NORTH DAKOTA LEGISLATIVE COUNCIL

Minutes of the

INFORMATION TECHNOLOGY COMMITTEE

Wednesday, December 14, 2005
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, Randy A. Schobinger, Tom Seymour, Rich Wardner; Representatives Keith Kempenich, David Monson, Bob Skarphol, Robin Weisz; Chief Information Officer Curtis L. Wolfe

Members absent: Representatives Eliot Glassheim, Bette B. Grande

Others present: See attached appendix

It was moved by Representative Weisz, seconded by Senator Wardner, and carried on a voice vote that the minutes of the October 10, 2005, meeting, be approved as distributed.

REPORT FROM THE CHIEF INFORMATION OFFICER

Mr. Curtis L. Wolfe, Chief Information Officer, Information Technology Department, presented information regarding:

- Procurement status of the statewide information technology network.
- Status of the mainframe migration project.
- Recommended information technology statutory changes.

A copy of the information is on file in the Legislative Council office.

Statewide Information Technology Network

Mr. Wolfe said the state's contract with Dakota Carrier Network for the statewide information technology network expires in June 2006; therefore, the department has started a procurement process for a new statewide information technology network to meet the state's needs for the next 7 to 10 years. He said the department released three separate requests for proposals relating to equipment, transport, and wireless aspects of the new network and has awarded contracts as follows:

Requests for Proposals	Awards
Equipment	AVI, Corporate Technologies, and Qwest
Transport – Internet component	Sprint
Transport – Backbone and local access components	Dakota Carrier Network
Wireless	None

Mr. Wolfe said in regard to the transport backbone and local access components, the new statewide information technology network will distribute processing over four main modes instead of two, resulting in less risk of network congestion and higher network availability. He said the department is in the process of negotiating pricing terms with Dakota Carrier Network for the transport backbone and local access components. At the present time, he said, the department anticipates no increased statewide information technology network charges for the 2005-07 biennium; however, state agencies, higher education, and political subdivisions may experience network rate increases for the 2007-09 biennium. He said rate increases relating to kindergarten through grade 12 network connections for the 2007-09 biennium should be able to be absorbed in the current legislative appropriation for those connections. He said the department will be finalizing network rates in January 2006 and information regarding those rates can be presented at the committee's next meeting.

Mr. Wolfe said in regard to the wireless request for proposal, the department received responses in October 2005. He said the responses included higher prices and limited additional features; therefore, the department decided to extend the current cellular voice contract through March 2007.

Mr. Wolfe said the Information Technology Department has been contacted by Extend America and Space Data Corporation regarding a potential demonstration project of providing wireless services, including voice and data services, using weather balloons.

Mr. Jerry Fossum, Information Technology Department, provided information regarding the potential wireless services demonstration project. He said Extend America and Space Data Corporation anticipate completing a demonstration of providing wireless services using weather balloons in the Red River Valley in February 2006. He said the new technology may be a solution to the state's wireless demographic problems. He said the cost of a weather balloon and attached communications devices is approximately $400 and it is necessary to release a new weather balloon every 12 hours.

In response to a question from Senator Christmann, Mr. Fossum said a weather balloon could service approximately 120 concurrent wireless calls.

In response to a question from Representative Skarphol, Mr. Fossum said Extend America and Space Data Corporation have not asked the state for a commitment to the project; however, the entities are

interested in finding potential subscribers to the wireless services.

Mainframe Migration Project

In regard to the status of the mainframe migration project, Mr. Wolfe said the 2005 Legislative Assembly provided the department a $6 million special funds appropriation for software acquisition costs and consulting services for the mainframe migration project. He said the department has signed a contract with Software AG, Inc., to complete the migration of systems from the mainframe environment to a Linux platform. He said all systems currently operating on the mainframe will be migrated except for three systems--Department of Human Services Medicaid management information system, Bank of North Dakota student loan system, and Legislative Assembly LAWS system--for which migration is not feasible. He said the project plan provides for a phased approach with systems being migrated with no changes made to the functionality of the systems. The following is a summary of the recommended project approach:

Phase I Start November 29, 2005 – Go live May 2, 2006	Attorney General
	Bank of North Dakota
	Insurance Department
	Office of Management and Budget
	State Department of Health
	Information Technology Department
Phase II Start February 6, 2006 – Go live August 9, 2006	Game and Fish Department
	Department of Public Instruction
	Public Service Commission
	State Treasurer's office
	Public Employees Retirement System
	Job Service North Dakota
	Department of Human Services (limited)
Phase III Start May 1, 2006 – Go live November 8, 2006	Department of Transportation
	Highway Patrol
	Department of Emergency Services – Division of State Radio
	North Dakota University System
Phase IV Start August 1, 2006 – Go live March 6, 2007	Department of Human Services
	Secretary of State

Mr. Wolfe said the next step for the Information Technology Department will be to finalize the migration plan, including scheduling meetings with the affected state agencies, reviewing proposed groupings, creating a training plan, and finalizing the project schedule.

Information Technology Statutory Changes

Mr. Wolfe said the Information Technology Department recommends the following statutory changes:

- Criminal history record checks – Amend North Dakota Century Code (NDCC) Section 54-59-20 to allow the department to perform criminal history record checks on employees of vendors working on state projects.
- Criminal Justice Information Sharing Board – Amend NDCC Section 54-59-21 to provide that access to the criminal justice information sharing system is limited to entities within the criminal justice system and to those entities approved by the Criminal Justice Information Sharing Board.
- Information Technology Committee powers and duties – Amend NDCC Section 54-35-15.2 to provide that a major information technology project is a project with an estimated cost of $250,000 or more and to require postimplementation reports from agencies with respect to major information technology projects.
- Information Technology Department powers and duties – Amend NDCC Section 54-59-05 to provide that the procurement of information technology services or products with a cost of $100,000 to $250,000 be reviewed by the Information Technology Department and reported to the Information Technology Committee.
- ConnectND system – Allow the Office of Management and Budget to formally review and approve or disapprove requests for shadow systems as alternatives to the ConnectND system.

In response to a question from Senator Seymour, Mr. Wolfe said the Information Technology Department pays approximately $65 per criminal history record check.

Information Technology Department – Legislative Appropriations for 2003-05 and 2005-07 Bienniums

Mr. Mike Ressler, Deputy Chief Information Officer, Information Technology Department, distributed an analysis of the department's legislative appropriations for the 2003-05 and 2005-07 bienniums. A copy of the analysis is on file in the Legislative Council office.

HIGHER EDUCATION INFORMATION TECHNOLOGY INITIATIVES

Mr. Grant Crawford, Chief Information Officer, North Dakota University System, presented information regarding the status of higher education information technology initiatives. He said North Dakota State University has been awarded a $200,000 federal grant to continue work on the development of a robust research network connection for educational institutions in the Upper Northwestern states. He said the North Dakota University System is continuing to work on transition issues relating to the implementation of the ConnectND system at North

Dakota State University, University of North Dakota, Minot State University, and Minot State University – Bottineau.

In response to a question from Representative Skarphol regarding the ConnectND system, Mr. Crawford said higher education institutions are finding the grants and contracts module of the ConnectND system acceptable and the North Dakota University System is working with PeopleSoft to improve the grants and contracts module in future releases of the software.

ELEMENTARY AND SECONDARY TECHNOLOGY INITIATIVES

Mr. Dan Pullen, Director, Educational Technology Council, Fargo, provided information regarding the status of elementary and secondary information technology initiatives. A copy of the information is on file in the Legislative Council office. He said the Educational Technology Council initiatives include:

- Video grants – Video grants will be available to 5 to 10 public high schools without video classrooms. The grants require a 60 percent local match and will be awarded in January 2006.
- Classroom transformation grants – Classroom transformation grants will be available to schools as startup grants for new and expanded uses of technology in the classroom. The grants require a 50 percent local match and will be awarded competitively by June 2006.
- Atomic learning – The council is implementing an atomic learning project which will enable students, educators, and parents to complete online professional development. For the first year of the project, 50 percent of the state's students, educators, and parents will have access to the project with a goal of 2,500 views per week. For the second year of the project, all of the state's students, educators, and parents will have access to the project.
- Statewide e-rate reimbursement application – The council's 2005-06 statewide e-rate reimbursement application is currently in review by the Universal Service Administrative Company and the Schools and Libraries Division. The state's e-rate team has started preparing the 2006-07 statewide e-rate reimbursement application which will be submitted in early February 2006. The state's e-rate team is considering including video telecommunications services in the application to enable schools to upgrade video codecs on a four-year cycle.
- State educational technology plan – The council will be revising the state educational technology plan by June 2006 for the 2006-09 time period.
- Data warehousing project – The state's four largest school districts have requested the

council assist with the preparation of a request for proposal and product selection of a data warehouse system.

Mr. Pullen said EduTech initiatives include:

- Technology solutions that work – EduTech has purchased a one-year license to access a data base of research analysis on reading and math technology applications and interventions for school districts.
- INSTEP – EduTech has completed a pilot phase of an instructional technology partnership program to prepare teachers to integrate technology in the curriculum.
- Internet filtering – EduTech has requested an evaluation of enterprise reporter, a hardware device that works with Internet filtering servers, to produce reports on Internet usage by school computers.

Mr. Pullen said Mr. Jon Skaare is serving as interim director of the Division of Independent Study and the Educational Technology Council will make a recommendation regarding filling the position on a permanent basis in January 2006. He said the division's 2005-06 enrollments and budget are consistent with projections and with the division's 2010 self-sufficiency plan. He said the division is working on a North Dakota studies project and a North Dakota civics education project.

In response to a question from Representative Kempenich regarding the e-rate reimbursement program, Mr. Pullen said the Universal Service Administrative Company is reviewing all applications closely due to recent program fraud allegations. He said he expects the program will continue in the future but program changes will most likely be implemented.

In response to a question from Representative Skarphol, Mr. Pullen said video grants are available to high schools without video classrooms and classroom transformation grants are available to schools as startup grants for new and expanded uses of technology in the classroom. He said the Educational Technology Council will complete a needs assessment to determine funding requests for the 2007-09 biennium.

DEPARTMENT OF HUMAN SERVICES – MEDICAID MANAGEMENT INFORMATION SYSTEM

Ms. Maggie Anderson, Director, Medical Services Division, Department of Human Services, provided information regarding the status of the Medicaid management information system rewrite project Phase II. A copy of the information is on file in the Legislative Council office. She said the 2005 Legislative Assembly provided the department a $29.2 million appropriation, of which $3.7 million was from the general fund, to design, develop, and implement a new Medicaid management information system, pharmacy point of sale system, and decision support system. She said the department released a

request for proposal for the project on June 1, 2005, and proposals were due September 1, 2005. She said the department received one proposal for the Medicaid management information system, three proposals for the pharmacy point of sale system, and two proposals for the decision support system. She said the department asked vendors for best and final offers which were due December 5, 2005.

Ms. Anderson said based on the best and final offers received from the vendors, estimated costs for Information Technology Department staff, hardware, and software, and estimated costs for Department of Human Services support, the Department of Human Services estimates a project cost of $57.3 million, of which $5.7 million would be from the general fund. She said the estimated project cost compares to the legislative appropriation as follows:

	2005-07 Legislative Appropriation	Estimated Project Cost	Difference
General fund	$3,700,000	$5,700,000	$2,000,000
Special funds	25,500,000	51,600,000	26,100,000
Total	$29,200,000	$57,300,000	$28,100,000

Ms. Anderson said there have been changes in technology relating to the project. She said Medicaid information technology architecture (MITA) was a concept within the Centers for Medicare and Medicaid Services when the Department of Human Services cost-benefit analysis was completed and, at the present time, the MITA technology is evolving. She said the MITA technology results in a "plug and play" approach to maintaining the system that allows components to be upgraded or replaced rather than the upgrade or replacement of an entire system. She said unfortunately the MITA technology has increased the initial development costs as vendors are making system changes to ensure they are competitive within the MITA principles.

Ms. Anderson said the Department of Human Services need to replace the existing system has not changed. She said the claims processing component of the system is antiquated, difficult and expensive to maintain, and inefficient. She said the State Auditor's office continues to have concerns regarding the ability of the system to process claims accurately. She said if the department postpones the replacement of the system, the department would risk the 90 percent federal match secured for the replacement costs. She said there is no guarantee that the cost of the system would decrease if the project were postponed.

Ms. Anderson said the Department of Human Services is expecting to realize $32.2 million in savings over the first seven years of operating a new system. She said based on a federal fiscal year 2007 federal medical assistance percentage, this is approximately $10.4 million in general fund savings. The savings are summarized as follows:

Business Process Improvement	Estimated Savings
Claims appropriateness edits	$30.4 million
Electronic remittance advice/electronic funds transfer	.3 million
Drug rebate improvements	1.3 million
Improved recoupment accounting	.2 million
Total	$32.2 million

In response to a question from Senator Christmann, Ms. Anderson said the Department of Human Services believes the estimated cost of the project will shift as contract negotiations for the project are completed.

In response to a question from Senator Christmann, Mr. Wolfe said the Information Technology Department intends to ask the Budget Section for approval, pursuant to NDCC Section 54-59-05, to borrow up to $2 million to be used as state match by the Department of Human Services to access federal funds to proceed with contract negotiations for the project.

Mr. Wolfe said the one bid received by the Department of Human Services for the replacement of the Medicaid management information system was from Affiliated Computer Services, Inc., Dallas, Texas. He said Affiliated Computer Services, Inc., is in the process of upgrading their software to newer technology; therefore, if the Department of Human Services would accept the bid, the state would need to commit additional resources to the project to assist Affiliated Computer Services, Inc., with the development of the software. He said the 2005 Legislative Assembly authorized the Information Technology Department 10 new full-time equivalent (FTE) positions for the 2005-07 biennium relating to the development and implementation of the Department of Human Services Medicaid management information system. He said if the Department of Human Services proceeds with the project with Affiliated Computer Services, Inc., the Information Technology Department would seek approval from the Emergency Commission for an additional 10 FTE positions for the project.

Mr. Wolfe said if the Department of Human Services does not proceed with the Medicaid management information system project, the department will have to complete changes to the current legacy system relating to the Health Insurance Portability and Accountability Act (HIPAA) at an estimated cost of $3.19 million. He said the Information Technology Department would also have to migrate the legacy system as part of the mainframe migration project at a cost of $1.45 million.

In response to a question from Representative Monson, Mr. Wolfe said the state has not started contract negotiations with Affiliated Computer Services, Inc. He said he is uncertain as to whether the state could receive royalty payments relating to future sales of the newly developed system of Affiliated Computer Services, Inc.

In response to a question from Representative Skarphol, Ms. Anderson said the Department of Human Services is faced daily with providers who are frustrated, angry, and fed up with the department's inability to make changes to the current legacy system to meet their needs.

In response to a question from Senator Robinson, Ms. Anderson said the current legacy system was implemented in 1978.

In response to a question from Senator Robinson, Ms. Anderson said originally the Department of Human Services had anticipated beginning the rewrite project in April 2006 and deploying the new system in April 2008.

In response to a question from Representative Skarphol, Mr. Chip Thomas, North Dakota Healthcare Association, said the association supports the project. He said medical providers are demanding a better system to work with.

In response to a question from Senator Christmann, Mr. Wolfe said he believes the Department of Human Services would need Emergency Commission approval to accept and expend additional federal funds for the project.

PROPOSED INFORMATION TECHNOLOGY BILL DRAFTS

The Legislative Council staff presented a bill draft [70018.0100] relating to higher education information technology planning, services, and major projects. The bill draft:

- Creates a new section to Chapter 15-10 to provide that the State Board of Higher Education shall manage and regulate information technology planning and services for institutions under its control; collaborate with the Information Technology Department to coordinate higher education information technology planning with statewide information technology planning; provide advice to the Information Technology Department regarding the development of policies, standards, and guidelines relating to access to or use of wide area network services; and present information regarding higher education information technology planning, services, and major projects to the Information Technology Committee.
- Amends Section 54-35-15.2 relating to the powers and duties of the Information Technology Committee to remove administrative projects from the definition of higher education major information technology projects and to provide that the Information Technology Committee is to receive information from the State Board of Higher Education regarding higher education information technology planning, services, and major projects.

- Amends Section 54-59-05 relating to the powers and duties of the Information Technology Department to provide that the department shall collaborate with the State Board of Higher Education on guidelines for reports to be provided by institutions under control of the State Board of Higher Education on information technology.
- Amends Section 54-59-09 relating to information technology standards to exclude institutions under the control of the State Board of Higher Education from having to comply with the policies, standards, and guidelines developed by the Information Technology Department.
- Amends Section 54-59-11 relating to information technology plans to provide that institutions under the control of the State Board of Higher Education are not required to prepare information technology plans.

In response to a question from Representative Skarphol, the legislative budget analyst and auditor said pursuant to NDCC Section 28-32-01, the State Board of Higher Education is exempt from the Administrative Agencies Practice Act.

Mr. Crawford provided information regarding the proposed information technology statutory changes. A copy of the information is on file in the Legislative Council office. He said the bill draft helps to bring focus on efforts that have been moving forward within higher education over the past several bienniums. He said the bill draft would provide leverage to properly implement information technology project management within the North Dakota University System and engage the State Board of Higher Education and the North Dakota University System in the process of managing a process that impacts the success of the organization for which they have responsibility.

The Legislative Council staff presented a bill draft [70017.0100] relating to the exclusion of certain policies, standards, and guidelines of the Information Technology Department from compliance with the Administrative Agencies Practice Act. The bill draft amends Section 28-32-01(11) to provide that any product and service standard and best practice standard, primarily intended to affect state agencies and with respect to access to or use of wide area network services, institutions under the control of the State Board of Higher Education, counties, cities, and school districts if the policy, standard, or guideline has been reviewed by the State Information Technology Advisory Committee, is not considered a rule under the Administrative Agencies Practice Act.

Representative Skarphol said the committee will need to look at options to make this bill draft acceptable to House members.

The Legislative Council staff presented a bill draft [70016.0100] relating to prioritization of major information technology projects, the State Information

Technology Advisory Committee, and information technology standards. The bill draft:

- Creates a subsection to Section 54-35-15.2 to provide that the Information Technology Department shall receive a report from the Chief Information Officer regarding the recommendations of the State Information Technology Advisory Committee relating to the prioritization of proposed major information technology projects and other information technology issues.
- Amends Section 54-59-02.1 relating to the prioritization of major information technology projects to provide that the Information Technology Department shall submit information regarding proposed major information technology projects for executive branch state agencies, departments, and institutions, excluding institutions under the control of the State Board of Higher Education and agencies of the judicial and legislative branches to the State Information Technology Advisory Committee. The State Information Technology Advisory Committee shall review the projects and rank those projects that receive the committee's affirmative recommendation. The recommendations of the State Information Technology Advisory Committee shall be submitted to the Information Technology Committee, the Office of Management and Budget, and the Appropriations Committees of the Legislative Assembly.
- Amends Section 54-59-07 relating to the State Information Technology Advisory Committee to provide that the committee shall review policies, standards, and guidelines developed by the Information Technology Department and the Chief Information Officer shall submit recommendations of the State Information Technology Advisory Committee regarding information technology issues to the Information Technology Committee for its consideration.
- Amends Section 54-59-09 relating to information technology standards to eliminate the role of the Office of Management and Budget in the development of statewide information technology policies, standards, and guidelines and to provide that the Information Technology Department shall develop policies, standards, and guidelines using a process involving advice from state agencies and institutions.

Mr. Wolfe said the committee should consider amending the bill draft to retain the role of the Office of Management and Budget in the development of statewide information technology policies, standards, and guidelines.

In response to a question from Senator Christmann, Mr. Wolfe said higher education information technology projects are excluded from the prioritization of proposed major information technology projects completed by the State Information Technology Advisory Committee. He said representation from the North Dakota University System on the State Information Technology Advisory Committee is good for discussion purposes. He said representatives of the North Dakota University System and the judicial branch abstained from voting on the project prioritization.

The committee recessed for lunch at 12:00 noon and reconvened at 12:50 p.m.

The Legislative Council staff presented a bill draft [70015.0100] relating to the powers and duties of the Information Technology Committee and the Information Technology Department, information technology plans, the Information Technology Department annual report, and criminal history record checks. The bill draft:

- Amends Section 54-35-15.2 to more accurately reflect the powers and duties of the Information Technology Committee, including providing that the committee receive and review project startup reports and project closeout reports for any major information technology project of an executive, legislative, or judicial branch agency, the State Board of Higher Education, or any institution under the control of the State Board of Higher Education and the committee receive information regarding any information technology project of an executive, legislative, or judicial branch agency with a total cost between $100,000 and $250,000 as determined necessary by the Information Technology Department.
- Amends Section 54-59-05 relating to the powers and duties of the Information Technology Department to provide that the department shall request and review information regarding any major information technology project of an executive, legislative, or judicial branch agency, the State Board of Higher Education, or any institution under the control of the State Board of Higher Education and the department may request and review information regarding any information technology project of an executive, legislative, or judicial branch agency with a total cost between $100,000 and $250,000 as determined necessary by the department.
- Amends Section 54-59-11 relating to information technology plans to provide that information technology plans are subject to acceptance by the Information Technology Department and information technology plans must include an asset management plan relating to the inventory of information technology assets owned, leased, or employed by the entity. The bill draft also provides that the statewide information technology plan must be developed with emphasis on long-term strategic goals, objectives, and

accomplishments, and the statewide information technology plan must contain specific information regarding information technology projects, plans, and benefits.

- Amends Section 54-59-19 relating to the Information Technology Department annual report to revise the required contents of the report.
- Amends Section 12-60-24(2)(h) and Section 54-59-20 relating to criminal history record checks to provide that the Chief Information Officer of the Information Technology Department may require as a condition of contracting with the department that any individuals employed by the contractor or subcontractor to perform the work under the contract submit to a criminal history record check.

In response to a question from Senator Robinson regarding information technology plans, Mr. Wolfe said the Information Technology Department reviews information technology plans to ensure the plans are in compliance with the department's policies, standards, and guidelines. He said the department does not approve or disapprove of the activities included in the plan.

Chairman Robinson requested the Legislative Council staff revise the bill drafts to incorporate the suggestions of the Information Technology Department.

Representative Skarphol requested the Legislative Council staff prepare a memorandum comparing the current language with the recommended changes of the Information Technology Department.

OTHER INFORMATION

Mr. Russell R. Timmreck, Director, Division of State Radio, Department of Emergency Services, provided information regarding the status of the migration of the State Radio communications system from analog to digital, including information on state- and political subdivision-owned radio towers. A copy of the information is on file in the Legislative Council office. He said the Department of Emergency Services has signed a contract with Motorola for approximately $7.1 million for the conversion of the state-owned radio towers from analog to digital. He said the project is scheduled for completion in October 2006; however, the project may be delayed due to an issue regarding combiners. He said local stakeholders are migrating from analog to digital using homeland security funding.

In response to a question from Representative Kempenich, Mr. Timmreck said the Department of Emergency Services will work with local stakeholders to determine the proper time to complete the conversion to digital.

In response to a question from Representative Skarphol, Mr. Timmreck said the Department of Emergency Services is working with Motorola on the issue regarding combiners.

Mr. Terry Traynor, Assistant Director, North Dakota Association of Counties, provided information regarding wireless 911 services. A copy of the information is on file in the Legislative Council office. He said emergency services communication is a complex and multifaceted system of telephones, computers, and radios that connects the citizens of North Dakota to law enforcement, fire departments, and emergency medical responders through 23 public safety answering points in North Dakota and one in South Dakota. He said E-911 refers to the policies, procedures, training, and technologies that allow immediate connection to the appropriate public safety answering points and the dispatch of the most appropriate and available emergency service. He said the implementation and integration of the components has been partially funded through a 911 fee levied on phone service in the state. He said the following is a summary of statewide 911 system revenues and expenditures:

Annual operating costs of public safety answering points	$10.6 million
Annual wireless implementation – Statewide contract	1.5 million
Additional local costs – Contract counties	.6 million
Total	$12.7 million
Annual total of landline 911 revenue	$3.6 million
Annual total of wireless 911 revenue	3.1 million
Property tax revenue and other sources	6.0 million
Total	$12.7 million

Mr. Traynor said in regard to political subdivision-owned radio towers, a survey has indicated political subdivisions collectively own over 170 antenna towers and rent space on at least 35 towers owned by others. He said many political subdivision-owned radio antennas are located on water towers, public buildings, and other similar structures that are not included in the count of 170.

DEPARTMENT OF PUBLIC INSTRUCTION – TETRADATA SYSTEM

Dr. Gary Gronberg, Assistant Superintendent, Department of Public Instruction, provided information regarding the department's plan for continuation of the TetraData system. A copy of the information is on file in the Legislative Council office. He said as a result of the motion passed by the Information Technology Committee at its October 10, 2005, meeting and the discussions of the Minot, Bismarck, Grand Forks, and Fargo School Districts in assessing their data warehouse needs, the Department of Public Instruction has decided to discontinue any further implementation of the statewide data warehouse and to terminate its contract with the TetraData Corporation effective December 31, 2005. He said the department notified all public school districts regarding the status and closure of the project and

interim services that would be extended to interested districts on October 28, 2005.

Dr. Gronberg said the Department of Public Instruction has participated in the discussions with the four school districts that are assessing their data warehouse needs. He said it is the department's observation that the school districts have yet to clearly define a uniform purpose and scope for their warehouse design and have not advanced a statewide data warehouse goal. He said the current statewide data warehouse has been funded entirely with federal Elementary and Secondary Education Act Title VI funds, which are restricted for statewide assessment, accountability, and data analysis efforts. He said the department could not fund any individual school district warehouse projects. He said the state will inevitably face the need to establish a statewide data warehouse again in the future.

In response to a question from Representative Skarphol, Dr. Gronberg said the Department of Public Instruction has spent approximately $2.4 million on the TetraData system. He said approximately $1.6 million of remaining federal Elementary and Secondary Education Act Title VI funds will be used for other statewide assessment, accountability, and data analysis efforts.

In response to a question from Senator Robinson, Dr. Gronberg said each school district has different data warehouse needs.

In response to a question from Representative Skarphol, Dr. Gronberg said the federal Elementary and Secondary Education Act Title VI funds are restricted for statewide assessment, accountability, and data analysis efforts; therefore, the federal funds are not available for individual school district warehouse projects.

In response to a question from Representative Monson, Dr. Gronberg said the Department of Public Instruction had data for all school districts loaded into the TetraData system; therefore, school districts would compare their data with data from other school districts.

Mr. Pullen presented information regarding kindergarten through grade 12 data warehousing needs. A copy of the information is on file in the Legislative Council office. He said a group of interested stakeholders met in October 2005 to discuss kindergarten through grade 12 data warehousing issues. He said it was determined that large school districts with multiple elementary buildings and multiple classrooms per grade level have the highest need for data warehouses to collect student data throughout the year and then be able to analyze that data for reporting on student outcomes and to make changes in instructional activities to better meet the learning needs of all students. He said small school districts have little or no need for data warehouses. He said the Minot, Bismarck, Grand Forks, and Fargo School Districts have asked the Educational Technology Council to take the lead on the districts' request for proposal process that would result in the identification of a single product that could be purchased on a group basis.

Ms. Debby Marshall, Superintendent, Towner, Granville, and Upham School District, provided information regarding a small school district's view on testing, data analysis, and the data warehousing of student information. A copy of the information is on file in the Legislative Council office. She said a data warehousing system would be beneficial if the software was user-friendly, flexible in usage, and had the ability to provide reports with accurate and reliable information to all schools and the Department of Public Instruction. She said the software must be flexible for use by all while retaining the rigidity necessary for reliability. She said importing clean data into the warehouse is essential and adequate training should be provided to the responsible parties.

Ms. Lisa Feldner, Technology Services Coordinator, Bismarck School District, commented regarding the data warehousing of student information. She said the Bismarck School District was unable to make the TetraData system work for their needs. She said the system was not user-friendly and the data was not clean or timely. She said the school district believes that a data warehouse is necessary.

In response to a question from Senator Robinson, Dr. Gronberg said the Department of Public Instruction has allocated the approximately $1.6 million of remaining federal Elementary and Secondary Education Act Title VI funds to other statewide assessment, accountability, and data analysis efforts, including enhancements to the department's online reporting system.

LARGE INFORMATION TECHNOLOGY PROJECTS

Mr. Mark A. Molesworth, Information Technology Department, provided information regarding the department's quarterly summary status report on large information technology projects. A copy of the information is on file in the Legislative Council office. He said for the period ending September 30, 2005, the following seven projects were reported in the planning stage:

- Job Service North Dakota – Project Herakles (unemployment insurance system modernization project).
- Department of Human Services – Medicaid management information system rewrite project Phase II.
- Information Technology Department – Mainframe migration.
- Information Technology Department – Customer services help desk toolset.
- Legislative Assembly – Application replacement study.
- Information Technology Department – Criminal Justice Information Sharing Initiative state's attorney module.

- Highway Patrol – Records management reporting system.

Mr. Molesworth said three projects moved into the executive phase--Tax Department integrated tax system, Information Technology Department second data center, and Department of Corrections and Rehabilitation offender management system. He said the following six projects were reported complete:

Agency	Project	Budget	Schedule
Information Technology Department	Network traffic analysis system project (Compuware)	Within acceptable variance	Within acceptable variance
Workforce Safety and Insurance	Enterprise application development and training	Within acceptable variance	Within acceptable variance
North Dakota University System	On-line Dakota Information Network (ODIN) library system	Under budget	Within acceptable variance
	Housing management system	Under budget	Within acceptable variance
	Facilities management system	Within acceptable variance	Within acceptable variance
	Parking management system	Under budget	Within acceptable variance

Mr. Molesworth said the following three projects reported budget or schedule variances--Department of Corrections and Rehabilitation offender management system, State Department of Health women, infants, and children, and Retirement and Investment Office Teachers' Fund for Retirement pension system replacement.

In response to a question from Senator Christmann, Mr. Molesworth said the Information Technology Department will contact the Department of Public Instruction regarding planned enhancements to the Department of Public Instruction's online reporting system.

Department of Corrections and Rehabilitation – Offender Management System Upgrade

Mr. Dave Krabbenhoft, Director of Fiscal Affairs, Department of Corrections and Rehabilitation, provided a project startup report regarding the department's offender management system upgrade. A copy of the information is on file in the Legislative Council office. He said the department's offender management system provides for all aspects of offender management at all the department's incarceration facilities in the state, including contract facilities. He said the project will replace obsolete system hardware and software and migrate existing production data to the updated system hardware and software. He said the project's estimated cost is $411,650 and the project is estimated to be completed by March 31, 2006.

In response to a question from Representative Skarphol, Mr. Krabbenhoft said the offender management system upgrade project was ranked number 6 in the prioritization completed by the State Information Technology Advisory Committee for the 2005-07 biennium.

Information Technology Department – Criminal Justice Information Sharing Initiative – State's Attorney Records Management System

Mr. Mark Hawks, Director, Criminal Justice Information Sharing, Information Technology Department, provided a project startup report regarding the criminal justice information sharing state's attorney records management system. A copy of the information is on file in the Legislative Council office. He said the purpose of the state's attorney records management system is to deploy a statewide case management system to support and automate state's attorney operations. He said the system will be available for all state's attorneys and will interface with the criminal justice information sharing hub portal allowing synchronization of data with other agencies such as law enforcement and courts. He said the project's estimated cost is $500,000 and the project is estimated to be completed by August 2006.

Workforce Safety and Insurance – Enterprise Application Development and Training

Mr. Tim Schenfisch, Director of Technology, Workforce Safety and Insurance, provided a project closeout report regarding the agency's enterprise application development and training project. A copy of the information is on file in the Legislative Council office. He said the agency purchased and implemented a suite of Compuware products for enterprise application development. He said the project was completed on July 15, 2005, one week later than scheduled and the project was over budget with actual expenditures totaling $538,195 compared to the budget of $508,885. He said the project was over budget because the agency purchased additional mentoring time from the vendor.

Job Service North Dakota – Unemployment Insurance Internet Applications

Ms. Heather Raschke, Job Service North Dakota, provided a project closeout report regarding the agency's unemployment insurance Internet applications. A copy of the information is on file in the Legislative Council office. She said the purpose of the project was for the agency to enhance its business processes and customer services by developing self-service applications for unemployment insurance claimant and employer customers. She said the agency established an unemployment insurance employer account application--UI EASY--that enables employers to file quarterly tax and wage reports and make tax payments online. She said the agency also

established an unemployment insurance Internet claims entry application--UI ICE--that provides claimants the ability to file for unemployment insurance benefits, complete weekly eligibility certifications, and change demographic data online. She said the UI EASY component was implemented one and one-half months after the original scheduled completion date and the UI ICE component was implemented four months after the original scheduled completion date. She said the project was under budget with actual expenditures totaling $969,526 compared to the budget of $1,065,881.

COMMITTEE DISCUSSION AND STAFF DIRECTIVES

Representative Skarphol requested the Information Technology Department provide the committee with information regarding the proper amount of time required for preplanning and postimplementation review of information technology projects with a budget of approximately $250,000 and approximately $57 million.

In regard to the Department of Public Instruction TetraData system, **it was moved by Representative Skarphol and seconded by Representative Monson that the Information Technology Committee, pursuant to NDCC Section 54-35-15.4, request the State Auditor conduct an information technology compliance review of the Department of Public Instruction TetraData system, including review of the participation of students, school districts, and the department in selection of the vendor, utilization of the system, and allowable use of the remaining federal funds intended for the project**.

Senator Wardner suggested the committee continue to look forward in regard to a statewide data warehouse project instead of reviewing the past activities.

Representative Monson said he hopes the Educational Technology Council will forward suggestions regarding kindergarten through grade 12 data warehousing needs to the committee.

Senator Robinson said it is important to determine the best use of the remaining federal funds intended for the TetraData project.

Senator Christmann said he believes it is important to review the past activities relating to the TetraData project because it appears as though the Department of Public Instruction has a different agenda than the school districts.

In response to a question from Senator Wardner, Mr. Don LaFleur, State Auditor's office, said the State Auditor's office could provide information regarding the legality of spending the remaining federal funds intended for the TetraData project by the committee's next meeting; however, a more detailed compliance review would require additional time.

As a substitute motion, **it was moved by Representative Skarphol, seconded by Representative Monson, and carried on a roll call vote that the Information Technology Committee, pursuant to NDCC Section 54-35-15.4, request the State Auditor conduct an abbreviated information technology compliance review of the Department of Public Instruction TetraData system, including review of lessons learned and allowable use of the remaining funding**. Senators Robinson, Christmann, Schobinger, Seymour, and Wardner and Representatives Kempenich, Monson, Skarphol, and Weisz voted "aye." No negative votes were cast.

In response to a question from Senator Christmann, the legislative budget analyst and auditor said NDCC Section 54-59-23 provides that an executive, legislative, or judicial branch agency, except for institutions under the control of the State Board of Higher Education, are to report to the State Information Technology Advisory Committee regarding the plan for and status of any information technology project that is estimated to cost more than $250,000.

Representative Weisz said in regard to the Medicaid management information system rewrite project, the Department of Human Services needs to replace the current system.

Representative Monson said he understands the need for the new system but he is bothered by the fact the Department of Human Services only received one bidder for the project.

Senator Christmann suggested the Department of Human Services proceed with contract negotiations and then present information to the Information Technology Committee and the Budget Section regarding the need for additional funding for the project.

Senator Schobinger said he believes the approval of additional funding for the project should be addressed by the entire Legislative Assembly.

It was moved by Representative Weisz, seconded by Senator Wardner, and carried on a roll call vote that the Information Technology Committee supports the request of the Information Technology Department, pursuant to NDCC Section 54-59-05, to borrow up to $2 million to be used as state match by the Department of Human Services to access federal funds to proceed with contract negotiations for the Medicaid management information system project as proposed, subject to review by the Attorney General's office. Senators Robinson, Seymour, and Wardner and Representatives Kempenich, Monson, and Weisz voted "aye." Senators Christmann and Schobinger and Representative Skarphol voted "nay."

Chairman Robinson said the committee's next meeting is tentatively scheduled for Monday, March 13, 2006.

Chairman Robinson thanked Mr. Wolfe for his leadership, dedication, commitment, and vision for information technology in North Dakota and wished him well in his retirement.

The meeting was adjourned subject to the call of the chair at 4:21 p.m.

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Roxanne Woeste
Senior Fiscal Analyst

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Jim W. Smith
Legislative Budget Analyst and Auditor

ATTACH:1