NORTH DAKOTA LEGISLATIVE COUNCIL

Minutes of the

INFORMATION TECHNOLOGY COMMITTEE

Friday, July 14, 2000
Roughrider 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, Rod St. Aubyn; Representatives Mary Ekstrom, Doug Lemieux, Blair Thoreson, Robin Weisz; Chief Information Officer Curtis L. Wolfe

Member absent: Senator Ken Solberg

Others present: See attached appendix

It was moved by Senator St. Aubyn, seconded by Representative Ekstrom, and carried on a voice vote that the minutes of the April 14, 2000, meeting be approved as distributed.

VEHICLE REGISTRATION AND TITLE SYSTEM PROJECT UPDATE

Chairman Robinson called on Mr. Tom Freier, Director, Department of Transportation, for an update regarding the vehicle registration and title system project. Mr. Freier said the project is moving ahead well and should be implemented in the central office as scheduled in October. He said he appreciates the cooperation shown by the Information Technology Department and this committee in assisting in getting the project to this point.

Mr. Keith Kiser, Director, Motor Vehicle Division, Department of Transportation, submitted written testimony, a copy of which is on file in the Legislative Council office. He said progress on the computer system rewrite continues to be on schedule and the department has received the final software release for the project. He said the department is testing all aspects of the release and identifying corrections that need to be made. He said there does not appear to be any problem that will delay the implementation of the project in the central office on October 14. Although the contract with UNISYS provided for two days of training for employees at 12 of the motor vehicle branch offices, he said, the department has decided to use the available training provided under the contract to implement the new system in the six largest offices. He said the complexity of the application will require more than two days of training at each site. Thus, four days of training will be provided at the six largest branch offices, he said, and the other seven offices will be trained by Motor Vehicle Division staff. He said rollout in the seven offices not receiving

the initial training will occur next spring or early summer.

Mr. Kiser said because the six largest offices generate about 80 percent of all customer transactions that originate in a branch office, delaying the implementation in the smaller offices should not adversely impact service to their customers. He said new personal computers and printers will be installed at all sites in October, including Beulah and Ellendale, which currently have no computer access.

Mr. Kiser said a second reason for delaying implementation in the smaller offices is the possibility that management of those offices may change because the director of the department, with the approval of the Governor, is responsible for appointing motor vehicle branch offices. He said training provided to employees in the smaller sites could be wasted if the contracts with those sites are canceled or not renewed after the election.

INFORMATION TECHNOLOGY COUNCIL OF NORTH DAKOTA

Chairman Robinson called on Mr. Brian Wolf, Information Technology Council of North Dakota, for comments regarding the mission of the council. Mr. Wolf submitted written documents related to the membership and mission of the council, copies of which are on file in the Legislative Council office. He said we are deep into the information age where knowledge processing is power and every area of our economy is at least influenced, if not controlled, by electronic data processing. He said electronic businesses require identifying and implementing electronic processing technologies to maximize organizational efficiency and effectiveness. He said an e-business strategy is not independent, but to be effective must consider other strategic planning initiatives within an organization. He said the objective of e-commerce is to lower transactional costs, increase efficiency, increase market reach, and increase convenience for the customer.

Mr. Wolf said it is important to create technology opportunities for children to provide an incentive to stay in North Dakota. He said children must not only survive in a digital economy, they must thrive in the digital economy. He said strengths of the state include a good work ethic and a world class work

force, good technology facilities, and interest and support at the state and federal legislative levels. However, he said, the rural nature of the state will continue to be a problem area. He said it takes economics and planning to justify onramps to the information super highway. In addition, he said, there has been little coordination between initiatives, and there has been difficulty in attracting and retaining qualified technology staff.

Mr. Wolf said the Information Technology Council of North Dakota was formed as a result of a meeting in February 1999, which was hosted by Senator Kent Conrad and which related to the importance of information technology to the future of North Dakota. He said a steering committee was formed to evaluate the state of the state considering information technology. He said the council is an institutionalized organization based on a public/private partnership. He said additional information regarding the mission and philosophy of the council is available at the council's web site.

Mr. Wolf said the statewide network will provide opportunities for additional development in the state. He said the Information Technology Council is working to improve opportunities in the state. He said there are new technologies available for transport such as increased fiber capacity, wireless technology, and satellite technology. He said threats to further development in the state include the perception of the state by the world as a virtual buffalo commons. In addition, he said, there are concerns with respect to outward migration of young people, the high cost involved to upgrade last mile facilities, the failure to keep contemporary with skills sets, regulatory uncertainty, and the possibility that the speed of the digital economy may outpace our ability to catch it.

In response to a question from Senator St. Aubyn, Mr. Wolf said the council is not duplicating the efforts and mission of the statewide Wide Area Network Advisory Committee. He said the council is not a governmental entity but is an inclusive organization. He said the Chief Information Officer is a bridge between the two groups.

In response to a question from Senator St. Aubyn, Mr. Curtis L. Wolfe, Chief Information Officer, said the Wide Area Network Advisory Committee has focused on the development of a statewide network. He said the Information Technology Council is private sector driven. Because the statewide Wide Area Network Advisory Committee has focused exclusively on the development of the statewide network, he said, the committee may not have been as effective as it could have been.

In response to a question from Senator St. Aubyn, Mr. Wolf said the council is funded by membership dues.

PROPOSED STATE RADIO PROJECT

Chairman Robinson called on Mr. Lyle Gallagher, Director, State Radio Communications, for comments regarding a proposed project to upgrade the state public safety communications system. He said the 1999 Legislative Assembly provided funding to develop a new statewide public safety communications plan, and State Radio contracted with a consultant to develop such a plan. He said the consultant developed three alternative strategies. The baseline strategy, he said, would use existing infrastructure. He said an evolutionary strategy would involve making conservative, low-impact modern improvements and continue with the VHF high-band. He said the estimated cost of the evolutionary strategy is $44 million. He said the revolutionary strategy would involve leading edge technologies and improvements and include a digital radio system at a cost of $62 million.

Mr. Gallagher said the consultant recommended a hybrid approach that incorporates the best features of each approach. Because the Federal Communications Commission has not issued a final decision regarding digital standards, he said, digital hardware is very expensive. However, he said, once a standard is determined, the cost should decrease. He said his approach would be to replace the 24-year-old State Radio system base stations initially. He said he is reluctant to invest in new infrastructure until the Federal Communications Commission makes decisions regarding digital standards. Another concern, he said, is that rural needs are significantly different from urban needs. He said there must be some development of a funding mechanism to fund the system.

In response to a question from Representative Ekstrom, Mr. Gallagher said he is not certain whether the larger cities and counties will want the state to own the infrastructure in the cities and counties. He said the state simply may need to give the cities and counties direction, and the cities and counties will fund the local infrastructure.

In response to a question from Senator St. Aubyn, Mr. Gallagher said there is no federal funding available to fund the proposed project.

CHIEF INFORMATION OFFICER'S REPORT

Chairman Robinson called on Chief Information Officer Wolfe for an update regarding activities undertaken by the Information Technology Department. Mr. Wolfe submitted a written summary of his presentation, a copy of which is on file in the Legislative Council office.

Statewide Wide Area Network Advisory Committee

Mr. Wolfe said it may be a good idea to review the composition and the statutory intent of the Wide Area Network Advisory Committee. He said he will work to clarify how to use the Wide Area Network Advisory Committee to achieve its goals without being

duplicative of the activities of the Information Technology Council of North Dakota.

Cooperative Efforts Involving the Information Technology Department

Mr. Wolfe said the Chief Information Officer is required by statute to provide reports to the committee regarding joint activities and cooperation with higher education and cities and counties. He said he worked closely with representatives from higher education in developing the request for proposals for the statewide network and in reviewing the proposals. He said representatives from the Information Technology Department and higher education also have worked closely in addressing proposals for student information systems, financial systems, and human resource systems. In addition, he said, he has had joint presentations with representatives of the higher education system and has worked to develop a broader role for higher education for the new video network.

Mr. Wolfe said he and representatives of the Information Technology Department also have worked closely with representatives of the North Dakota League of Cities and the North Dakota Association of Counties. Specifically, he said, representatives of his department and the Association of Counties have worked to expand the role of the Association of Counties for providing information technology support at the local level.

Ms. Connie Sprynczynatyk, North Dakota League of Cities, said representatives of the Information Technology Department participated in regional meetings held by the League of Cities and have been very cooperative. She said there has been significant interest from cities with respect to the rollout of the statewide network, and representatives of cities are exploring where they want to go and what the role of cities should be with respect to the network. She said the role of the League of Cities has been as an organizer to help focus efforts, make strategic investments, and move forward with information technology systems.

Mr. Terry Traynor, North Dakota Association of Counties, said a 1992 strategic planning process began the technology program for the North Dakota Association of Counties. He said the growth of the association's technology program has been due to cooperation with the Information Technology Department. He said the association shares several systems with the state. One example of that sharing arrangement, he said, is the human services system. He said the rollout of the new statewide network is an exciting development for counties. He said county programs and applications in place can provide better service and be a resource for state offices not located in Bismarck.

Mr. Traynor submitted a written document which illustrates shared systems or cooperation within automated systems between the state and counties. A copy of the document is on file in the Legislative Council office.

In response to a question from Representative Weisz, Mr. Traynor said limited resources for technology are a concern for small counties. However, he said, to continue to provide services, the counties must invest in automation and planning. He said there has been a cultural change over the last few years in that more counties and governmental entities are sharing services and reducing costs.

Mr. Grant Crawford, Chief Information Officer, North Dakota University System, Fargo, said higher education and the Information Technology Department cooperate to an extent that is not common in other states. He said the department and representatives of higher education serve together on various committees set up by each entity and have cooperated in the development of the new statewide network. In addition, he said, higher education and the department have been working together on other activities such as development of applications to process credit card transactions.

Miscellaneous Issues

Mr. Wolfe said the Governor has appointed a network implementation and utilization task force in response to the request made by this committee at its last meeting. He said the task force includes leaders from economic development, community services, education, cities and counties, and state agencies. He said the objectives of the task force are to address telecommunications infrastructure implementation and support, public policy issues, information technology work force development and training needs, and economic development initiatives. He said the task force has met two times and has made good progress. He said the task force has examined the following subjects:

- Grant identification and development;
- Infrastructure rollout;
- Teacher education;
- Video support;
- Elementary and secondary education support;
- City and county support;
- Work force development; and
- Economic development.

Mr. Wolfe said the Educational Telecommunications Council has a strong role to play with respect to using funding for purchasing of video equipment by schools through a grant process. He said the Information Technology Council of North Dakota is developing a statement of public policy that this committee may want to further discuss in the future. An initiative that should be examined, he said, is to establish standing Legislative Information Technology Committees to address information technology issues during legislative sessions. He said another area that may require further study is the implementation of an innovation fund to provide funding for new initiatives during interims. He said Montana has such a fund,

and a fund in North Dakota could be administered by the Emergency Commission or the Budget Section. He said funds used by agencies would be considered a loan to the agencies during the interim. Because it is impractical to fund large projects on a biennium basis, he said, the state should examine the feasibility of bonding for large information technology initiatives.

STATEWIDE NETWORK CONTRACT

Chairman Robinson called on Mr. Jerry Fossum, Information Technology Department, for comments regarding the wide area network contract. Mr. Fossum submitted a written summary of his presentation, a copy of which is on file in the Legislative Council office. He said three evaluation teams reviewed the responses to the request for proposals for the statewide network. He said one team was from the department, a second team was from higher education, and the third team was from elementary and secondary education. He said all three teams agreed on the first choices for the various components. He said there were 12 responders to the four components of the requests for proposal.

Mr. Fossum said Sprint was determined to be the best bidder with respect to the Internet access component with a price of $13,900 for 45 megabit service. He said that price is approximately 50 percent lower than current prices. He said the recommendation of the teams was an intent to award be issued to Sprint for Internet access.

Mr. Fossum said Norstan was ranked first with respect to video bridging with a price of $429,868. However, he said, a review of the bids revealed the bidders did not fully understand the requirements of the request. Therefore, he said, the requirements will be clarified for the various vendors.

In response to a question from Senator St. Aubyn, Mr. Fossum said the video bridging will not be rebid; the department will just clarify what it is seeking. Therefore, he said, an intent to award will be held pending further investigation and definition of the requirements. He said the evaluation teams have recommended that a contract for MPEG2 video equipment be negotiated with General Datacom to provide higher-quality video. He said it appears to be a good solution for telemedicine, and 13 schools are already committed while two more are asking for waivers.

Mr. Fossum said with respect to customer premises equipment, the evaluation teams are recommending an intent to award be issued to Corporate Technologies for wide area network and local area network and IP telephony equipment. In addition, he said, it is recommended an intent to award for video premises equipment be held for further investigation and definition of requirements. He said Corporate Technologies offered a 36 percent price discount on Cisco hardware and software, a 29 percent discount on Cisco Smartnet maintenance, a 35 percent discount on most Nortel equipment, and a 34 percent discount on Paradyne and other Nortel equipment.

Mr. Fossum said with respect to the transport component, the evaluation teams recommended that an intent to award be issued to Dakota Carrier Network for network transport and access. He said the decision to award to Dakota Carrier Network was due to three compelling reasons--its network design, local jobs, and lower cost. He said the backbone of the network will consist of eight ATMs and 31 additional ATM switches. He said the Dakota Carrier Network operations center is located in Bismarck while the U S West operations center is located in Minneapolis, and it was not revealed where the operations center would have been located if AT&T had received the bid. He said Dakota Carrier Network's proposed prices are significantly lower than U S West and AT&T.

In response to a question from Senator St. Aubyn, Mr. Fossum said the Information Technology Department has begun contract negotiations with Dakota Carrier Network and has developed a very aggressive implementation schedule. He said specific implementation dates will be included in the contract with penalty clauses for failure to meet the required deadlines.

Mr. Wolfe submitted information relating to the cost of implementation of the new network for the 1999-2001 and 2001-03 bienniums, a copy of which is on file in the Legislative Council office. He said there ultimately will be 552 physical connections to the network, 218 of which should be implemented by the end of this year. He said the goal is to have 64 communities connected by December 1. He said the 39 ATM devices will allow Dakota Carrier Network to give postalized rates and provide private businesses with DSL service. Although funds were not specifically appropriated by the Legislative Assembly for implementation of the network, he said, funds will be found in existing agency budgets to provide approximately $3 million for equipment and circuit costs for this biennium.

Mr. Wolfe said the 2001-03 biennium network budget is estimated to be $16,800,119. He said $6 million of that budget is for elementary and secondary education video and local area network equipment.

In response to a question from Senator St. Aubyn, Mr. Wolfe said the $6 million included in the budget for elementary and secondary education are turnback funds. He said the remainder of the proposed budget would be new dollars.

GEOGRAPHIC INFORMATION SYSTEMS

Chairman Robinson called on Mr. Vern Welder, Information Technology Department, for a presentation regarding geographic information systems. Mr. Welder submitted written testimony, a copy of which is on file in the Legislative Council office. He said geographic information systems have been in use by state agencies for several years. He said the Governor established a Geographic Information

System Technical Committee to organize geographic information systems activities that various agencies were performing. In 1998, he said, the committee requested the Information Services Division to fund a study of geographic information systems activities and to prepare a plan for the future of geographic information systems in the state. He said the Information Technology Department was approached again by the committee in January 2000 to request that a study be funded. As a result, he said, the Information Technology Department contracted with the Convergent Group to conduct a study and prepare a geographic information systems plan. He said the major finding of the study was that geographic information systems data in the state is difficult to share because it is not stored in a centralized repository and that the Information Technology Department should host a centralized geographic information systems data hub to allow coordination of geographic information systems data and make it easier for government agencies to share geographic information systems data.

Adjutant General Keith Bjerke submitted a written summary of the Devils Lake geographic information systems risk assessment. He said geographic information systems were employed to track potential damages due to rises in elevation of the lake. He said the Devils Lake risk assessment will be placed on the Internet at a site managed and maintained by the state. Because there is a need to manage and update data at a central location, he said, a data base hub at the Information Technology Department would improve efforts. He said uniformity among state agencies will ultimately reduce costs, and implementation costs will likely be offset by later cost-avoidance.

Mr. Ronald Sando, independent consultant, submitted written testimony, a copy of which is on file in the Legislative Council office. He said he is a water resource consultant representing the Burleigh, Oliver, Morton, McLean, and Mercer Counties joint board and the North Dakota Water Education Foundation. He said the board established the Missouri River coordinated resource management program in 1998 to address the natural, cultural, recreational, agricultural, and economic resources of the Missouri River in the state in a coordinated, comprehensive, and cooperative manner. As a part of that program, he said, a technical working group consisting of 12 federal and state agencies was organized to develop an agreement on what data is needed to make informed decisions on the Missouri River and its resources. He said a report, which was completed in April 1999, identified ongoing assessments, completed assessments, and needed assessments. He said there was a united consensus that geographic information systems are needed to properly manage the river corridor, provide a quantitative framework for resource information, and provide a baseline from which future river channel modification efforts effects can be measured.

Mr. Sando said when several state agencies were contacted in early 1999 to determine how a geographic information system could be set up, it was determined that the state was far behind in this technology area. He said the Geological Survey did not have the staff to support a geographic information systems effort and the Information Services Division was not actively involved in geographic information systems work. He said there were also questions regarding who would store the data and how the data would be made accessible to the public.

Mr. Sando said free access to geographic information systems data through the state will be vital to economic development. He said it is important the state effort assure the data will overlay with other digitized data. Because the state is behind in this effort, he said, it is important necessary funding and leadership be provided to address this issue. He said a geographic information systems data base will be extremely important in managing North Dakota's natural resources.

Mr. Duane Bentz, Department of Transportation, submitted written testimony, a copy of which is on file in the Legislative Council office. He said the Department of Transportation hired a consultant in 1993 to conduct a geographic information systems feasibility and prioritization plan. As a result, he said, the department has made good progress and has a functioning geographic information system within existing budgets. He said the major funding for the development work came from the Federal Highway Administration through the state planning and research program, which provides 80 percent federal funding with a 20 percent state match. He said the state has benefited significantly in several areas through the use of geographic information systems. He said the department has digitized 53 county highway maps to use in planning and project development programs and to sell to public and private agencies. He said geographic information systems help provide improved customer service and help public and private agencies in planning. Because the department is using geographic information systems as a tool in the Devils Lake Basin, he said, the department is able to plan for road improvements and apply for federal funding in connection with the flood emergency. He said geographic information systems are used to determine where road centerline elevations need to be raised to keep the road open. In addition, he said, graphic depiction of the roads in the basin and the lake elevations have helped pursuade Congress and federal agencies to provide much-needed funding.

Mr. Bentz said the Department of Transportation is changing its focus by placing an increasingly greater emphasis on operations and management. He said the department's 1997 strategic business plan sets as one of the goals for the department to become an empowered organization with a greater emphasis on planning rather than the past emphasis on building

and maintaining roads. He said to accomplish that goal, agency managers at every level need accurate, consistent, and timely data about road networks. He said through using computer networks and geographic information systems software, the department is able to enhance management decisions and provide better information and service to highway users in the state.

Mr. Randy Schwartz, Department of Economic Development and Finance, said job growth has slowed in the state in the last three or four years as population has decreased. He said geographic information systems can be used to develop the state as a product to sell the state's work force and telecommunications systems. He said marketing a project is important, and through the use of geographic information systems, marketing materials can be provided on the Internet. Because information is often needed by developers in a short time, he said, the department needs the ability to provide information over the Internet.

Mr. Leroy Jacobs, Department of Economic Development and Finance, said the department must be able to provide information to developers in a format that the developers can use. He said the department provides to site selectors several spreadsheets that provide over 1,200 separate data elements. Because information delivered on paper is no longer successful and is costlier to deliver, he said, it is vital that the state be able to provide data through the Internet. He said the Internet is now the first stop for developers in looking for information. In addition, he said, the Internet is available 24 hours a day, seven days a week, and can address a larger audience. Because the department does not have the ability to create electronically a professional and accurate presentation, he said, the state is losing the opportunity to attract developers. In addition, he said, it is important that the state show technology savvy to sell the state. He said geographic information systems are a key to doing just that.

Mr. Chris Bader, State Water Commission, submitted written testimony, a copy of which is on file in the Legislative Council office. He said as part of the 2001-03 strategic planning process, the State Water Commission identified geographic information systems as a major enhancement to the technology infrastructure required to address water resource management issues. He said the State Water Commission has implemented geographic information systems in a limited manner over the past decade because of the lack of data required for a water resource management focus and the costs associated with implementing the systems. However, he said, the increasing demands associated with managing the state's water resources coupled with changes in technology and data availability require the implementation of more comprehensive geographic information systems capabilities. He said the State Water Commission has estimated that costs associated with

the proposed geographic information systems infrastructure will exceed $1 million over the next three bienniums. However, he said, a significant percentage of the costs associated with the expansion could be avoided if the Information Technology Department were to provide the necessary infrastructure and services.

Mr. Bader said the geographic information systems plan developed by the Convergent Group is far too aggressive and relies too heavily upon consulting services to be applied effectively in the state. He said the Convergent Group did not provide realistic projections of the savings that could be realized through a common data hub, and the potential for cost-savings is considerably higher than those presented by the Convergent Group. He said the development and management of a data hub will require the integration of diverse disciplines including geographic information systems, data base management, web programming, application development, and resource management. He said given the level of complexity associated with the development and deployment of the data hub, and the relationship between the data hub and the other data maintenance operations on which the data hub will depend, the implementation strategy outlined by the Convergent Group is not realistic. He said a more conservative implementation strategy should extend the implementation from 24 months to 72 months to provide the necessary time to address the complex issues such as development of in-house expertise and data resources.

Mr. Bader said it is important for the state to develop a statewide geographic information systems infrastructure that incorporates many of the features and functionality envisioned by the Convergent Group. However, he said, it is important for the state to pursue an approach that is effective and manageable. He said the state must take a long-term view and develop infrastructure that appropriately addresses statewide needs.

Mr. Wolfe said the 2001-03 Information Technology Department budget request will include funds for a geographic information systems data hub. He said there will be a centralized one-time cost of $950,000, but there should also be a reduction in agency budget requests. However, he said, there must be a determination made on how to fund services such as storage and the necessary additional employees needed to maintain the hub.

In response to a question from Senator St. Aubyn, Mr. Wolfe said the Information Technology Department has a technical advisory committee that will work on developing common geographic information systems standards.

Representative Ekstrom said the geographic information systems hub will be a valuable tool through which to provide specific information suited to each individual user.

JOB SERVICE
NORTH DAKOTA PROJECT

Chairman Robinson called on Ms. Cheri Giesen, Job Service North Dakota, for comments regarding the NDWORKS project. A copy of Ms. Giesen's presentation is on file in the Legislative Council office. Ms. Giesen said Job Service North Dakota has found a one-stop solution that best meets the needs of Job Service and is capable of supporting self-service to Job Service customers. She said the system will provide Internet capabilities for jobseekers and employers and support all the new reporting requirements of the agency. She said the project will assist case management staff by providing the capability to plan for and track a customer's services based on needs, not eligibility.

Ms. Giesen said after reviewing presentations from six vendors, Job Service North Dakota selected Utah's system which met 74 percent of Job Service's requirements. She said the same system is being implemented in Alabama, South Dakota, and Washington. She said the consortium of states using this system provides a benefit of sharing resources to make enhancements in the system.

Ms. Giesen said the software in the system will include an Oracle data base, Oracle application development tools, Oracle application server, and Oracle report generator. She said the Information Technology Department will host the data base server and the application server. As a result, she said, Job Service North Dakota will be able to share with other entities limited resources and an alternative method to finance the project was provided.

Ms. Giesen said Job Service North Dakota will be defining modifications and enhancements to the system from July through September of this year. She said testing of the system should occur during April and May of 2001. She said the tentative implementation date for the system is July 2001. She said the total budget for the project is $1.8 million, which includes $134,058 for staff costs, $929,450 for contract services, $660,000 for Information Technology Department hosting costs, $43,000 for software, and $35,750 in other costs.

E-RATE STUDY

Chairman Robinson called on Mr. Bob Pope, Nexus Innovations, Inc., Bismarck, for comments regarding the e-rate study done on behalf of the Legislative Council. Mr. Pope submitted a written summary of his presentation, a copy of which is on file in the Legislative Council office. He said the federal e-rate went into effect in 1998, and approximately $2.25 billion a year is available under the program. He said the e-rate program consists of three components--telecommunication services (30 percent), Internet access (7 percent), and internal connections (63 percent). He said the internal connections component is not guaranteed and is based on funding

availability. He said the state must capitalize on receiving the maximum e-rate reimbursement. He said funds are dedicated for elementary and secondary schools and libraries and eligibility is based on economic need and location. He said the funding is allocated according to the free and reduced meals program, and 31 percent of the funding is allocated for rural areas. He said Fargo, Grand Forks, and Bismarck are the only areas in the state considered to be urban.

Mr. Pope said in fiscal year 1999-2000, North Dakota will receive approximately $2.4 million in e-rate reimbursement while South Dakota will receive $2.8 million and Wyoming $1.2 million. He said seven of the 89 North Dakota libraries received e-rate reimbursement this fiscal year. He said the average reimbursement was $2,217. He said 159 schools or consortiums received funding commitments for a total of $2,155,571, which is an average of $13,557 per entity. He said the largest award went to the Minot public schools in the amount of $352,704.

Mr. Pope said it is vital that the state technology plan be approved and that the state file the appropriate forms at the appropriate time. He said both South Dakota and Wyoming lost funding because of mistakes in the process. He said there is an important distinction between whether things are purchased as a service or equipment with respect to receiving e-rate reimbursement. Thus, it is vital the state determine the most advantageous manner for structuring its contract with vendors. He said it is also important to designate responsibility for managing the e-rate process for schools and libraries and to coordinate activities with the State Library Board. Another important consideration, he said, is to update the state education agency technology plan.

In response to a question from Senator Robinson, Mr. Wolfe said he is looking at the best way to structure the contract with Dakota Carrier Network. He said if Dakota Carrier Network buys the routers, the state may get maximum federal reimbursement. He said it is important there be further study regarding responsibility for managing the e-rate process and other funding issues with respect to the state network. He said further analysis is needed to define the roles of the state and elementary and secondary education. He said it should be determined who will pay for the basic connection, recurring costs, and upgrades. In addition, he said, other considerations that should be studied involve purchasing of video equipment and grants for schools.

In response to a question from Senator St. Aubyn, Mr. Wolfe said in his discussions with school officials regarding allocation of costs related to the statewide network, it appears school officials are comfortable with the idea that the state pay for the basic connection and recurring costs and schools pay for any upgrades to their systems. He said it appears there would be limited opposition to such a plan; however, further study would be needed to verify that assertion.

He said he would recommend that Nexus Innovations, Inc. (formerly Inteliant), be requested to perform additional research regarding these issues.

It was moved by Senator St. Aubyn, seconded by Representative Ekstrom, and carried on a roll call vote that the Legislative Council chairman be requested to proceed with contract negotiations to continue the e-rate study and examine various funding issues related to the implementation and operation of the statewide network. Senators Robinson and St. Aubyn and Representatives Ekstrom, Lemieux, Thoreson, and Weisz voted "aye." No negative votes were cast.

INFORMATION TECHNOLOGY PURCHASING

Chairman Robinson called on Mr. Mike Ressler, Information Technology Department, for comments regarding purchasing initiatives implemented by the Information Technology Department. Mr. Ressler said the department entered an agreement with Oracle Corporation through which state agencies will be receiving a discount because of the volume of licenses purchased by the state. He said agencies have been buying their own Oracle licenses and were not receiving the volume discount. Because of the volume purchased, he said, the state will be receiving a 50 percent discount from Oracle and one year of support. He said the annual cost for maintenance will be approximately $207,000, which will be financed through a lease agreement. He said Job Service North Dakota will use over 50 percent of the 11,000 power units contracted under the contract with Oracle.

Mr. Ressler said the Western States Contracting Alliance, which was formed in 1993, is an interstate cooperative purchasing agreement through which states can make cost-effective and efficient acquisitions of quality products. He said the Attorney General has indicated the state has no authority to enter the alliance. Therefore, he said, the Information Technology Department will propose legislation to allow the state to enter the alliance. He said the department will also work with higher education to enter a long-distance telephone contract. He said the Midwestern Higher Education Commission consists of higher education institutions in 10 states and is a source through which the North Dakota University System may be able to obtain lower long-distance rates.

In response to a question from Senator St. Aubyn, Mr. Wolfe said the funding for Job Service North Dakota's share of the Oracle licenses will come from federal funds.

Mr. Ressler said the Information Technology Department will now host the Job Service North Dakota Oracle applications which could result in approximately $50,000 a month being paid to the Information Technology Department. He said the relationship with Job Service should be a good partnership for application development.

LARGE PROJECT REPORTING AND INFORMATION TECHNOLOGY PLANNING

At the request of Chairman Robinson, committee counsel reviewed a bill draft that would exclude from the cost-benefit analysis requirement academic and research projects undertaken by institutions of higher education.

In response to a question from Senator St. Aubyn, Mr. Crawford said the term "academic" is generally considered to relate to projects that are nonadministrative functions.

Senator St. Aubyn requested the Legislative Council staff to work with Mr. Crawford to revise the bill draft to include a definition of "academic."

Chairman Robinson called on Ms. Nancy Walz, Information Technology Department, for an update on large projects being undertaken by state agencies. Ms. Walz submitted a written summary of her presentation, a copy of which is on file in the Legislative Council office. She said there are 14 large projects included on this report. Of those 14 projects, she said, two projects are new to the report. She said she still has some concerns with the tight schedule of the Department of Transportation vehicle registration and title system project.

Ms. Walz said state agencies were surveyed regarding the information technology planning process. She said the feedback received from agencies covers only the data collection process, and evaluation of the budget submission and reporting process will be done at the end of the cycle. Generally, she said, agencies reported that the planning process was better and easier than the previous planning process. She said agencies indicated the on-line submittal system helped make the process more efficient. In addition, she said, agencies indicated support from the Information Technology Department has been helpful, and the planning process generates communication within the agency. On the other hand, she said, some of the feedback indicated the planning process was too formal and did not fit agency processes. She said agencies also indicated the due date for submission of plans should be closer to the budget submission date. She said there was some indication that agencies do not see the value in the planning process and too much focus has been placed on technology planning rather than business planning.

Ms. Walz said as a result of the feedback received from agencies, the Information Technology Department makes the following recommendations:

1. Do not make drastic changes in the process.
2. Focus technology planning resources on plan development rather than review.
3. Evaluate the value of information collected and minimize requirements.
4. Promote business planning prior to technology planning.

5. Move the due date of the plans from January 15 to March 15.

In response to a question from Senator St. Aubyn, Ms. Walz said agencies would probably go toward a more formal planning process if the process were not mandated.

In response to a question from Representative Ekstrom, Ms. Walz said the Information Technology Department is trying to streamline the process and to tie it less to the budget process. She said the department encourages continuous planning.

Ms. Walz said the format of the statewide information technology plan will include two documents--the statewide information technology plan and the agency information technology plan summaries. She said the agency information technology plan summaries address goals, objectives, and accomplishments and provide information relating to activities and estimated costs for three bienniums as well as the budget for the 2001-03 biennium.

Ms. Walz distributed an agency summary draft report example and various examples of reports relating to the summary of activities, level comparison, activities summary, and request and recommendations summary comparison, copies of which are on file in the Legislative Council office. Although information technology plans are not realistic if budget information is not considered, and budgets should be based on good planning, she said, information technology costs are less than five percent of the state budget, and the level of detail implies a level of accuracy that does not exist. In addition, she said, providing that level of detail is very time-consuming.

MISCELLANEOUS DISCUSSION

Chairman Robinson said he has been exploring the possibility of holding the next meeting of the committee in a location outside Bismarck. He said a meeting in September in Fargo may be a good option for the committee.

Mr. Wolfe said he would like to report to the committee regarding other Information Technology Department initiatives and review the consolidated budget at a future meeting.

Senator St. Aubyn requested the Legislative Council staff to prepare a bill draft to change the information technology plan deadline from January 15 to March 15. Mr. Wolfe said although moving the deadline will leave the Information Technology Department less time to prepare the state plan, the change would make sense for state agencies.

Senator St. Aubyn said although preparation of an information technology plan is a significant undertaking by agencies, information technology costs are growing parts of agency budgets. Therefore, he said, it will be interesting to see during the next legislative session how valuable the planning process has been. He said another area that may require further consideration is the composition of the statewide Wide Area Network Advisory Committee. He said he would like to see more coordination between the advisory committee and the Information Technology Council of North Dakota.

Mr. Wolfe said it may be a good idea to look at restructuring the Wide Area Network Advisory Committee. He said the Information Technology Council of North Dakota probably should be represented on the advisory committee.

There being no further business, Chairman Robinson adjourned the meeting at 3:00 p.m.

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John D. Bjornson
Committee Counsel

ATTACH:1