NORTH DAKOTA LEGISLATIVE COUNCIL

Minutes of the

INFORMATION TECHNOLOGY COMMITTEE

Friday, September 29, 2000
Millennium Room, Skills and Technology Training Center
1305 19th Avenue North
Fargo, North Dakota

Senator Larry J. Robinson, Chairman, called the meeting to order at 9:00 a.m.

Members present: Senators Larry J. Robinson, Ken Solberg; Representatives Mary Ekstrom, Blair Thoreson; Chief Information Officer Curtis L. Wolfe

Members absent: Senator Rich Wardner; Representatives Doug Lemieux, Robin Weisz

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

LARGE PROJECT REPORT

Chairman Robinson called on Ms. Nancy Walz, Information Technology Department, to present a report regarding large information technology projects. Ms. Walz submitted a written report, a copy of which is on file in the Legislative Council office. She said the Bank of North Dakota e-commerce project has been broken into three phases. She said Phase 1 was completed on April 7, 2000, and was over budget by $44,986 due to training expenses being moved from Phase 2 into Phase 1. She said Phase 2 began on June 19, 2000, and the project plan and scope have been revised to reflect additional features and configuration changes. She said the schedule has not changed in Phase 2, and the phase should be complete by December 20, 2000. She said student loan functions are scheduled to go live on November 20, 2000. Phase 3, she said, will begin on December 4, 2000.

Ms. Walz said the Department of Transportation vehicle registration and title system project is scheduled to go live in the central office on October 14. She said activation in the six major branch offices will begin on November 6. She said system training began on September 25, and setup and training of the remaining seven branches will be completed by July 2001.

Ms. Walz said the Higher Education Computer Network (HECN) project completion has been delayed until November 30. She said financial performance indicators will be completed by the original September 30 deadline, but delays are caused by the learning curve and issues related to cleaning the data.

Ms. Walz said the Department of Human Services child support project has been broken into phases but should be completed as scheduled. She said a number of new federal regulatory changes must be implemented this biennium. She said the Medicaid enhancement (TANF) project completion date has been updated to reflect the end of the project including testing and deployment. She said Phase 1 is essentially complete.

Ms. Walz said the Emergency Commission recently approved funding for a new project to be undertaken by the Department of Public Instruction. She said the child nutrition project will be supported entirely by federal funds made available by the United States Department of Agriculture. She said a request for proposals was issued and a contractor was selected as the vendor for the project. She said the project is a comprehensive, web-enabled system that provides relevant real-time information to local and department users for several federal school nutrition programs.

DEPARTMENT OF TRANSPORTATION PROJECTS

Chairman Robinson called on Mr. Tom Freier, Department of Transportation, for comments regarding Department of Transportation information technology projects. Mr. Freier said the department has put together a list of projects and selected a few for further consideration. He said the department will be requesting appropriations to fund the projects during the next biennium.

In response to a question from Senator Solberg, Mr. Freier said the vehicle and registration and titling system project is following the proposed schedule. He said the project will go live on October 14 and the six outlying sites will go live on November 14.

Mr. Curtis L. Wolfe, Chief Information Officer, said the date change on the major project report reflects some deferral of training until after January. He said it would not make sense to train employees in the contract offices until after the gubernatorial election because some site contracts may not be renewed by the new Governor.

Senator Solberg said everyone has been waiting for this project for three years, and the completion

deadlines keep being extended. He said almost all costs have been paid on the project, yet the project is still a year away from completion. He said such delays are unacceptable, and this committee was formed to address and stop things such as this.

Mr. Wolfe said the deadlines have not changed since the previous report, and the Department of Transportation is still receiving penalty payments from Unisys for the delay.

Mr. Freier said Unisys will have completed most of its work by the October 14 and November 14 go live dates. Although Unisys was behind schedule earlier, he said, they have delivered as promised since the new schedule was implemented in conjunction with the Information Technology Department. He said he is confident that the project will be on-line on the projected dates.

Mr. Keith Magnusson, Department of Transportation, submitted a written summary of six projects being undertaken or proposed to be undertaken by the department. A copy of the summary is on file in the Legislative Council office. He said new hardware is being installed at all sites, and data is being converted from the original system.

Mr. Magnusson said the department is planning e-commerce applications for the 2001-03 biennium. He said the applications will be funded by base operations if enough money is available and if the department uses the Information Technology Department for development. He said the applications may include motor vehicle renewal payments; driver record abstract requests; motor carrier credentials, weigh increases, and supplements; crash reports; and duplicate licenses. Under this system, he said, the public would be able to obtain services via the Internet.

Mr. Magnusson said the driver's license examination system is becoming increasingly difficult to maintain because the equipment is old. He said the department plans to replace the system with a system that will cost approximately $470,000.

Mr. Magnusson said a proposed electronic document management system and forms automation system will allow files, created internally and externally, to be electronically stored, indexed, and retrieved. He said the system will enhance searching capabilities, provide easier retrieval of documents, greater security, and increased efficiency. He said forms automation is a component of e-commerce that will be necessary to make the Internet on-line renewal process possible. He said the proposed project is scheduled to be implemented between the years 2001 and 2005.

In response to a question from Senator Robinson, Mr. Magnusson said the e-commerce project is estimated to cost $200,000. He said the electronic document management system project is estimated to cost $100,000 during this biennium, $650,000 during the next biennium, and $825,000 in the 2003-05 biennium. He said the costs of the project depend upon how much work can be done in house.

In response to a question from Representative Ekstrom, Mr. Magnusson said the new projects will provide safeguards to ensure security and privacy. He said the department is looking at what other states are doing, but he believes the department has security as good as any other state's department of transportation.

In response to a question from Representative Ekstrom, Mr. Wolfe said the Information Technology Department has worked with the Attorney General's office to develop detailed guidelines for information technology contracts.

Mr. Grant Levi, Department of Transportation, said federal highway aid will allow the department to move forward with needed highway projects. Because state departments of transportation across the country are also receiving more money for projects, he said, there is increased competition for civil engineers and electronic engineer technicians. He said the department and its consulting engineer partners are finding it difficult to attract and retain engineers and engineer technicians. He said the replacement of the computer automated records system will help streamline the operations of the department and enable it to become more efficient and effective. He said the software for the system is also used by the department's partners (cities, counties, and consulting firms) to administer highway projects. Therefore, he said, it is the intent of the department to replace the software for all partners that use the system.

Mr. Levi said computer automated drafting and design workstations and software are needed to support the increase in construction projects driven by the federal highway aid that is available. In addition, he said, a number of design tools are required to enhance the design process, improve design quality, and help engineers design projects quickly and effectively.

STATEWIDE NETWORK EDUCATION FUNDING STUDY

Chairman Robinson called on Mr. Bob Pope, NEXUS Innovations, for a report relating to implementation of the statewide network for elementary and secondary education. He said he will provide a final report to the committee regarding his study at the committee's next meeting. He said the report will provide data, analysis, and recommendations regarding funding of network and video services for elementary and secondary education and recommendations regarding organization structure for elementary and secondary education network operations. He said the process will consist of data collection, regional meetings, and core team sessions. He said input has been and will be sought from the North Dakota Association of Small Organized Schools, the North Dakota Association of Technology Leaders, the North Dakota Council of Education Leaders, and the North Dakota School Boards Association.

Mr. Pope said concerns that must be addressed with respect to the statewide network include funding, quality of service and support, the loss of local control for school districts, and whether the service from the statewide network will be cheaper than service currently being received. He said one value of the statewide network is that dual credit courses can be taught over the network.

In response to a question from Senator Robinson, Mr. Pope said in discussions with school officials and in a survey of school officials, concern was expressed from the school officials regarding whether a T-1 line is the total amount of service available. He said many concerns of school officials have been addressed through information provided by the Information Technology Department. He said the survey indicated that most small schools do not have T-1 service and a majority of schools are likely paying significantly more than the price that has been established through the bid process.

Chairman Robinson called on Mr. Darin King, North Dakota Association of Technology Leaders, for comments regarding network services for schools. Mr. King said the association was established in June of this year. He said it is a grassroots movement of elementary and secondary educators across the state and is very diverse. He said the group consists of full-time technology professionals and teachers who function as technology coordinators in their schools. He said the association has formed a legislative committee and plans to develop recommendations regarding the statewide network. Although school technology leaders are excited about the potential for the statewide network, he said, there is also apprehension regarding funding, network support, and network leadership. In addition, he said, there are questions regarding how the system will work.

Mr. King said interactive video is critical for North Dakota schools. He said general classroom teachers who have high-speed Internet access can transform how students are taught. In addition, he said, the network can assist in performing a significant amount of administrative activities. He said the system will provide needed services to small rural schools. However, he said, it is important that teachers are trained in how to use the network.

In response to a question from Senator Solberg, Mr. King said the association has approximately 100 members. He said the association is attempting to recruit other members throughout the state.

In response to a question from Senator Solberg, Mr. Pope said the consortium in the Oakes area has been working well with the Information Technology Department. Mr. Wolfe said because the Information Technology Department has not awarded a contract regarding the video portion of the statewide network, the experience of the Oakes consortium will provide important information for the department.

In response to a question from Representative Thoreson, Mr. King said the network will be an important tool in keeping teachers in the state. He said it will improve the ability of a teacher to teach in different ways. However, he said, the challenge at the local level is to build internal infrastructure to use what the state is going to provide to the schools.

Chairman Robinson said he welcomes the enthusiasm of Mr. King and would like to continue sharing information with the association.

INFORMATION TECHNOLOGY DEPARTMENT STRUCTURE AND RESPONSIBILITIES

Chairman Robinson called on Mr. Wolfe for a presentation regarding proposed changes to North Dakota Century Code (NDCC) Chapter 54-59. Mr. Wolfe submitted a written summary of his presentation, a copy of which is on file in the Legislative Council office. Committee counsel distributed a copy of a bill draft prepared by the Legislative Council staff which implements the suggestions discussed by Mr. Wolfe.

Mr. Wolfe said the proposed change to NDCC Section 54-59-05 reflects the current practice and said financing of information technology projects is necessary for large acquisitions where the revenue stream occurs over a number of years. He said the proposed change to Section 54-59-06 removes specifics from the business plan requirements while allowing for changes in strategies and focus over time.

Mr. Wolfe said the proposed changes to NDCC Section 54-59-07 reconstitute the advisory committee to expand the focus beyond the statewide area network and shift the role of the committee from oversight to planning and policy. He said the committee would advise the department with respect to statewide information technology planning concerning electronic government services, technology infrastructure to support economic development and work force training, and any other statewide information technology initiatives and policy. He said the committee would consist of the Chief Information Officer, the chairman of the Educational Technology Council, the chief information officer of the University System, representatives from two state agencies, and nine at-large members. He said the nine at-large members would likely include the director of the Department of Economic Development and Finance, a representative of the Workforce Training Advisory Board, a representative of the Information Technology Council, two representatives of business and industry, a representative of public television, a representative of the Work Force Development Council, a representative of hospital telemedicine, and a representative of tribal colleges.

Mr. Wolfe said the proposed change to NDCC Section 54-59-11 would change the due date for submission of information technology plans by state agencies and departments to the Information Technology Department from January 15 to March 15. He said that change would move the plan completion

date closer to the budget submission date. He said that section would also be amended to eliminate the planning requirement for statewide area network users that are not state agencies.

Mr. Wolfe said the proposed changes to NDCC Section 54-59-16 would clarify that information gathered by the Information Technology Department for information technology planning purposes is an open record. He said the department should have the ability to release planning information without referring requests to the agency that submitted the information.

Committee counsel distributed a copy of a second draft of a bill draft that provides that the Information Technology Committee shall review the cost-benefit analysis of any major project of the State Board of Higher Education or any institution under the control of the board if the project significantly impacts the statewide area network or the statewide library system or is an administrative project.

Mr. Wolfe said the effect of the bill draft would be to exempt higher education projects that are academic and research projects. He said the change would reflect the current practice of focusing on the administrative and University System projects.

In response to a question from Senator Robinson, Mr. Wolfe said the proposed changes relating to the advisory committee do not focus on specific groups that would be part of the committee. However, he said, several groups will be represented because of the importance of input from those specific areas. He said he had no objection to including specific references to certain groups if it were the desire of the committee.

Senator Solberg said when the legislation was enacted during the 1999 legislative session, most people agreed there would have to be changes in the future. Although he does not see the need to include specific references to the various interest groups in the legislation, he said, he will not oppose adding the groups. He said he is more concerned with the budgetary items of implementing the new statewide network than including specific groups on the advisory committee.

It was moved by Senator Solberg, seconded by Representative Thoreson, and carried on a voice vote that the Legislative Council staff be requested to revise the bill draft relating to NDCC Chapter 54-59 to change the membership of the advisory committee to include the various groups suggested by the Chief Information Officer.

CHIEF INFORMATION OFFICER REPORT

Chairman Robinson called on Mr. Wolfe for a presentation regarding Phase 2 of the rollout of the statewide network. Mr. Wolfe submitted a written summary of his presentation, a copy of which is on file in the Legislative Council office. He said Phase 1 of the rollout is 49 percent complete and the Information Technology Department has a goal of the end of October to complete rollout of the network. He said

there have been some equipment delivery problems due to the high demand for chips. In addition, he said, there have been some problems with Qwest due to the lack of some facilities. He said there have been some modifications in certain places such as highway weigh stations where there is no need for an ATM T-1 connection. He said the Information Technology Department is working with the Dakota Carrier Network to deploy DSL service where T-1 service is not needed.

Mr. Wolfe said the Legislative Council's Regulatory Reform Review Commission is considering a bill draft that would establish a universal service fund to help provide at least a 128,000 baud connection to each home in the state.

Chairman Robinson requested the Legislative Council staff to invite the chairman of the Regulatory Reform Review Commission to attend the next meeting of this committee to discuss that bill draft.

Mr. Wolfe said the state's major information technology initiatives are (1) rollout of the broadband network; (2) implementation of e-government; (3) enterprise resource planning; and (4) implementation of a central repository for geographic information systems. He said rollout of the statewide network must include consideration of issues relating to support, training, and equipment.

Mr. Wolfe said implementation of e-government initiatives can be broken down into three phases. The first phase from now through 2002, he said, involves testing the waters and moving a relatively small amount of low-risk, clearly bound, constituent-focused services on-line. He said the second phase from 2002 to 2005 will integrate different bureaucratic departments. During the third phase beginning in 2005, he said, there will likely be legislative mandates to drive the organizational reinvention necessary to synchronize government processes and jurisdiction with their Internet front-ends.

Mr. Wolfe said enterprise resource planning will involve higher education, state government, elementary and secondary education, and political subdivisions. He said enterprise resource planning will address easy access and data warehouse issues.

Mr. Wolfe said the enterprise resource planning initiative will integrate student, financial, and human resource systems serving higher education, state government, and elementary and secondary education. He said the objective of the initiative is to work to enable the network rollout and to implement e-government to allow e-purchasing, employee access, citizen access, and agency operation to provide better financial information. In addition, he said, the initiative will allow higher education to compete better in the marketplace for students. With respect to elementary and secondary education, he said, the initiative will allow improved financial reporting and improved data management.

Mr. Wolfe said all systems related to this initiative are currently disparate. He said now is the time to

pursue an integrated solution. He said three vendors have expressed interest and a willingness to bid aggressively for the best combined price. He said North Dakota will be the only state to integrate all three systems and the software life is long term, approximately 20 years. Because the estimated cost of the project is approximately $25 million, he said, the cost of the project should be bonded.

Mr. Wolfe said the fourth major information technology initiative is establishment of a central repository for geographic information systems in state government. He said it is important that access be provided for all interested users.

Mr. Wolfe said the 2001-03 proposed budget for Phase 2 of the network rollout is $17,484,539. He said the budget is to build a telecommunications infrastructure and support for the network. The proposed budget contains the following proposed appropriations:

Center for Innovation in Instruction	$594,000
Educational Telecommunications Council	129,000
Elementary and secondary education equipment - Video and local area networks	6,000,000
Interactive Video Network - Statewide video support	2,739,194
SENDIT technology services	1,427,000
ExplorNet	590,300
North Dakota Association of Counties	248,000
Higher education (work force education)	1,856,280
CPE - Elementary and secondary education/libraries - One-time expenditure	3,340,000
Recurring costs	4,260,765
Total	$21,184,539
E-rate credit	$3,700,000
Total	$17,484,539

Mr. Wolfe said under the proposal, the state would cover the cost of basic T-1 connectivity and one-time and recurring costs of $4,260,765. He said the Dakota Carrier Network is buying the routers and including the cost in the circuit cost so that the e-rate reimbursement can be maximized. He said the department's relationship with the Dakota Carrier Network has been very good. He said the Dakota Carrier Network has done very well to address changes in the implementation of the statewide network.

Chairman Robinson called on Ms. Jody French, SENDIT Technology Services. Ms. French submitted written information, a copy of which is on file in the Legislative Council office. She said SENDIT serves as an Internet support center and delivers core information technology services, support, and training to elementary and secondary education users. She said SENDIT is housed on the North Dakota State University campus and is administered by the university's information technology services. She said SENDIT operates under a governing board of nine members representing four members from eastern North

Dakota schools, four members from western North Dakota schools, and the director of the Information Technology Services at North Dakota State University.

Ms. French said the proposed budget for SENDIT would be used to provide an information technology specialist for each of the eight regions of the state to be responsible for providing direct, customized support and training to schools in each region in the area of information technology and networking. In addition, she said, the proposed budget includes a network analyst, a clerical position, and a half-time networking specialist. She said the budget proposal includes funds for professional development, travel, communications, office supplies, and public relations. Also in the proposed budget, she said, is funding for major equipment including eight laptop computers, eight projectors, diagnostic tools, and a management server.

Chairman Robinson called on Mr. Dan Pullen, Center for Innovation in Instruction. Mr. Pullen submitted written information, a copy of which is on file in the Legislative Council office. He said the Center for Innovation in Instruction is a statewide instructional technology resource and training center founded in 1993. He said the center is housed on the campus of Valley City State University. The mission of the center, he said, is to improve teaching with technology.

Mr. Pullen said the center will accomplish its mission through conducting professional development and training, including a series of summer institutes for school administrators, technology coordinators, and teachers.

Chairman Robinson called on Mr. Jerry Bartholomay, Educational Telecommunications Council, for comments regarding the council and its activities. Mr. Bartholomay submitted a written summary of his presentation, a copy of which is on file in the Legislative Council office. He said the primary purpose of the Educational Telecommunications Council is to foster the development and use of technology for education in the state. He said members of the council are appointed by the Governor. Since 1990, he said, the council has distributed grants from state and federal sources to schools in the state to assist in the development of interactive television consortia and the utilization of computers and other technology in schools. He said the council will play a key leadership and funding role in implementing the new statewide network in schools.

In response to a question from Senator Solberg, Mr. Bartholomay said the council will act in a coordinating capacity with all the interested groups. He said it is important to bridge communication gaps that currently exist. However, he said, it will be essential to add a staff person to help focus on goals and assess the program. He said the new position could be included as a part of the budget of the Superintendent of Public Instruction. However, he said, there

may be a more appropriate location for the person. He said he is more concerned with the job description than the actual budget location of the position. He said a staff person can help the council focus on the technology grant process. In the past, he said, the council has focused on connectivity.

Ms. Rebecca Ternes, ExplorNet, submitted written information relating to ExplorNet and its activities, a copy of which is on file in the Legislative Council office. She said ExplorNet is a nonprofit corporation dedicated to improving technology in schools, particularly in rural and underserved areas. She said ExplorNet began in North Dakota after a $250,000 United States Department of Education grant was designated for a branch site in the state. The primary areas of focus, she said, are preparing students and adults to become information technology workers and developing new curricula to meet the needs of information technology companies.

Ms. Ternes said ExplorNet began the computer recycling program in six North Dakota school districts in 1999. She said the program trains students to become computer technicians, leverages school district technology funds and equipment purchases and technology assistance, improves local economic development opportunities through workforce development in information technology fields, and creates a path for lifelong learning in information technology. She said the course is offered in 18 additional communities during the 2000 school year, and during the 2001 through 2003 school years, ExplorNet plans to expand the program to at least 100 additional schools.

Ms. Ternes said another program in development at ExplorNet includes a middle school reading course geared at improving the reading skills of students to prepare them for courses in technology. She said of the proposed budget for ExplorNet, over 70 percent of the state funds will go directly to schools in the form of supplies and scholarships. She said an additional $20,000 will be sent indirectly to schools in the form of *Trailblazer* magazine which assists instructors in using technology to teach everyday subjects and the latest news events.

In response to a question from Representative Ekstrom, Ms. Ternes said she has been concerned with the low number of females involved in the computer recycling program. However, she said, she has challenged instructors to work to get more girls involved in the program.

Mr. Grant Crawford, Chief Information Officer, State Board of Higher Education, submitted written information relating to higher education on-line initiatives, a copy of which is on file in the Legislative Council office. He said higher education's involvement in the statewide network will include on-line initiatives such as on-line courseware management and involvement with the Interactive Video Network.

In response to a question from Senator Robinson, Mr. Crawford said the added cost to schools to provide video can range from purchasing a camera for about $100 to installing a $5,000 video system. He said IP video does not require dedicated lines and allows more use of the lines, which is much more efficient. He said infrastructure is needed to broaden access to video to each high school in the state.

Mr. Crawford said the On-line Dakota Information Network (ODIN) provides support for centralized library computer services. He said ODIN manages the shared hardware and shared library management software used by more than 50 libraries across the state. He said ODIN also administers statewide licensing and access to numerous on-line resources.

Mr. Mark Johnson, North Dakota Association of Counties, submitted written information relating to county involvement with the statewide network and needs of local governments, a copy of which is on file in the Legislative Council office. He said the association works with state government in providing support for various systems. In addition, he said, the association acts as a liaison between counties and the state regarding technical issues. He said the association works with Job Service North Dakota to provide technical assistance in remote offices and provides the Workers Compensation Bureau with technical assistance in the Fargo region. He said the association also supports law enforcement facilities in Devils Lake as well as supporting various activities of city and county officials.

Mr. Johnson said the association will likely be involved in the future in providing statewide technical support services to county, city, and remote state users. He said the association can enable local government officials to use technology tools and applications to improve communication, provide support to local government for planning, operation, and maintenance of the data and video applications, and offer multiple levels of professional development and training to local government. He said the association can provide a centralized help desk for county and city users and educate and encourage local government officials in all areas of technology. He said the association plans to add staff in Devils Lake, Dickinson, and Minot to meet the needs in those areas. However, he said, the association will need assistance to help set up the support in the various areas of the state.

Mr. Wolfe said the Information Technology Department was given the directive to put together a group to provide support for the statewide network and effectively roll out the network. He said that group is in place, and he hopes that funds will remain in the Governor's budget to support the activities of the various entities that are needed to roll out and maintain the network.

Senator Solberg said it is essential the rollout of the network be on schedule because the members of this committee will have to be able to support the proposals before the next Legislative Assembly.

Mr. Wolfe said Phase 1 of the rollout will be up and running by the end of November, maybe even sooner. He said there is no indication that anything will make it impossible to meet the implementation dates. Because the Information Technology Department is still working on the video component, he said, that component will not be done until the next biennium.

ENTERPRISE RESOURCE PLANNING

Chairman Robinson called on Mr. Larry Isaak, State Board of Higher Education office, for comments regarding the proposed administrative software system replacement. Mr. Isaak submitted a written summary of his presentation, a copy of which is on file in the Legislative Council office. He said the current system has been developed over the last 25 years and is a mainframe system with over 6,000 programs supporting student information and financial systems. Because several entities have similar needs, he said, an integrated solution should be explored.

Ms. Laura Glatt, State Board of Higher Education office, said the need for a new administrative software system is more urgent now than ever. Although the current system has served the system well over the last 25 years, she said, the technology is not up to date. She said the top requirement of the new system is tight integration. She said the current system is highly focused on control while a new system would provide access and service where needed.

Chairman Robinson called on Mr. Lowell Wolff, Fargo Public Schools, for comments regarding enterprise resource planning. Mr. Wolff submitted a copy of the Fargo Public Schools strategic plan, a copy of which is on file in the Legislative Council office. He said the larger school districts in the state are running the same software, but after next year that software will not be supported. He said now is a good time to make a major change. He said a new system will provide opportunities for sharing feedback on curriculum. In addition, he said, the system can manage several forms of data, collect data relating to community service and student behavior, and collect information relating to effective presentation skills. He said an integrated system will greatly enhance the ability to manage and use the data collected.

INFORMATION TECHNOLOGY GRANT STRATEGIES

Chairman Robinson called on Ms. Walz for a presentation regarding grant strategies, criminal justice integration, and privacy and open records issues. Ms. Walz submitted a written summary of her presentation, a copy of which is on file in the Legislative Council office. She said the Information Technology Department has not actively pursued grants because it has not been a priority of the department in the past. She said priorities must be identified, plans must be in place, grant sources must be identified, and grants must be actively sought. She said there should be coordination and collaboration across agency boundaries. By obtaining grants, she said, general fund revenues can be supplemented or replaced.

In response to a question from Representative Thoreson, Ms. Walz said she is not sure how much general fund revenue can be replaced or supplemented through obtaining grants.

In response to a question from Representative Ekstrom, Ms. Walz said the Information Technology Department has no staff person dedicated to the process of seeking grants. She said an individual from the planning division can address the grant process on a part-time basis. However, she said, the department may pursue adding an employee to work in the grant area and other areas.

CRIMINAL JUSTICE SYSTEMS

Ms. Walz said the integration of criminal justice systems would provide efficiency benefits through the use of graphical interfaces and centralized data repositories; easy and secure access to selected judicial information via electronic means such as the Internet; and more informed decisionmaking due to accessibility to justice-related information. She said the goal is to create a strategic plan by March 2001 to integrate systems. She said a governing structure must be identified, priorities and funding requirements must be identified, and opportunities for grant funding must be identified.

Ms. Walz said funding partners are available for the planning phase. She said a National Governor's Association grant of $25,000 is available to pay travel to meetings and workshops. In addition, she said, a criminal justice membership association, which has criminal justice officials from all 50 states, also may be a source of funding for the planning phase. She said the process would include broad participation from state, county, and city officials. She said task force meetings will be held to develop a strategic plan.

OPEN RECORDS AND PRIVACY ISSUES

Ms. Walz said when considering open records issues, the right to know must be balanced with the right to privacy. She said there also must be a balance between the need to collect information for business purposes against the desire to keep information private. She said fair information practice principles address notice, choice, access, and security. With respect to notice, she said, the citizen or consumer must be told that information is being collected and how that information will be used. She said consumers must be given a choice, if possible, to decline certain uses of information. She said consumers must have access to personal information to verify its accuracy, and appropriate measures must be used to secure the information from unauthorized use.

Ms. Walz said considerations that must be addressed include cookies and click tracking; personally identifiable information; when and where to notify;

and implementation of a process for accessing information to verify accuracy. She said existing laws address the confidentiality of certain types of information such as student records and financial and health information. She said the European union has adopted a privacy directive and Canada has adopted privacy legislation. She said legislation has been introduced in the United States Congress to address privacy issues. She said only 20 percent of commercial web sites follow the fair information practices. Ms. Walz said a review of laws in other states show there are varying degrees of open records, especially with respect to personal information. She said the Governor in Washington has issued an executive order governing the commercial use of open records. She said the Information Technology Department updated an on-line privacy policy statement in September. However, she said, the Legislative Assembly may desire to consider legislation limiting the release of personal information.

In response to a question from Representative Thoreson, Mr. Wolfe said companies selling Internet-based personal information is a trillion dollar business. He said Congress passed a privacy act which requires a financial institution to tell customers the institution's policy regarding sharing of personal information. He said the law allows an individual to opt in or opt out of the information-sharing arrangement. He said many in the business community believe the new law has raised the level of concern about privacy that may not be as serious of a problem as is perceived. He said identity theft cases are rare, and it is his understanding that the Attorney General and the Insurance Commissioner are working on legislation to address issues related to identity theft. He said it is important that policymakers not overreact while still recognizing that privacy issues are serious.

In response to a question from Representative Ekstrom, Mr. Wolfe said privacy issues require constant diligence and monitoring. However, he said, it is important to maintain a proper balance.

DEPARTMENT OF
HUMAN SERVICES PROJECT

Chairman Robinson called on Mr. Roger Hertz, Department of Human Services, for comments regarding the Health Insurance Portability and Accountability Act project. Mr. Hertz submitted written testimony, a copy of which is on file in the Legislative Council office. He said the goal of the Health Insurance Portability and Accountability Act is to reduce the costs and administrative burdens of health care by standardizing electronic transmission of health care data. He said the Act also creates standards for the security of electronically held health care data and provides standards for the protection of confidential health information. He said the Act affects organizations that have health plan roles and health care provider roles. Because of the variety of services the Department of Human Services provides, he said, it is

important to recognize the department has both health plan roles and health care provider roles. Therefore, he said, the department is impacted differently depending upon the service being provided.

Mr. Hertz said there are nine different areas that will require compliance once the federal rules are finalized. He said the regulations require compliance within two years and 60 days from the date of the final regulations. He said the regulations for electronic transactions--the formats for health information--were finalized on August 17, 2000. Compliance by the department must occur by October 16, 2002, he said. He said the regulations for provider identifier, employer identifier, security and electronic signature, and privacy are expected to be finalized by the end of this year. Thus, he said, compliance would be required by February 2003. He said the regulations for health plan identifiers, claims attachments, enforcement, and individual identifiers have not been published yet.

Mr. Hertz said the department is continuing to perform an analysis on the specific effects of the regulations. He said the department has hired a vendor to perform an analysis on the department's Medicaid management information system. He said the department's management team is reviewing solutions and assisting the Governor's office in assembling a statewide coordination task force. He said the department has prepared an optional adjustment request to the 2001-03 biennium budget in the amount of $25 million to cover the estimated costs to implement the required changes. Because of the timeframe involved, he said, the department will request that an emergency clause be included in the appropriations bill because funding will be needed as soon as possible to implement the required timeframes.

In response to a question from Representative Thoreson, Mr. Hertz said the task force will include legislators and many other individuals involved in health care. He said the task force will be open to essentially anyone who chooses to participate.

Mr. Hertz said the $25 million cost estimate was based on a number of unknowns. He said it appears that approximately $17,250,000 of the funds will come from the federal government. He said the federal rules outline penalties for noncompliance that could exceed $1 million per year.

In response to a question from Representative Ekstrom, Mr. Hertz said counties will not be impacted much by the Health Insurance Portability and Accountability Act. He said the department has not been able to estimate future cost-savings as a result of the proposed changes. However, he said, the cost-savings could be substantial.

INFORMATION TECHNOLOGY
DEPARTMENT PERFORMANCE STUDY

Chairman Robinson called on Mr. Mike Ressler, Information Technology Department, for comments

regarding the Information Technology Department performance study and the 2001-03 Information Technology Department budget request. Mr. Ressler submitted a written summary of his presentation, a copy of which is on file in the Legislative Council office. He said the Information Technology Department performance study is going well. He said the department has developed a plan for implementation of the performance measures that were established as a result of the study. He said the internal process reviews will be conducted in October and November and the department will implement a new organizational structure in December. He said it was essential the Information Technology Department look at itself before it goes out to help agencies restructure to address changes in technology.

INFORMATION TECHNOLOGY DEPARTMENT PROPOSED BUDGET

Mr. Ressler said the Information Technology Department budget for this biennium was $49,659,295, $250,000 of which was from the general fund. In September, he said, the Emergency Commission approved an additional $6,562,800 in spending authority for the department for the Job Service project, contract programming services, and operating and equipment expenses for the wide area network. As a result, he said, the total budget for this biennium for the department is $56,222,095.

Mr. Ressler said the first priority for the next biennium is the wide area network costs for the state, higher education, and political subdivisions. He said that priority will cost $309,317 and will involve two new full-time positions in the area of telecommunications analysts. He said the funds will be special funds. He said the second priority relates to costs of the wide area network with respect to elementary and secondary education and libraries. He said the costs for the biennium for this priority is $8,748,382. He said this priority would involve the addition of two new full-time positions in the area of telecommunications analysts. He said the funds for this priority would be from the general fund.

Mr. Ressler said the third priority relates to software development services. He said the proposed budget for this priority is $28,681,985. He said this priority would involve the addition of 40 full-time positions in the area of systems analysts and programmers. In addition, he said, the priority would provide for 77 new contract programmers. He said all the funds in this priority would come from special funds. He said $24 million of the funds in this priority are related to the Health Insurance Portability and Accountability Act.

Mr. Ressler said the fourth priority relates to e-government and enterprise applications. He said this priority has a budget of $481,842 and involves the addition of three full-time positions in the areas of systems analysts and programmers. He said all the funds proposed in this priority would be general funds.

Mr. Ressler said the fifth priority relates to research and planning. He said the proposed budget will include $471,228 in general funds to address this priority. He said the funds include funding for two new positions in the area of information technology business analysts.

Mr. Ressler said the sixth priority is the geographic information systems initiative. He said the proposed budget includes $1,059,317 in general funds for this initiative. He said the budget proposal calls for two new full-time positions--a systems analyst and a data base analyst.

Mr. Ressler said the seventh priority relates to the enterprise resource planning system. He said the proposed budget contains $469,931 in special funds for this priority. He said the proposal calls for three new full-time positions in the areas of systems analysts and programmers.

Mr. Ressler said the eighth priority is the electronic data management system initiative. He said the proposed budget includes $1,309,317 in special funds. He said the proposal calls for two new full-time positions--a systems analyst and a data base analyst.

Mr. Ressler said the ninth priority relates to an extra administration position which would be a senior personnel officer. He said the proposed budget includes $137,774 in special funds.

Mr. Ressler said the tenth priority is an innovation fund which would consist of $1 million in general funds.

In response to a question from Representative Ekstrom, Mr. Ressler said Information Technology Department officials had a very difficult time in prioritizing the various aspects of the budget proposal.

Mr. Ressler said the budget proposal contains $31,046,098 in additional special funds over the current biennium's budget. He said there would also be an additional $11,898,543 in general funds in the 2001-03 budget. He said the total budget request for the 2001-03 biennium is $99,088,777, which is an increase of $42,944,641 over the current biennium.

In response to a question from Representative Thoreson, Mr. Wolfe said two additional positions have been built into the department's base budget for security because cybercrime is a problem. However, he said, it is difficult to find expertise in the area. He said it is possible the department may be able to allocate a person to work with law enforcement officials to address cybercrime.

In response to a question from Senator Robinson, Mr. Ressler said the additional special fund dollars are all passthrough moneys from the various agencies and clients of the department. He said most of the funds would likely be new funds in the biennium; however, there may be some small savings in the geographic information systems area.

INFORMATION TECHNOLOGY
BUSINESS IN NORTH DAKOTA

Chairman Robinson called on Mr. Don Morton, Great Plains Software, for comments regarding information technology businesses and economic development in North Dakota. Mr. Morton said the state has underinvested in technology, and change is needed. He said there must be a partnership between public and private entities to educate people regarding the need to change and to make investments in information technology.

Mr. Morton said Great Plains Software is supportive of the new statewide network rollout. He said the network is critical to the state. In addition, he said, information technology investment by the state is crucial, and there should be discussion regarding the bonding of information technology initiatives. Because information technology investment is so critical to the state, he said, state officials must find a way to increase information technology spending. He said he supports the idea of consolidation of information technology budgets.

Mr. Morton said the state must provide adequate support for information technology at the elementary and secondary education level as well as higher education. He said the state needs more computer science majors from its institutions of higher education. Of the 2,000 team members at Great Plains Software, he said, there are individuals from 246 different towns in North Dakota. He said a method through which there may be an increase in computer-related expertise in the state would be to implement a software engineering program at one of the institutions of higher education. In addition, he said, implementation of a tax policy to encourage investment in information technology training and staff would greatly further the cause of improving information technology in the state.

Chairman Robinson called on Mr. Dave Eakman, Corporate Technologies, for comments regarding information technology activities and economic development in the state. Mr. Eakman said the state's Chief Information Officer did an excellent job in spearheading the effort to roll out the statewide network. He said the state has a great opportunity to compete worldwide and connect every community in the state. However, he said, timing is important. He said if you are not a market leader, it is hard to make up ground later. He said the process will be expensive but worthwhile. Based upon the current biennium budget and the proposed budget for the next biennium, he said, the state will be increasing its information technology investment from $88 per person to $158 per person.

Mr. Eakman said state government must pursue initiatives to help improve customer service. He said the proposal for the innovation fund is an excellent idea. In addition, he said, providing information technology training tax credits and information technology training curriculums may be good solutions.

Chairman Robinson called on Mr. Brent Tiken, Sundog Interactive, for comments regarding information technology initiatives and economic development opportunities. Mr. Tiken said he has been involved in entrepreneurial activities in the information technology area since 1992. He said venture capital is not generally available in the state, and the presentation of business plans is lacking. He said entrepreneurs must be educated in how to pitch their plans so that they can get investors on board.

Mr. Tiken said an effort the state could make to assist information technology companies is to classify technology companies as primary sector companies for the purposes of receiving tax credits. In addition, he said, the state must be more aggressive in keeping students here or bringing people back to the state. He said methods to assist in that effort may include providing recruiting credits for companies or providing tuition reimbursements for information technology internships. In addition, he said, the state must address its image problem and be more aggressive.

Mr. Tiken said there must be an information source and someone to provide direction for entrepreneurs. He said the Information Technology Council of North Dakota is surveying entrepreneurs to get information regarding this issue.

Chairman Robinson said it is difficult to move initiatives such as those just discussed through the Legislative Assembly without assistance from the interested parties and experts. He encouraged Mr. Morton, Mr. Eakman, and Mr. Tiken to be involved with legislators during the next legislative session and bring proposals to the Legislative Assembly.

Mr. Morton said he looks forward to a proactive information technology agenda during the next legislative session rather than reactive as has been the case in the past.

Senator Robinson said there has been a history of legislation being evolutionary rather than revolutionary. He said that cannot be the case in the area of information technology.

Representative Thoreson said private industry must take the lead in pushing initiatives and get government out of the way. However, he said, there still must be a partnership between government and private industry.

Representative Ekstrom said there must be help from industry in helping the state improve its image. She said forgiveness of student loans for individuals that can be brought back to the state may be another area in which the state can help bring talented individuals home again.

Mr. Eakman said he agrees that many young people that leave the state would like to return if they could find the right job.

Mr. Morton said another area that cannot be overlooked is recruiting out-of-state students to North Dakota colleges. He said it is possible that some of those students who come to this state can be kept here.

There being no further business, Chairman Robinson adjourned the meeting at 3:30 p.m.

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John D. Bjornson
Committee Counsel

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Jay E. Buringrud
Assistant Director