

NORTH DAKOTA LEGISLATIVE MANAGEMENT

Minutes of the

INFORMATION TECHNOLOGY COMMITTEE

October 6, 1997

Harvest Room, State Capitol
Bismarck, North Dakota

Senator Larry J. Robinson, Chairman, called the meeting to order at 1:05 p.m.

Members present: Senators Larry J. Robinson, Carolyn Nelson, Ken Solberg, Rod St. Aubyn; Representatives Tony Clark, Eliot Glassheim, Ken Svedjan, Rich Wardner, Robin Weisz

Member absent: Senator Karen K. Krebsbach

Others present: See Appendix A

Chairman Robinson welcomed Senator St. Aubyn to the committee and announced the appointment of Representative Glassheim as vice chairman.

INFORMATION TECHNOLOGY RESPONSIBILITIES UNDER HOUSE BILL NO. 1034

Information Services Division Organizational Structure

At the request of Chairman Robinson, Mr. Jim Heck, Director, Information Services Division, Office of Management and Budget, provided information to the committee concerning the division and the progress of state agencies in developing information technology strategic plans. Mr. Heck distributed an outline of his presentation, organizational charts of the Information Services Division, a copy of the information technology planning web page of the Information Services Division, a list of agencies that have contacted the Information Services Division with respect to assistance and guidelines for developing information technology strategic plans, a list of 16 state boards and commissions, and a model information technology plan developed for the Secretary of State. A copy of these materials is on file in the Legislative Council office. A copy of the outline and organizational charts is attached as Appendix B.

During review of the organizational charts, Mr. Heck introduced Mr. Mike J. Ressler, assistant director of the division. Mr. Heck said he has assumed responsibility for information technology policy and planning, and Mr. Ressler is responsible for the day-to-day operations of the division. He also introduced Ms. Nancy Walz, Senior Business Analyst, and Mr. Dennis Klipfel, Business Analyst, Information Services Division, who are working with information technology policy and planning.

INFORMATION TECHNOLOGY PLAN GUIDELINES

Mr. Heck said the guidelines reviewed with the committee on July 2, 1997, have been finalized and are available from the division's web site. He said letters describing the requirements for information technology planning were sent to state agency heads and information on information technology planning has been sent to the information technology coordinators for all agencies. He referred to the list of state boards and commissions (nine commodity entities, seven occupational licensing entities, and three other state-level entities) and questioned whether the intent of House Bill No. 1034 is to require such entities to perform comprehensive information technology planning. He said these entities probably have one or two personal computers and that is the extent of their information technology.

It was moved by Senator Solberg and seconded by Representative Glassheim that the state boards and commissions listed by Mr. Heck be allowed to delay submission of their information technology plans beyond the January 15, 1998, deadline. During discussion of the motion, it was determined that continuing appropriations could not be used as the determining factor for excluding such state entities because many state agencies have continuing appropriations, and special funds could not be the determining factor because many agencies are supported by special funds. Senator Solberg noted that there are a number of agricultural commodity groups and occupational licensing boards not on the list provided by Mr. Heck. Mr. Heck said the list of state boards and commissions was received from the Office of Management and Budget as part of a list of those entities that receive general mailings addressed to heads of state agencies. Senator Robinson said there should be an effort to standardize the list to include all such agencies so that they are treated equally. Senator St. Aubyn said the law is clear and the Information Services Division has the responsibility to apply the requirements to state agencies. Senator Solberg, with the consent of his second, withdrew his motion.

It was moved by Senator Nelson that the committee request the Legislative Council chairman to ask the Attorney General for an opinion as to the definition of executive branch state agency for purposes of information technology planning under

House Bill No. 1034. Chairman Robinson declared the motion failed for lack of a second.

Mr. John D. Olsrud, Director of the Legislative Council, said North Dakota Century Code (NDCC) Section 54-44.2-10, as amended by House Bill No. 1034, requires each executive branch state agency to prepare an information technology strategic plan. He said Section 15 of House Bill No. 1034 is a statement of legislative intent of the 55th Legislative Assembly that state agency information technology strategic plans "should" include various items. He said one way to recognize limited information technology requirements of some agencies would be to allow their plans to include limited information rather than all the items identified in the statement of legislative intent. However, he said, this could result in questions as to full compliance with legislative intent statements.

It was moved by Senator Solberg, seconded by Senator St. Aubyn, and carried on a roll call vote that the Legislative Council staff be requested to work with the Information Services Division in determining a standard for reduced information technology planning for state boards and commissions with limited information technology resources and requirements. Senators Robinson, Nelson, Solberg, and St. Aubyn and Representatives Glassheim, Svedjan, Wardner, and Weisz voted "aye." No negative votes were cast.

MODEL INFORMATION TECHNOLOGY STRATEGIC PLAN

Chairman Robinson called on Ms. Walz who described the process used for developing a model information technology strategic plan for state agencies. A copy of her slide presentation is attached as Appendix C. She said the Secretary of State's office was chosen because most information was available from previous planning efforts; the office is a relatively small, uncomplicated agency; and the office has diverse technology with interagency data sharing. She reviewed the requirements for an information technology plan--an executive summary, project descriptions and budgets, system descriptions and budgets, and inventory schedules.

Ms. Walz said as a result of developing the model plan it was discovered that accounting and billing systems do not support the required cost accounting, previous information technology planning efforts are important, and it is not easy to separate information technology from core business operations.

In response to a question from Senator St. Aubyn, Ms. Walz said site licenses for software would be included in contract schedules rather than inventory schedules.

Senator Solberg said the benefit portion of the cost-benefit analysis was very general and did not refer to dollar amounts and inquired whether most cost-benefit analyses will be identified in dollar amounts for costs and for benefits. Ms. Walz said that will vary from agency to agency.

ISSUES AND CONCERNS REGARDING INFORMATION TECHNOLOGY PLANNING REQUIREMENTS

Mr. Heck said several issues and concerns have arisen as a result of developing the model plan:

1. Technology planning and agency budgeting timeframes do not match.
2. Tying the information technology plan to the budget is difficult because an agency's salaries and wages line item includes salaries for information technology planning without separating those salaries for that function.
3. Defining a system requires allocating costs to individual systems and tracking those costs.
4. Requiring an inventory of software may raise questions of whether the benefits outweigh the burdens of compiling the inventory.
5. Reporting of actual project costs is difficult.
6. Projecting future costs is extremely difficult.
7. Contingency and inflation factors are usually hidden in cost projections.
8. Flowthrough funds and grant awards are not reported.
9. Duplicate reports will result from agencies that provide information technology services, e.g., the Information Services Division.
10. Unforeseen data requests are not included.
11. The format of the forms may require changing.

In response to a question from Representative Wardner, Mr. Heck said it may be better to coordinate information technology planning deadlines so that they match budgetary deadlines.

Senator St. Aubyn questioned the value of requiring an inventory of software. It was noted that NDCC Section 54-44.2-10, as amended by House Bill No. 1034, requires "a detailed list of information technology assets" of an agency, and Section 15 of the bill provides that the strategic plan "should" include an "information technology inventory, including the cost of the inventory." He requested the Legislative Council staff to review the legislative history of House Bill No. 1034 to determine whether software was discussed as being included within the list of assets or the inventory.

STATUS OF MAJOR PROJECTS

Mr. Heck reported on the status of major projects of state agencies--the RESPOND system of the Department of Human Services, the motor vehicle licensing system of the Department of Transportation, manufacturing control software used by Roughrider Industries, the replacement of personal computers under the complete child welfare information and payment system (CCWIPS) of the Department of Human Services, and the year 2000 project. A description of the status of these projects is attached as Appendix D.

SECRETARY OF STATE

At the request of Chairman Robinson, Mr. Al Jaeger, Secretary of State, described the progress of the Secretary of State's office in developing its information technology strategic plan. Mr. Jaeger said the office is very dependent on technology due to the types of duties of the office. He said the office maintains between 275,000 and 325,000 different files. He said Ms. Walz's involvement with the office during development of the model information technology plan helped the Information Services Division and the Secretary of State's office because insight was gained into the operations of the office and the needs in developing guidelines for information technology planning.

Mr. Jaeger said issues in reviewing information technology plans include the fact that a very small part of the Secretary of State's budget is equipment. If a rationale for reviewing information technology plans is to control acquisition of equipment, he said, that will be difficult because much of the cost of information technology is for consultants, contract services, and fees and charges of the Information Services Division. He said the timeframes for information technology planning and budgetary planning are of concern because of the requirement to estimate two bienniums into the future before January of the current biennium. He said he hopes that the statewide information technology plan will result in coordinated communications with counties and reduction in any duplication of effort.

In response to a question from Senator Robinson, Mr. Jaeger said he is not so sure of the value of an information technology plan developed a year before the Legislative Assembly meets, and he is not so sure about the accuracy of dollar amounts estimated two bienniums into the future. He said he sees value in doing this planning, but he questions whether the information and the format required by House Bill No. 1034 will be as useful as expected.

GAME AND FISH DEPARTMENT

At the request of Chairman Robinson, Mr. Paul Schadewald, Chief of Administrative Services, Game and Fish Department, described the progress of the department in developing its information technology strategic plan. Mr. Schadewald said department personnel have met with personnel from the Information Services Division and the personnel are working on an overall narrative and the inventory lists. He said a draft should be ready by December 15 and the department should have its plan completed by the January 15 deadline.

Mr. Schadewald said five areas have been identified within the department--networks, through modem connections to local offices; administrative functions, including training; licensing functions, including lotteries; accounting and cost tracking; and miscellaneous.

In response to a question from Senator Solberg, Mr. Schadewald said about three people in the department will be taking the equivalent of one full-time position for a month to develop the information technology strategic plan. He said the majority of the work is organizing the structure of the plan.

Job Service North Dakota

At the request of Chairman Robinson, Mr. Wayne Kindem, Manager of Administrative Support Area, Job Service North Dakota, described the progress of Job Service in developing its information technology strategic plan. A copy of his presentation is attached as Appendix E. Mr. Kindem said the information technology environment of Job Service consists of a centralized mainframe computer system connected to 29 service delivery points throughout the state (over 500 work stations). He said the system consists of over 2,000 computer programs and handles from 50,000 to 80,000 transactions per day.

Mr. Kindem said Job Service started reviewing its information technology requirements in the early 1990s for the purpose of reengineering programs developed in the early 1970s so as to modernize the systems as much as possible. He said Job Service contracted with Wolfe and Associates in September 1996 to develop a strategic business plan, which was seen as necessary before developing an information technology strategic plan, and to develop the information technology strategic plan. He said the business plan was completed in July 1997 and the information technology plan is being developed with an initial completion date of October 30, and a delayed completion date of November 30 for including additional information required by House Bill No. 1034. He said any problems with the requirements of House Bill No. 1034 appear to be the definitions of the terms, e.g., system and project, but that is to be expected of new major requirements.

In response to a question from Representative Glassheim, Mr. Kindem said the additional requirements imposed on information technology strategic planning under House Bill No. 1034 have resulted in an additional 200 consultant hours at a cost of approximately \$20,000, plus reimbursable costs, and two people have been working on these requirements for six weeks and will continue to work on those requirements through November.

In response to a question from Senator Solberg, Mr. Kindem said when the additional requirements are completed and the information technology strategic plan is finalized, the additional requirements of House Bill No. 1034 will be helpful.

Department of Human Services

At the request of Chairman Robinson, Mr. Mike Schwindt, Chief Financial Officer, Department of Human Services, described the progress of the department in developing its information technology strategic plan. A copy of Mr. Schwindt's prepared statement is attached as Appendix F. Mr. Schwindt

said the department issued a request for proposals to develop the information technology strategic plan and received two proposals, ranging from \$238,106 to \$387,792. He said the department decided to proceed internally with this project and appointed two employees to manage the project--Ms. Pam Pulst, Customer Tech Support Specialist, and Ms. Deb McDermott, Economic Assistance Liaison Accountant.

In response to a question from Representative Svedjan, Mr. Schwindt said they have not estimated the staff time required for doing this project internally rather than contracting with outside consultants.

North Dakota University System

At the request of Chairman Robinson, Ms. Laura Glatt, North Dakota University System, described the progress of the University System in developing its information technology strategic plan. Ms. Glatt distributed a prepared statement, which included a list of prioritized projects of the Higher Education Computer Network. This information is on file in the Legislative Council office. A copy of her oral presentation is attached as Appendix G.

Ms. Glatt said the strategic plan for the Higher Education Computer Network was adopted in the spring of 1996 after extensive interviews with faculty, staff, and students across the system. She described the background of developing the plan and the hundreds of hours of staff time to gather and compile the information. She said House Bill No. 1034 requires the University System to start over and use a different approach. She said the current timeline of three months is not adequate. She said the new focus is on budgetary items and specific applications rather than goals of the system and how they can be accomplished through the use of technology. She said it will be difficult for higher education to fit the standard reporting format developed under House Bill No. 1034. She said the detail required for the plan will require several hundred hours of staff time and estimated the cost between \$75,000 and \$125,000. She said the format requires budget projections for the 1999 and 2001 bienniums which are difficult because the budget projections are required to be submitted before the Board of Higher Education begins its budget discussions.

In response to a question from Senator Solberg, Ms. Glatt said she is supportive of technology planning but a plan should not be merely a detailed budget document. She said the plan must include goals and strategies, and what will be developed for the January 15 deadline is a budget document rather than a strategic planning document.

Mr. Larry Isaak, Chancellor, North Dakota University System, said the focus of any planning should be on where we are going and less on how we are going to get there.

Representative Svedjan said the testimony presented to the committee is that at least two good-sized agencies had started information technology strategic planning before the passage of House Bill

No. 1034. He inquired whether the Higher Education Computer Network plan was an internal planning document, but will become more valuable as an outside document because of the requirement of House Bill No. 1034 that the higher education system look at interrelationships with other entities. Ms. Glatt said the consultant that developed the plan did not limit consultations to faculty, staff, and students but also contacted the Information Services Division and representatives of elementary and secondary education.

LEGISLATIVE COUNCIL STAFF UPDATE

The chairman called on the director of the Legislative Council for an update on plans to hire staff to carry out responsibilities under 1997 House Bill No. 1034. The director said at the last meeting he reported that the staff was working through Job Service to fill at least one position on the Legislative Council staff. He said the result of that endeavor was that the only applications received were from within the system and, although he did not wish to discount the possibility of hiring someone from within the system, the staff was attempting to reach a wider audience to obtain a pool of applicants from which to choose. He said the staff was seeking outside help to get applicants from a nationwide pool and, even though no precise timeframe is possible, he hoped the process would be completed around the first of the year.

FUTURE MEETINGS

Mr. Heck suggested that at the next committee meeting, the Information Services Division could provide information on the treatment of site licenses, a draft of statewide policies, a draft of a format for a statewide plan, a report on the coordination efforts with political subdivisions, and a report on the coordination efforts with the University System.

Senator St. Aubyn suggested that after the January 15, 1998, deadline has passed, the committee request agencies to express their concerns, if any, with the requirements of House Bill No. 1034. Senator Robinson agreed but noted that agencies have expressed concerns to the committee, e.g., the different timeframes for information technology planning and budget planning.

Representative Svedjan inquired whether there is any flexibility to allow agencies to use their prior information technology strategic planning efforts so they would not incur the additional expense estimated for complying with the requirements of House Bill No. 1034. The director said the deadlines imposed by the law are definite, and certain requirements of House Bill No. 1034 are definite, but the requirements of the legislative intent statement may provide more flexibility. He said the legislative intent statement applies for this biennium. He said a concern over the use of legislative intent statements is the question of whether those statements have the force of law and

their impact when their shortcomings are discovered. He said an agency that does not comply with the legislative intent statements may be subjected to criticism, regardless of the reason for noncompliance. He said Section 15 of House Bill No. 1034 is temporary law and will not be published as permanent law in the North Dakota Century Code. He said if the committee wishes to provide statutory guidelines for future bienniums, these guidelines could be included in recommendations to the next Legislative Assembly.

Senator Solberg requested the Legislative Council staff send a copy of the State Auditor's performance audit report of state purchasing practices with respect to information technology projects to each member of the committee who is not a member of the Legislative Audit and Fiscal Review Committee.

No further business appearing, Chairman Robinson adjourned the meeting at 4:40 p.m.

Jay E. Buringrud
Assistant Director

John D. Olsrud
Director