

## NORTH DAKOTA LEGISLATIVE MANAGEMENT

## Minutes of the

**INFORMATION TECHNOLOGY COMMITTEE**

Tuesday, August 13, 2019  
Harvest Room, State Capitol  
Bismarck, North Dakota

Representative Corey Mock, Chairman, called the meeting to order at 9:00 a.m.

**Members present:** Representatives Corey Mock, Glenn Bosch, Nathan Toman, Robin Weisz; Senators Kyle Davison, Merrill Piepkorn, Larry J. Robinson, Shawn Vedaa, Terry M. Wanzek; Citizen Member Shawn Riley

**Members absent:** Representatives Jake G. Blum, Don Vigesaa

**Others present:** Senators Ray Holmberg, Grand Forks, and Donald Schaible, Mott, members of the Legislative Management

Allen H. Knudson, Legislative Council, Bismarck  
See [Appendix A](#) for additional persons present.

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](#). He reviewed the committee's statutory and assigned responsibilities, previous committee recommendations, related legislation from the 2019 Legislative Assembly, the Information Technology Department (ITD) 2019-21 biennium budget, and provided a proposed plan for the committee for the 2019-20 interim. He said the 2019 Legislative Assembly provided funding of \$349.6 million to ITD for the 2019-21 biennium, of which \$28.6 million is from the general fund and \$321.0 million is from other funds. He said the 2019-21 appropriation of \$349.6 million reflects an increase of \$104.5 million from the 2017-19 biennium appropriation of \$245.1 million. He said the Legislative Assembly authorized a total of 402.0 full-time equivalent (FTE) positions for the 2019-21 biennium, an increase of 57.7 FTE positions from the 2017-19 biennium authorized level of 344.3 FTE positions. He said the proposed study plan for the committee includes a review of the activities of ITD; statewide information technology (IT) standards; the statewide IT plan; major IT projects; receiving reports from the chief information officer; receiving the ITD annual report; receiving information on the 2019-21 and 2021-23 statewide IT budgets, receiving reports from the Statewide Longitudinal Data System Committee, Emergency Services Communications Coordinating Committee, Health Information Technology Office, State Department of Health, and Department of Trust Lands; and to study ITD's transition to the run-grow-transform model, the IT unification initiative, and blockchain technology implementation and utilization in state government.

The Legislative Council staff presented a memorandum entitled [Information Technology - Related Statutory Provisions](#). He said the statutory provisions of the Information Technology Committee and ITD for the 2019-21 biennium are substantially the same as the provisions in the 2017-19 biennium.

Mr. Allen H. Knudson, Legislative Budget Analyst and Auditor, Legislative Council, presented a report entitled [De-risking custom technology projects - A handbook for state budgeting and oversight](#). A copy of the report is on file in the Legislative Council office. He said the report was presented by the federal General Services Administration at the 2019 National Conference of State Legislatures (NCSL) Annual Summit. The report is designed for executives, budget specialists, and legislators who fund or oversee state government technology projects. The report states only 13 percent of large government software projects are successful and large IT projects are often controlled by vendors who decide how projects are done rather than state agencies and organizations paying for the projects. He said the report indicates that conducting several smaller, more manageable IT projects often is more successful than conducting one large, expensive project in one contract. He said the report references a study conducted in 2014 based on a survey of 25,000 software projects, which found if an IT project costs more than \$10 million, only 8 percent of the projects will succeed. He said the report recommends state agencies contract for no more than \$2 million annually on a single IT project and that no project last more than 3 years, including option periods.

## **REPORT FROM THE CHIEF INFORMATION OFFICER Information Technology Department Divisions and Services**

Mr. Shawn Riley, Chief Information Officer, Information Technology Department, presented an overview ([Appendix B](#)) of ITD's divisions and services. He said ITD's cultural aspirations include working as one, being citizen focused, having a growth mindset, making a difference, and having leadership everywhere. He said ITD's vision includes providing world-class technology and service through alignment, efficiency, and delivery. He said the ITD organizational chart includes five chief management positions that report directly to the chief information officer and oversee key customer management, applications and insights transformation, service management, business process improvement, and security. He said the Governor's cabinet has an IT vendor pool of 707 contractors. He said ITD will be working to reduce the number of IT-related contractors.

### **State Auditor's Information Technology Department Operational Audit**

Mr. Riley presented information ([Appendix C](#)) regarding the State Auditor's operational audit of ITD for the 2-year period ending June 30, 2018, including ITD's inventory system, the status of the unallocated assets identified in the report, and plans to improve the inventory system. He said the audit reported 217 devices were unaccounted for, of which 24 were considered sensitive devices with an original value of \$92,000. He said all devices noted in the audit were managed in an old inventory system. He said a new inventory system was implemented in May 2019. He said of the sensitive devices identified in the audit report, all but 10 have been found and the remaining devices have a total book value, after accounting for depreciation expense, of \$0. He said ITD believes these remaining items have been appropriately surplus, but were not reflected in the ITD inventory system. He said the risk of sensitive information from these devices being available to unauthorized individuals is minimal.

In response to a question from Senator Robinson, Mr. Dan Sipes, Chief Operating Officer, Information Technology Department, said the State Auditor's office conducts an operational audit, including a review of fiscal data and internal controls, of ITD every 2 years. He said a service organization audit focusing on ITD's IT controls used to be conducted every 2 years but will now be conducted annually.

In response to a question from Senator Robinson, Mr. Sipes said the findings in the June 30, 2018 State Auditor's report have not been formal recommendations in previous audits. He said the audit report did not discover the inventory concerns, but rather highlights the issue that ITD has been aware of and has been continually managing.

### **Information Technology Budget**

Mr. Sipes presented information ([Appendix D](#)) regarding an overview of ITD's divisions and services and the statewide IT budget for the 2019-21 biennium, including ITD's budget for the 2019-21 biennium. He said ITD's authorized FTE positions for the 2019-21 biennium increased by 57.7, which included a reduction of 16.5 existing FTE positions, including a 0.5 FTE Educational Technology Council (ETC) position, adding 8 FTE cybersecurity positions, transferring 29.8 FTE Center for Distance Education positions to the Department of Career and Technical Education, and transferring 96.0 FTE positions from five agencies to ITD as part of the IT unification initiative.

Mr. Sipes said the 2019 Legislative Assembly appropriated \$132.33 million to ITD for the statewide interoperable radio network (SIRN), of which \$12.33 million is from the SIRN fund, \$20 million is from the strategic investment and improvements fund, \$20 million is from Bank of North Dakota profits, and \$80 million is from a Bank line of credit. He said the Legislative Assembly appropriated \$17.70 million for cybersecurity, of which \$15.40 million is considered one-time funding and \$2.30 million is considered ongoing funding for the 8 FTE cybersecurity positions.

Mr. Sipes said ITD is working toward lower costs per unit of service provided to ITD customers; however, that does not always result in lower overall cost due to requests from customers for increases in service and product quantities.

In response to a question from Senator Robinson, Mr. Sipes said ITD compares like-kind services between ITD and the private sector in the ITD annual report. He said these comparisons often are difficult because government IT does not always use the same metrics for bill-back services as the private sector.

Mr. Sipes said the 2019 Legislative Assembly appropriated \$231.2 million, of which \$13.7 million is from the general fund, for major IT projects for all state agencies for the 2019-21 biennium. He said of this amount, \$143.1 million, of which \$13.7 million is from the general fund, was appropriated to ITD.

### **Information Technology Initiatives**

Mr. Riley presented information ([Appendix E](#)) regarding IT initiatives for the 2019-21 biennium. He said ITD will be transforming IT culture, service management, software and data management, project management,

cybersecurity, and automation during the 2019-21 biennium. He said ITD is offering 21 culture courses to ITD employees and has initiated a website for users to submit ideas to improve IT in state government, vote on the ideas of others, and to offer feedback. He said ITD is focusing on unification, reinvention, service management, cybersecurity, managing information, and artificial intelligence (AI) in government. He said ITD is exploring AI and its use in state and local government. He said AI will reduce IT staff time and resources for predictable, repeatable, and commodity service requests.

In response to a question from Chairman Mock, Mr. Riley said an example of how AI could be used in state government is to automate the Game and Fish Department deer lottery process to convert the process involving a large database analyzed by multiple people to an AI engine that could produce the same results in less time.

### **Cybersecurity**

Mr. Riley presented information ([Appendix E](#)) regarding cybersecurity initiatives for the 2019-21 biennium, including how the 8 new FTE cybersecurity positions and \$15.4 million for cybersecurity operating expenses authorized by the 2019 Legislative Assembly will be used during the biennium. He said ITD is focusing on strategic, operational, and workforce components of cybersecurity. He said effective cybersecurity procedures include establishing risk-prioritized controls to protect against known and emerging threats, complying with standards and regulations, creating situational risk and threat awareness to detect cybersecurity violations and suspicious behavior, and to develop the capability to handle critical incidents, quickly return to normal agency operations, and repair any damage to the state's IT systems. He said North Dakota is targeted by cyber attacks due in part to the state's energy, unmanned aircraft systems, agriculture research, military, and election system resources. He said North Dakota government averages 5.7 million cybersecurity attacks each month.

Mr. Riley said the 8 new FTE cybersecurity positions have been advertised and ITD will begin reviewing applications. Starting August 19, 2019, he said, ITD will conduct an assessment of 610 North Dakota state and local government entities to gather information on cybersecurity resources, needs, and opportunities. He said ITD has selected nine K-12 school districts, seven counties, and seven cities as pilot entities for the assessment. He said the assessment will require 1.5 to 4 hours of each entity's IT staff's time. He said the anticipated assessment completion date is April 2020. He said ITD will provide the results of the assessment to the Legislative Assembly.

Mr. Riley said North Dakota is the first state in the nation to develop integrated computer science and cyber science standards for K-12 education, which have been named the K-20W initiative. He said the standards were developed in approximately 11 months. He said updating science standards in Minnesota took 27 months to complete.

Mr. Riley said the recent Pearson Clinical Assessment data breach directly affected 58 North Dakota school districts. He said in the Bismarck area, data for 1,100 staff and 18,500 students has been breached. Statewide, he said, over 71,000 students' data, or more than one-half of North Dakota K-12 students, may have been breached. He said the data maintained by Pearson is not included in the state IT defense system.

### **Information Technology Department Building**

Mr. Sipes presented information ([Appendix G](#)) regarding an update of projects and repairs of the ITD building since September 2018, including ITD's plan to temporarily relocate ITD personnel. He said from June 17, 2019, to June 28, 2019, ITD employees were moved to other available space in various state agency buildings. He said repairs on the north parking lot began on June 24, 2019. He said during late July through mid-August, ITD employees were moved to a building located on Coleman Street. He said on August 19, 2019, repairs on the south parking lot and interior structural repairs will begin. He said repairs are expected to be completed in 12 to 18 months.

In response to a question from Chairman Mock, Mr. Sipes said the reason for the ITD building repairs was due to quality of construction and structural integrity concerns related to the building foundation, floors, and other areas.

In response to a question from Chairman Mock, Mr. Sipes said ITD has occupied the building for 4 years. He said ITD's lease is for 10 years and will expire in 2025, but ITD has an option to renew the lease for an additional 10 years ending in 2035. He said the repair project will not impact the lease contract with the building landlord other than an amendment to the contract which ITD and the landlord executed which provides the repair and relocation costs of the project will be the responsibility of the landlord.

In response to a question from Senator Robinson, Mr. Sipes said because the landlord of the ITD building is paying for all relocation and repair costs, there will be no cost to the state.

## Cloud

Mr. Riley provided a demonstration to the committee involving old servers that were used in ITD on-premises data centers and how the servers compare to cloud technology. He said the short-term costs between on-premises and cloud data centers is approximately the same, but the long-term cost of on-premises data centers is more than cloud data centers.

Mr. Duane Schell, Chief Technology Officer, Information Technology Department, presented information ([Appendix H](#)) on ITD's transition to the cloud, including agencies with major systems and applications moved to the cloud. He said there are 30 agencies with 141 applications or services hosted in the cloud. He said using cloud servers involves buying virtual servers as a service. He said ITD has 186 virtual cloud servers that can support production and test programs. He said the state controls the operating system but is not responsible for the physical servers because ITD pays for a service to use a virtual cloud server. He said the virtual servers are managed by a vendor, such as Amazon or Google. He said a major benefit of the cloud is having the flexibility to increase or decrease data capacity, based on the needs of ITD customers.

In response to a question from Chairman Mock, Mr. Schell said ITD has a disaster recovery plan that contains options for server infrastructure, including the possibility of transitioning state data from the cloud to on-premise servers.

## Mainframe Migration

Mr. Schell presented information ([Appendix I](#)) regarding the status of the mainframe migration plan. He said the mainframe was developed during the 1970s and hosts 35 applications, although the current mainframe hardware was purchased less than 2 years ago. He said the primary applications and business functions hosted on the mainframe are the Department of Human Services' (DHS) child support, economic assistance, child and family services, and medical services programs and the Department of Transportation's driver's license and roadway inventory management system crash reporting program.

In response to a question from Senator Robinson, Mr. Riley said the cost to support the mainframe is approximately \$8 million each biennium.

In response to a question from Chairman Mock, Mr. Schell said the primary costs of the mainframe are related to hardware, software, staff time, and maintenance of code, and training to teach mainframe code to new staff, because mainframe code is no longer taught in postsecondary IT courses.

In response to a question from Senator Robinson, Mr. Schell said he anticipates the state will continue to use the mainframe for 2 to 4 years, but that will be dependent on when the agencies using the mainframe, ITD, and the Legislative Assembly collaborate to replace the applications and transition off the mainframe.

## Microsoft Office 365

Mr. Schell presented information ([Appendix J](#)) regarding an update relating to Microsoft Office 365, including funding for licenses and which agencies have obtained licenses. He said a total of 7,928 licenses have been issued for 51 state and local government agencies, commissions, boards, and associations. He said in addition to Microsoft Word, Excel, Outlook, and PowerPoint, Microsoft Office 365 offers several other resources for users, including OneDrive, Video, OneNote, Forms, Planner, and PowerApps. He said Microsoft Office 365 also allows for multifactor authentication, conditional access, safe links, data loss prevention, Microsoft Azure information protection, and mobile device management. He said Microsoft Office 365 offers improved consistency, collaboration, and cybersecurity.

In response to a question from Representative Bosch, Mr. Riley said previously, the state had 60 contracts for 57 executive branch agencies for Microsoft Office licenses. He said ITD has consolidated those contracts to 13 contracts and the goal is to consolidate the remaining 13 contracts to 2 contracts.

## EDUCATION-RELATED INFORMATION TECHNOLOGY UPDATES

### Higher Education

Mr. Darin King, Vice Chancellor for IT/Chief Information Officer, North Dakota University System, presented information ([Appendix K](#)) regarding IT initiatives and projects for the 2019-21 biennium. He said the academic library management system project is scheduled to begin in August and will replace the Online Dakota Information Network, or ODIN, library system. He said the Novelution electronic grants administration project is 6.2 percent under budget and 10.7 percent ahead of the revised baseline schedule. He said the Blackboard Learning Management system project is 2.1 percent under budget, is 0.2 percent behind the revised baseline schedule, and 65.0 percent behind the original baseline schedule.

In response to a question from Senator Davison, Mr. King said all higher education campuses are on one single-instance learning management system.

In response to a question from Senator Davison, Mr. King said on average, the University System uses approximately 20 IT contractors annually.

Mr. King said the facility and asset management information system (FAMIS) cloud upgrade project is 8.7 percent over budget and 21.5 percent behind schedule. He said the project is at risk of termination or at risk of not substantially meeting the business objectives established in the startup report due to lower than expected performance by the vendor. He said the University System is meeting with the vendor's executive team on a biweekly basis to resolve issues with the project.

In response to a question from Senator Davison, Mr. King said the primary issues with the vendor and the project stem from the vendor's cloud-based products not being as mature as its on-premise products. Therefore, he said, the system is not as functional as it was expected to be, which has caused concerns among higher education staff.

In response to a question from Senator Davison, Mr. King said the FAMIS cloud upgrade project contract was a deliverable contract, meaning the University System established how much it was willing to spend on the project and the vendor was required to meet the University System's expectations and objectives within that budget. He said because of the nature of the contract, costs have not substantially increased as a result of the project delays.

### **EduTech**

Ms. Rosi Kloberdanz, Director, EduTech, Information Technology Department, presented information ([Appendix L](#)) regarding the status of elementary and secondary education IT activities. She said EduTech has functioned as part of ITD for many bienniums but was part of the governance structure of ETC. After the repeal of ETC during the 2019 legislative session, she said, EduTech continues to be part of ITD.

Ms. Kloberdanz said EduTech has consolidated 14 legacy servers and has plans to retire 7 more during the 2019-21 biennium. She said EduTech also will consolidate service desk resources. She said new activities involving PowerSchool, the statewide longitudinal data system, Microsoft licenses partnerships, technology coordinator training, and open educational resources are some of EduTech's priorities during the biennium. She said EduTech will continue to help ensure stability, flexibility, and innovation to maximize the success of North Dakota students. She said Palo Alto Networks, Inc. is providing filtering for all North Dakota K-12 schools to comply with the federal Children's Internet Protection Act.

In response to a question by Representative Bosch, Ms. Kloberdanz said EduTech is working with the Department of Career and Technical Education (CTE) and other organizations to provide scholarships, apprenticeships, and veterans' initiatives.

In response to a question from Senator Davison, Ms. Kloberdanz said the schools and libraries program, commonly referred to as e-rate funding, provided from the Federal Communications Commission (FCC), is currently fully funded; however, the FCC has discussed merging several programs, which may result in a reduction in federal e-rate funding. She said the state receives e-rate funding of approximately \$8 million each year, of which one-half is for STAGNet K-12 infrastructure and one-half is for K-12 schools.

### **Center for Distance Education**

Mr. Wayne Sick, Director and Executive Officer, Department of Career and Technical Education, presented information ([Appendix M](#)) regarding the transfer of the Center for Distance Education (CDE) from ITD to CTE, including future plans for CDE. He said most of CDE's information and resources have been transitioned from ITD to CTE, including payroll department budget tables, issuing new payment cards for CDE credit card holders, and issuing CDE staff new identification cards. During the fall of 2019, he said, CTE will align CDE's employee handbook and performance evaluations with CTE's policies.

Mr. Sick said CDE's director retired in April 2019. He said he has conducted individual meetings with each CDE manager and communicates often with CDE's interim director.

In response to a question from Senator Piepkorn, Mr. Sick said there were 11 applicants for the CDE director position. He said CTE's intentions were to interview four applicants, but due to the high quality of applicants, CTE will be interviewing six applicants. He said he anticipates a new director will be hired by early September 2019.

Mr. Sick said CTE and CDE staff are exploring ways to collaborate, including having CDE career and technical education courses being approved by CTE. He said CDE currently offers 77 online career and technical education courses. He said CTE and CDE explored opportunities with the Department of Public Instruction and the University System. He said CDE is exploring options to provide online dual-credit general education courses, courses for early childhood education providers, and a prekindergarten through second grade reading academy.

## **LARGE INFORMATION TECHNOLOGY PROJECT REPORTING**

The Legislative Council staff presented a memorandum entitled [Major Information Technology Project Life Cycle](#), which provides a summary of the project management life cycle process, executive and legislative branch activities, and statutory provisions related to planning and executing major IT projects.

The Information Technology Department distributed information ([Appendix N](#)) regarding large IT project reporting. The department also distributed the following project startup reports ([Appendix O](#)) and closeout reports ([Appendix P](#)):

### **Startup Reports**

- Department of Public Instruction - ND Foods 4.0
- Industrial Commission's Department of Mineral Resources - Relational database management systems program
- ITD - North Dakota Health Information Network expansion
- Job Service North Dakota - Unemployment insurance modernization project
- Department of Trust Lands - Unclaimed property project

### **Closeout Reports**

- Department of Trust Lands - Unclaimed property project
- State Department of Health - Medical marijuana system
- DHS - New Medicaid card
- Workforce Safety and Insurance - Claims and policy system replacement - Release 5

### **Workforce Safety and Insurance - Claims and Policy System Replacement**

Mr. Tim Schenfisch, Director, Information Technology, Workforce Safety and Insurance, presented information ([Appendix Q](#)) regarding an iterative report ([Appendix R](#)) of the Workforce Safety and Insurance claims and policy system replacement project. He said this project will replace core Workforce Safety and Insurance business applications, including work manager, claims, and policy systems. He said the program business objectives for the new system are to improve existing functionality with no loss of efficiencies, enhance customer and staff accessibility to applications, improve system navigation and ease of use for staff, and improve the ability to respond to customer and staff requests. He said there are 20 releases to the overall project and each release is managed as a major IT project. He said Releases 0 through 6 have been completed under budget. He said Release 6 was completed in July 2019 at 13 percent under budget. He said Release 7 began in May 2019. As of June 30, 2019, he said, Release 7 was slightly behind schedule and 30 percent under budget.

### **Department of Human Services - Eligibility Modernization Project**

Ms. Michele Gee, Director, Economic Assistance Policy Division, Department of Human Services, presented information ([Appendix S](#)) regarding an iterative report of the DHS eligibility modernization project. She said Phase 1 of eligibility modernization project, also known as the self-service portal and combined eligibility system (SPACES) was completed in February 2016 and relates to the Medicaid and children's health insurance program. She said Phase 2 of the project was completed in March 2019 and relates to the child care assistance, supplemental nutrition assistance, and temporary assistance for needy families programs. She said the anticipated completion date of Phase 3 of the project is June 2020, which relates to aged, blind, and disabled Medicaid services.

In response to a question from Senator Davison, Ms. Gee said the SPACES program determines eligibility for individuals that apply for Medicaid. If they are determined eligible for Medicaid, their information is sent to the Medicaid management information system.

### **Department of Human Services - Medicaid Management Information System**

Mr. Erik Elkins, Assistant Director, Medical Services Division, Department of Human Services, presented information ([Appendix T](#)) regarding an update on the Medicaid management information system, including the timeliness of claims processing, system upgrades, and system certification. He said during fiscal year 2019,

4,072,184 Medicaid claims were processed through the system. He said as of July 2019, there are approximately 4,000 claims that have been suspended and need additional work, which is significantly lower than the 15,000 to 20,000 average when the system was first launched in 2015. He said while the volume of claims has remained steady since the system launch date, improvements and efficiencies have allowed the system to process the claims faster.

In response to a question from Senator Robinson, Mr. Elkins said 90 percent of Medicaid claims without issues are paid within 30 days of the claim being submitted and 99 percent of Medicaid claims without issues are paid within 90 days.

Mr. Elkins said the Centers for Medicare and Medicaid Services (CMS) performed a review of the system in February 2019 for system certification. On June 3, 2019, he said, DHS received notification from CMS that the system was certified and CMS approved a 75 percent federal financial participation for costs associated with the operation of the system retroactive to the system's implementation on October 5, 2015. He said this will result in DHS receiving \$17.5 million of federal funding from CMS for costs DHS has incurred since October 5, 2015, related to the system.

In response to a question from Mr. Riley, Mr. Elkins said data from November 2018 included 70,000 eligible individuals in the system, of which 53,000 received a service during the month. He said each recipient has a different eligibility category and duration. He said some individuals may be eligible for up to 1 year before needing to be re-evaluated for eligibility but many will be re-evaluated throughout the year.

In response to a question from Senator Davison, Mr. Elkins said the system has a provider portal to allow providers to change their information, including addresses, phone numbers, or license information. He said there is a federal requirement that DHS recertify providers every 5 years.

**STUDY OF INFORMATION TECHNOLOGY UNIFICATION**

The Legislative Council staff presented a memorandum entitled [Information Technology Unification Initiative - Background Memorandum](#). He said Section 7 of House Bill No. 1021 (2019) provides for a study during the 2019-20 interim regarding ITD's transition to the run-grow-transform model and the IT unification initiative. He said the study must include a review of changes in fees, services, operations, processes, and systems. He said the 2019 Legislative Assembly approved a transfer of 96 FTE IT positions from five agencies for the 2019-21 biennium, and the transfer includes a reduction of salaries and wages in each agency transferring FTE positions to ITD and a larger increase in operating expenses to allow the agency to pay ITD for the salaries and wages of the FTE positions, including compensation increases authorized by the Legislative Assembly. He said ITD's salaries and wages line item was increased to allow the department to bill and collect from each unification agency for the salaries and wages of the transferred FTE positions. He said the following positions were transferred to ITD:

Budget No. - Agency	FTE Increase (Decrease)
226 - Department of Trust Lands	2.00
325 - Department of Human Services	48.00
540 - Adjutant General, Department of Emergency Services	4.00
750 - Parks and Recreation Department	1.00
801 - Department of Transportation	41.00
Total	96.00

Mr. Riley presented information ([Appendix U](#)) regarding the committee's study of the IT unification initiative. He said the process of incorporating the new 96 FTE positions into ITD includes a review of benefits, policies, operating procedures, and human resource-related matters. He said a goal of the unification initiative is to gain efficiencies by eliminating redundant tools and processes, re-evaluating processes for efficiencies, and automating resources. He said the unification initiative is a multiple-year activity that will decrease costs of service delivery.

In response to a question from Chairman Mock, Mr. Riley said the IT assets of the five agencies selected for IT unification for the 2019-21 biennium will be owned by ITD.

In response to a question from Senator Robinson, Mr. Riley said ITD's employee turnover rate has not increased due to the IT unification initiative.

In response to a question by Senator Piepkorn, Mr. Riley said ITD plans to request the 2021 Legislative Assembly to approve unification of the remaining Governor's cabinet agencies for the 2021-23 biennium. He said during the 2019-21 biennium, ITD intends to demonstrate the efficiency and effectiveness of unification.

In response to a question from Chairman Mock, Mr. Riley said the longer-term goal is to unify the rest of the executive branch but he anticipates the legislative and judicial branches to remain independent from the executive branch IT unification.

Mr. Riley said the run-grow-transform model is a guide for how to spend money and dedicate IT resources. He said the model includes a redistribution of IT resources from running operations to growing and transforming IT. He said growing IT resources includes expanding services that already exist and transforming IT resources includes fundamentally changing IT organizations. He said the model is an indicator of organizational performance. He said ITD is implementing measurements and best practices for the model.

In response to a question from Chairman Mock, Mr. Riley said the IT functions in the run-grow-transform model often change, meaning a function that grows or transforms IT today may be part of running operations tomorrow.

In response to a question from Representative Toman, Mr. Riley said to transition from primarily running operations to growing and transforming IT, a cultural and systematic change must be made in ITD.

### **STUDY OF BLOCKCHAIN IN STATE GOVERNMENT**

Chairman Mock said that due to time constraints, the discussion on the study of blockchain technology in state government will be scheduled during the next committee meeting.

Chairman Mock requested a report provided at the 2019 NCSL Annual Summit by the Chamber of Digital Commerce entitled [Legislator's Toolkit for Blockchain Technology](#) be made available to committee members as a resource for the committee's study of blockchain technology in state government. A copy of the report is on file in the Legislative Council office.

No further business appearing, Chairman Mock adjourned the meeting at 3:45 p.m.

---

Levi Kinnischtzke  
Fiscal Analyst

ATTACH:21