted securely using a SSL certificate.
- Department staff will produce any necessary Help documents/user manuals, implementing the documents as HTML web page(s) available from a department's web site.
- Department staff will provide any necessary training documents or training sessions for application users.
- Department is responsible for securing any needed approvals from the owning agency for any data access needs, interfaces, waivers, etc. that may be necessary for this project.
- The project will follow ITD's software development quality assurance methodology and processes.

Determining Costs

The cost estimate includes the following processes:

Process	Description
Upload Annual Census Data	Create a new admin option to allow the TDOC Administrator to upload a file containing annual City and County Population numbers.
County Population	Update the County Details Admin page to include the new County and City Population amounts.
Maintain Population	Create a new maintenance option to maintain the new County and City Population amounts.
State Aid Distribution Calculation	Update the State Aid Distribution Calculation to use the new Population values to calculate the distribution.

One-Time Cost for System Development

The cost for development is estimated to be \$27,769. This amount includes an estimated \$25,244 based on requirements and an additional \$2,525 for scope changes. The additional 10% is based on ITD's experience with scope changes in projects this size. Including this additional amount will give your agency the flexibility to cover typical scope changes, and remain within your budgeted amount. A more accurate estimate will be prepared once this project has started and the analysis phase is completed.

On-Going Monthly Costs

There is no change to the existing on-going cost of the TDOC application.



Providing Customer-Centric Services

The Information Technology Department (ITD) provides technology leadership for state government and the people of North Dakota. ITD exists solely to help State agencies discover, assess, and implement information technologies. ITD's Software Development Division develops, implements, operates and supports software solutions that meet our customer's need as provided in this cost estimate. ITD also provides server computing, local and wide area network support, voice and data technologies, video conferencing, and other emerging technologies. The following overview describes the services ITD considers valuable to our customers. We hope you'll find this helpful in assessing the value of our services.

State Government IT Partner

ITD knows the business of North Dakota State government and understands inter-agency relationships. We've been servicing State agencies since 1968. Upon request, we'll provide references offering honest referrals about our services.

Our customer relationships are long-term partnerships.

Affordable Cutting Edge Technology

ITD helps agencies discover best fit solutions for their agency at affordable rates. ITD charges only to recover costs – we retain no profit with our low rates. Our staff is trained in many new and existing technologies, so we can readily assess customer requirements and provide solutions that best fit an agency's needs. ITD implements and supports IT solutions on modern hardware in modern facilities, using operating systems and software no older than current version minus 1.

Whenever it's necessary to extend our capabilities, we augment our current staff with outside vendors to meet demands.

Quality

ITD develops applications within the processes of a structured systems development methodology. This includes functional testing and all applications are tested for usability and performance (load tested). ITD Meets State & Federal Audit Compliance. Our infrastructure and operation processes are reviewed by and meet state and federal audit requirements. ITD Supports State Enterprise Architecture Standards, and our software and infrastructure meet North Dakota Enterprise Architecture standards.

We build compliance into our service offerings which relieves the customer of State standard compliance concerns.

Dedicated & Experienced Staff

ITD employees submit to an FBI background check and are bound by the same confidentiality requirements as agency staff. ITD's staff is cross-trained to provide continuous backup. We provide dedicated architects to design effective, top-notch infrastructure for security, system hosting, software development, and telecommunications. Our staff applies formal project management practices to all projects.

ITD strives to retain innovative, talented, and dedicated staff. ITD's staff is tenured with an average of 13 years of service.

Support Structure

ITD offers several levels of customer support, including 24 x 7 support for applications and infrastructure.

Customer Service Surveys indicate 99% of customers are very satisfied with our support.

Flexible Infrastructure

ITD's infrastructure and support structure are designed to meet varied needs. ITD designs and builds applications that can operate in a redundant environment. If one server fails, another server picks up the workload with little or no down time.

We can design and host any size application.

Disaster Recovery

ITD has the tools and resources required to monitor software applications and computer system infrastructure to assure adequate performance and up-time. Applications can be monitored on a 24 x 7 basis. If a disaster occurs in our Computer Systems area or Statewide Network, customer applications can be running within hours.

ITD's standard practice is to keep all data, applications, and systems backed up in a secure location to meet customer expectations.

Security

By investing in the infrastructure and training required to prevent malicious activity within our IT environment, ITD has dedicated staff to assure that customer data and applications are secure.

We use source code control software to provide sound source code management.

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