NORTH DAKOTA LEGISLATIVE COUNCIL

Minutes of the

INFORMATION TECHNOLOGY COMMITTEE

Wednesday, November 3, 1999
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, Ken Solberg, Rod St. Aubyn; Representatives Mary Ekstrom, Doug Lemieux, Blair Thoreson, Robin Weisz; Chief Information Officer Curtis L. Wolfe

Others present: See attached appendix

It was moved by Senator St. Aubyn, seconded by Senator Solberg, and carried on a voice vote that the minutes of the August 24, 1999, meeting be approved as distributed.

CHIEF INFORMATION OFFICER REPORT

Chairman Robinson called on Mr. Curtis L. Wolfe, Chief Information Officer, Information Technology Department (ITD), for comments regarding the role of the chief information officer and ITD. Mr. Wolfe said the ITD business plan presented four goals and objectives. He said those goals and objectives are:

1. Provide statewide direction and leadership.
2. Align ITD with its customers' business needs.
3. Provide value to ITD customers.
4. Recruit and maintain a quality information technology work force.

Mr. Wolfe said in addition to those objectives and goals, ITD should maintain a broad statewide view, including the review of federal grants for projects to see if the projects are compliant with state standards. He said ITD must establish a trust relationship with other state agencies and promote partnering where appropriate, whether internal or external. He said ITD should promote e-commerce relationships.

Mr. Wolfe said local vendors should be encouraged to develop appropriate skills to provide contract work for ITD and the state so that ITD can augment its staff with contract staff. Another goal to pursue, he said, is to focus on how the business goals and objectives of ITD should guide the activities of ITD. He said the ability of ITD to provide services depends on the funding available to ITD.

Mr. Wolfe said although all levels of government are addressing technology issues, somebody must pull everyone involved together. Although citizens and businesses expect access to high speed connections, he said, only seven percent of small businesses have broadband access now. However, he said, capacity will grow dramatically in the next few years.

He said because about 86 percent of Internet capability is concentrated in the 20 largest cities in the country, rural areas may be at risk with respect to high-speed Internet access. Because high-speed bandwidth is essential for businesses to compete, he said, the state must develop a backbone to the end users. He said cable modems will likely be the initial thrust for Internet access in the near future. However, he said, satellite and wireless providers will also be competing with power company providers to provide Internet access.

Mr. Wolfe said the technical objective for the state should be to drive universal access and lead the way to providing universal access. Pursuant to 1999 Senate Bill No. 2043, he said, ITD is in the process of preparing a request for proposals so that ITD can select a vendor to provide services for a new state network by next summer. He said the network will provide video and data transfer, and may provide voice transfer. He said the network should drive service throughout the state, service the needs of state and local governments, and be expanded to provide service to the public.

Mr. Wolfe said the state should offer services over the Internet, and ITD should lead the e-commerce effort. To protect e-commerce from intrusion, he said, enhanced security will be important.

Mr. Wolfe said ITD is now updating the strategic planning process and making some modifications so that agencies have some direction. He said a strategic plan should define business goals, identify detailed cost-benefit analysis, set priorities for an agency, and be a useful document for the agency. He said the statewide plan must be based on agency plans, and technologies must be coordinated among agencies and ITD. He said the compliance requirements in place may be overkill and there may be some need to modify state law in that respect. He said ITD and the chief information officer have a responsibility to support agencies' plans and have a responsibility to critically review the plans. He said the level of detail that has been required in agency plans is too much, and agencies should be allowed to update and refine plans when appropriate. He said he will bring recommendations to the committee at a future meeting regarding changes to the state law concerning the strategic planning process.

Mr. Wolfe said ITD must do more to deliver services and continue to be more proactive. He said ITD must be more businesslike in how it delivers its services and will require flexibility so that staff can be expanded if appropriate to address customer needs. He said ITD is equipped to save agencies money, and it is in the state's economic interest to allow ITD to do more projects for state agencies. He said there will always be a demand for more employees than the department has and there must be a mechanism to allow the chief information officer to expand the department's staff. He said to successfully undertake projects on behalf of state agencies, ITD must have good employees, stick to cost estimates, and conduct performance measurements of department staff. He said ITD now has a human resource plan to address recruitment and retention and has had low turnover in employees. He said the department must encourage employees to remain on the staff and provide a professional development program to challenge employees with new training.

Mr. Wolfe said the department has a mission to act as a policeman in its quality assurance review process. He said there must be a shift of focus to working with agencies proactively to ensure that agencies are on target with respect to projects. He said some projects, such as the Department of Transportation motor vehicle registration project, may require some closer scrutiny. He said he has put together an audit team for the Department of Transportation project who will report in December on their finding. He said postproject reviews should be done to see if the cost-benefit analysis of a project was correct.

Mr. Wolfe said he will provide frequent updates to the committee regarding policies and standards and will suggest issues to the committee for discussion. He said ITD and the chief information officer must work in partnership with this committee. He said the following issues should be addressed:

1. Consider changes in the strategic planning process.
2. Examine methods to assist in employee recruitment and retention.
3. Promote e-commerce.
4. Review the providing of network services and the updating of the state network study that was done during the last interim.
5. Explore new information technology strategies.
6. Review the results of quality assurance reviews and major project reports.
7. Promote the carrying of the information technology message by the committee to the Legislative Assembly during the legislative session.

In response to a question from Senator St. Aubyn, Mr. Wolfe said ITD has not done much in the area of software licensing. He said ITD should encourage the developing and licensing of software in cases in which the state will receive a return on its contribution.

In response to a question from Senator St. Aubyn, Mr. Wolfe said no government entities should be exempt from participation in the state network. He said the state may have to subsidize the cost of initial access for some elementary and secondary schools if necessary. He said if cost is the only argument for exemption from the network, the state should find a way to address that concern.

In response to a question from Senator St. Aubyn, Mr. Wolfe said the committee should consider requesting an update on the work done by the consultant that the committee contracted with during the last interim regarding the statewide network. He said some of the assumptions that were included in the consultant's report may not be true, and there should be better estimates of the cost of the state network. He said some of the savings that were highlighted in the report may have been inflated.

MAJOR PROJECT REPORT

Chairman Robinson called on Ms. Nancy Walz, Information Technology Department, for an update of the large project report. Ms. Walz submitted a written report, a copy of which is on file in the Legislative Council office.

Ms. Walz said the large project status summaries will be developed from quarterly project reports. She said an ITD project analyst is assigned to each agency, but each agency is responsible for managing that agency's projects. She said agencies and ITD are not yet comfortable with the large project reporting process, but the reports will improve. She said the information technology plan budget generally includes ongoing costs. She said lease or financing costs may extend beyond the project schedule.

In response to a question from Senator Solberg, Ms. Walz said the information received from agencies is sometimes incomplete, and in some cases, the information may not be available. She said many agencies are not comfortable with oversight. Therefore, she said, ITD and the agencies must work through some problems.

In response to a question from Senator St. Aubyn, Ms. Walz said the Department of Corrections and Rehabilitation Juvenile Services budgeted $319,000 for the case management system project, but the total cost of the project has now exceeded $400,000. She said the project was expanded because additional federal grant funds were available.

Senator St. Aubyn requested the Legislative Council staff to request additional information from the Department of Corrections and Rehabilitation regarding the case management system.

PLANNING GUIDELINES

Ms. Walz reviewed a summary of the information technology planning guidelines and distributed a draft of the information technology preliminary planning guidelines, copies of which are on file in the Legislative Council office. She said North Dakota Century Code Chapter 54-59 requires that information

technology plans provide goals, objectives, and activities for three bienniums. She said that chapter also requires the plans to list information technology assets, prepare budget requests based on the information technology plan, and identify network requirements for voice, video, and data. She said the plans are due January 15, 2000.

Ms. Walz said the information technology plans are subject to approval by ITD, which must review plans for compliance with standards and for conflicting direction between plans. She said ITD must also review technology acquisitions for conformance with the plan. In addition, she said, ITD is required to develop a statewide information technology plan from the agency plans. She said the goals of the information technology plan are:

1. The plan should provide a useful planning tool for agencies.
2. The plan should provide critical information for the budget process.
3. The plan should provide enterprise planning information.
4. The plan should provide standards compliance information.

In response to a question from Senator Solberg, Ms. Walz said ITD must inform agencies regarding the appropriate amount of detailed information that will be required.

Senator St. Aubyn said an agency's information technology plan should be viewed as a planning document and a budgeting document.

Senator Solberg said it is important that there be continuity and uniformity in reporting, particularly among institutions of higher education.

Ms. Walz said ITD is working with higher education institutions and has identified four specific activities that each campus must report.

INFORMATION TECHNOLOGY DEPARTMENT BUSINESS PLAN

Chairman Robinson called on Mr. Rob Gall, Information Technology Department, for comments regarding ITD's strategic business plan. Mr. Gall submitted a written report, a copy of which is on file in the Legislative Council office.

Mr. Gall said the four general components that form the nucleus of the statewide vision for information technology are:

1. State government should be customer-focused.
2. State government should be efficient.
3. State government should be well-managed.
4. State government should provide the leadership for developing a shared infrastructure.

Mr. Gall said the following issues were identified as critical issues that ITD must address to transition itself for a successful future:

1. Promote and coordinate the evaluation, integration, and application of current and emerging information technologies within state government.
2. Enhance and manage an effective integrated communications network infrastructure capable of supporting the statewide vision for information technology.
3. Promote, coordinate, and assist state agencies in moving government on-line.
4. Improve services to agencies by developing closer relationships to better understand their business needs.
5. Foster the communications of information technology activity by becoming the communication "catalyst" within state government.
6. Create technology standards and best practices to ensure accountability and interoperability among governmental entities in support of the statewide vision for information technology.
7. Utilize ITD's information technology resources and investments effectively and efficiently.
8. Continue to enhance the agency information technology planning process to meet the needs of the various stakeholders.
9. Recruit, develop, and retain skilled information technology workers.

Mr. Gall said ITD developed four strategic goals in response to the key issues and vision threads developed by the department. He said those four strategic goals are:

1. Align information technology with customers' businesses to better understand customer business requirements and raise awareness of technologies available to provide products and services that will assist them in accomplishing their goals and objectives.
2. Provide statewide direction and leadership to provide strategic information technology direction for government and education in the state and influence the deployment of information technology throughout the state.
3. Provide value to ITD's customers to continually strive to improve the quality and timeliness of ITD's services while maintaining competitive rates.
4. Maintain human resources to achieve an efficient, motivated, and educated work force with knowledge, skills, and ability to meet ITD's current and future challenges.

Mr. Gall said ITD has four principles and philosophies under which it operates. He said those principles and philosophies are:

1. An obligation to balance the individual needs of agencies with the best interest of the state as a whole.
2. An extension of the agencies' information technologies and is committed to being proactive in an effort to assist its customers in using the available technologies to effectively and efficiently accomplish their goals and objectives.

3. Commitment to dealing openly and honestly with its customers and continually improving the quality, price, and timeliness of its services.

4. The business of providing knowledge to its customers and is committed to developing and maintaining a level of expertise to education, acquiring the proper tool set, and focusing on its customers' needs.

Mr. Gall said the mission statement adopted for ITD is to "provide leadership and knowledge to assist our customers in achieving their mission through the innovative use of information technology." He said the preparation of a plan is not the end result of the planning process. The realization of the plan, he said, is the ultimate goal. Because the plan is a living document, he said, there will be changes to the plan and tactics will be implemented.

DEPARTMENT OF TRANSPORTATION MOTOR VEHICLE REGISTRATION PROJECT

Chairman Robinson recessed the meeting and reconvened at the Department of Transportation vehicle registration and title system project room.

Mr. Marshall W. Moore, Director, Department of Transportation, said the vehicle registration and title system project began in 1996 when the department signed a contract with UNISYS. He distributed a document summarizing the project, a copy of which is on file in the Legislative Council office. He said an audit conducted several years earlier concluded that the existing vehicle registration and title system was antiquated. Although the project was scheduled to be completed approximately a year and a half ago, he said, when the project is completed next year the department will have a good product. He said UNISYS has paid damages to the department to adjust for project costs.

Mr. Keith Kiser, Department of Transportation, said the DP500 imaging process handles registration cards and renewal notices, validates checks, creates deposit slips, and creates an imaged document for storing. He said the department began imaging in March 1997 to allow easy retrieval by anyone authorized to retrieve a document. He said all the software will be in place in December and will provide for much faster processing of documents and will allow for deposit of checks in the bank much quicker.

In response to a question from Senator St. Aubyn, Mr. Kiser said when the system is totally complete, imaging will be done at the front end of the process. He said the new process will allow for easy tracking of documents.

In response to a question from Senator Solberg, Mr. Ron Richter, Department of Transportation, said of the 44 milestones identified in the project, six are completed and tested. However, he said, because all of the pieces of the project must be tied together,

some completed portions cannot be used to their full capability until the entire process is completed.

In response to a question from Senator St. Aubyn, Mr. Kiser said because of the expense of converting all microfilm records, it is unlikely that the microfilm records will be converted to the new system. In addition, he said, there would be little value in converting old records.

At the request of Chairman Robinson, Ms. Treva Beard and Ms. Terri Morrin demonstrated the imaging process and the vehicle registration and titling system capabilities.

In response to a question from Senator St. Aubyn, Mr. Hudson Cowart, UNISYS, said under the current schedule the entire Department of Transportation should be using the new system by November 2000. He said the schedule is based on the best estimates of UNISYS and takes into account the shake out and roll out process for the system.

Mr. Cowart said UNISYS has updated some of the original computer hardware with new technology. He said because North Dakota was the first state to attempt a project such as this, UNISYS underestimated the cost of the project and the poor estimate has cost the company significant amounts of money.

In response to a question from Senator Robinson, Mr. Cowart said UNISYS is working with the state of Missouri on a similar project. He said five or six states are working on projects such as this, but North Dakota is on the front end of the process. He said North Dakota will benefit from being first in implementation of a new system.

In response to a question from Senator Solberg, Mr. Doug Faiman, Department of Transportation, said the liquidated damages paid by UNISYS to the department cover the cost of hiring temporary personnel to process registrations that would have been handled by the new system.

In response to a question from Senator Solberg, Mr. Moore said no further payments will be made to the leasing company until next July when a payment of $919,000 is due. He said there has been no change in the original cost of the project, and the department will continue to receive liquidated damages from UNISYS.

In response to a question from Senator St. Aubyn, Mr. Moore said although the state has a partial working system in place, the state has not received full value for its payments to this point. He said UNISYS has received approximately two-thirds of the amount due and the state has not received two-thirds of the benefit of the project to this point. However, he said, UNISYS has paid approximately $570,000 in damages, which is beyond the amount provided for in the contract.

In response to a question from Senator St. Aubyn, Mr. Wolfe said an independent audit may address concerns regarding when the project will be done. He said the vendor has stepped up to address concerns with the project, but the history of the project requires an independent look.

In response to a question from Representative Weisz, Mr. Wolfe said contract standards for information technology projects should be addressed by ITD. He said payments should be made upon deliverability of a project. He said an independent audit conducted by ITD will address all financial issues regarding this project.

In response to a question from Senator Robinson, Mr. Cowart said UNISYS is working through some issues with respect to the project in Missouri but is not paying damages to that state. However, he said, UNISYS is addressing the concerns of Missouri in different ways.

Chairman Robinson requested Mr. Wolfe to monitor the progress of the vehicle registration and title system project and update the committee at future meetings.

Y2K UPDATES

After the luncheon recess, Chairman Robinson called on Ms. Julie Liffrig, Governor's office, for comments regarding the activities of the Governor's Y2K Council. Ms. Liffrig distributed written testimony and other documents regarding the Y2K preparation status of industries and government in North Dakota, copies of which are on file in the Legislative Council office.

Ms. Liffrig said the Governor was particularly concerned regarding overreaction to perceived or potential Y2K problems. As a result, she said, the Governor established the Governor's Y2K Council, which includes communications or public information officers from 18 public, private, and nonprofit organizations. She said the goal of the council is to improve understanding regarding Y2K readiness of key public and private services in North Dakota and to serve as a clearinghouse of accurate information for the public. Although the council does not anticipate any major problems on December 31, she said, the council is coordinating a response to any Y2K problems. She said the Governor and key cabinet directors will be on call at the state emergency operations center to provide accurate public information and to respond to any problems that occur on December 31.

In response to a question from Representative Thoreson, Ms. Liffrig said although law enforcement agencies have not been involved with the Y2K Council, the Highway Patrol and other law enforcement officials will be involved in the operation at the emergency operations center on December 31. She said the individuals at the emergency center will be in touch with key personnel to receive status reports and address any problems that may arise.

In response to a question from Representative Ekstrom, Ms. Liffrig said the members of the council have attempted to provide the public with facts to address the concerns with overreaction to potential Y2K problems. She said the goal of the council is to provide information so that individuals can make their own decisions regarding what to do to address Y2K concerns.

Chairman Robinson called on Mr. Gall for an update regarding Y2K status of state agencies. Mr. Gall submitted a written report, a copy of which is on file in the Legislative Council office. A copy of the Y2K status report is posted at *www.state.nd.us/itd/y2k/y2khome.html.*

Mr. Gall said the state has distributed 350,000 Y2K informational brochures as an insert with motor vehicle license registration renewals. He said the education campaign has been advising individuals to prepare for Y2K problems in a manner similar to preparing for a long weekend or preparing for a winter storm.

Mr. Gall said all state agencies submitted a status report to ITD, and 75 percent of state agencies have completed and filed contingency plans. He said the remaining agencies are in the final phase of developing their plans. He said program conversion of the state's mainframe application software was 100 percent complete in June. He said all agencies have completed 80 percent or more of their Y2K project work and the remaining work is for nonmission critical systems.

In response to a question from Senator Robinson, Mr. Gall said the Department of Human Services is approximately 85 percent complete in its Y2K project work. He said the department's work should be complete by November 18 and all mission-critical work is complete.

In response to a question from Senator St. Aubyn, Mr. Gall said press reports regarding the Y2K readiness of the Department of Human Services were based on old reports. He said the department has had several validations performed by federal agencies and its rating of its Medicaid preparedness was changed from high risk to low risk. He said the department's contingency planning was rated as the best and most thorough of all states.

In response to a question from Senator Robinson, Mr. Gall said State Radio is 100 percent complete in its Y2K project work and the Supreme Court is 90 percent complete. He said the Supreme Court should be 100 percent complete by the end of November. He said ITD has contingency plans in place and will be ready for December 31. With respect to the readiness of counties, he said, a letter has been sent to all county commissioners to urge attention to the Y2K issue.

Chairman Robinson called on Mr. Mark Johnson, Executive Director, North Dakota Association of Counties, for comments regarding the Y2K preparedness of counties. Mr. Johnson submitted written testimony, a copy of which is on file in the Legislative Council office.

Mr. Johnson said the Association of Counties has dedicated significant amounts of staff time and resources in helping counties address Y2K concerns. He said the association has five full-time staff persons dedicated to automation and these employees have worked to train several private providers and county staff on the special needs of county agencies. He

said two staff persons have worked for the past several months essentially full time addressing Y2K compliance, installing new hardware and software, updating existing systems, and testing to verify compliance.

Mr. Johnson said the association used a survey of 911 agencies to assess Y2K remediation and contingency planning in the areas of telephones, call handling and identification software and hardware, and life safety radio communications. He said State Radio and 14 county or city answering points responded to the survey. The survey indicated that few telephone companies have been willing to provide a written statement of compliance to 911 agencies. He said the agencies responding to the survey indicated that computer hardware and software will be compliant by January 1, 2000. He said 12 of the 14 entities responding indicated that contingency plans have been developed that should address hardware or software becoming inoperable. However, he said, most of those contingency plans have not yet been placed in writing. He said the entities responding to the survey indicated that the existing radio communication systems are compliant or will be compliant by January 1, 2000. He said the overall preparedness in the emergency 911 service area appears to be excellent, but contingency planning should be better documented.

Mr. Johnson said the area of workstation hardware and software for economic assistance services is the only area of economic assistance services which is truly within the control of county government. He said the association technology staff, individual counties, the Department of Human Services, and other county staff have been very active in the last six months addressing Y2K compliance of county offices. He said the association staff has assessed and remediated the workstation hardware and software in 37 of the 51 county social service agencies. He said another eight county social service offices have been scheduled for assessment and remediation before the end of the year. Of the remaining six county social service agencies, he said, the association is aware of one that has addressed Y2K issues through the efforts of county staff. He said the association is researching the remaining five agencies, but he is quite confident that Y2K issues should not hinder the accepting and processing of economic assistance clients.

Mr. Johnson said although counties may have been a bit slow out of the starting gate addressing Y2K concerns, most counties have now taken a proactive and appropriate approach to Y2K concerns. He said the two most critical county services, emergency response and economic assistance, are being addressed in an appropriate manner.

In response to a question from Senator Robinson, Mr. Johnson said he is comfortable with the remediation efforts regarding 911 service. He said contingency plans are always the last item addressed, and

he is convinced that law enforcement is well-situated to handle emergencies on December 31 and beyond.

In response to a question from Senator St. Aubyn, Mr. Johnson said he was disappointed in the response from providers of telephone service regarding Y2K remediation and contingency planning. He said this committee or the Public Service Commission may be in a position to obtain additional information from telephone providers.

It was moved by Senator Solberg, seconded by Senator St. Aubyn, and carried on a voice vote that the committee request the chairman of the Legislative Council to send a joint letter with the chief information officer to telephone companies that have not provided a written statement of Y2K compliance which urges the companies to address the problem. Senator Solberg requested that a copy of the correspondence be sent to the Public Service Commission, and the Public Service Commission be urged to check the compliance of telecommunications companies.

Chairman Robinson called on Mr. Jerry Hjelmstad, North Dakota League of Cities, for comments regarding the Y2K readiness of cities. Mr. Hjelmstad submitted written comments and a pamphlet distributed by the city of Grand Forks regarding preparation for Y2K, copies of which are on file in the Legislative Council office.

Mr. Hjelmstad said the League of Cities has held six regional meetings at which sessions were held regarding preparation for potential Y2K problems. In addition, he said, information on Y2K readiness has been presented in *CityScan*, the monthly publication of the League of Cities. He said the League of Cities has also been a participant in the Governor's Y2K Council. He said a Y2K readiness review session was held during the annual conference of the League of Cities in September.

Mr. Hjelmstad said cities have been preparing for Y2K by holding meetings to inform the public; holding meetings with representatives of utilities, medical and emergency service providers, and the banking industry; sponsoring public service announcements on radio, television, and newspapers; and distributing public information brochures. He said city governments have been conducting remediation activities and establishing contingency plans.

In response to a question from Senator Robinson, Mr. Hjelmstad said he is confident that Y2K concerns are being addressed by cities.

Chairman Robinson called on Mr. Ron Torgeson, North Dakota Council of Educational Leaders, for comments regarding Y2K preparedness of schools. Mr. Torgeson said the council began working in 1998 to address Y2K issues. He said there was discussion regarding Y2K at the annual meeting that was held recently. He said it appears that most schools have addressed Y2K concerns and are becoming compliant. He said the council has provided schools with information addressing software problems and school

districts appear to be updating equipment and software as needed.

SCHOOL NET

Chairman Robinson called on Mr. Wayne Wermager, North Dakota School Net, and Ms. Jody French, SENDIT, for comments regarding North Dakota School Net and SENDIT. Mr. Wermager and Ms. French submitted a written summary of their presentation, a copy of which is on file in the Legislative Council office.

Mr. Wermager said the North Dakota School Net cooperative was established in 1995. He said the cooperative has grown by approximately 25 schools per year and currently has 94 members. He said School Net provides Internet connectivity, technical support, and technology coordinator training to its members. He said the network maintains routers in Bismarck, Fargo, and Minot and has a fiber connection to the Capitol. He said the cooperative through CISCO provides networking curriculum for schools and is a partner with the State Board for Vocational and Technical Education.

Ms. French said SENDIT and North Dakota State University ITS provides support through administrative services, fiscal services, help desk services, and technical support. She said SENDIT provides electronic mail, electronic mail lists, web page hosting, and usenet news. She said the future is bright, and the network will be improved to meet the needs of schools.

In response to a question from Senator Solberg, Mr. Wermager said some of the school districts that are not members of School Net are very small districts or receive free Internet access through other sources.

In response to a question from Senator Robinson, Mr. Wermager said representatives of School Net have attempted to talk with representatives of all the school districts to encourage them to become members of School Net. He said he has received a variety of reasons for the school districts not joining. However, he said, it appears that about 10 more districts will be joining.

Senator Robinson said it is critically important to get the other districts on board to help create a statewide system.

In response to a question from Senator St. Aubyn, Mr. Wermager said School Net is addressing Y2K concerns, and he will be on duty on December 31 to address any problems that may arise.

WORKERS COMPENSATION BUREAU PROJECTS

Chairman Robinson called on Ms. Cathie Forsch, Workers Compensation Bureau, for comments regarding the claims management system and the policy information computer system projects. Ms. Forsch submitted a written summary of her presentation, a copy of which is on file in the Legislative Council office.

Ms. Forsch said the claims management system had an estimated cost for the 1997-99 biennium of $684,000. She said the actual cost for that biennium was $600,000, and the estimated cost for the current biennium is $200,000. She said the delayed implementation and the added cost of the project is a result of issues related to the scope of the project and the actions of the project vendor.

Ms. Forsch said the estimated cost for the 1997-99 biennium for the policyholder services project was $726,000. She said the actual cost for that biennium was $582,000, and the estimated cost for the current biennium is $150,000. She said there have been changes to the bureau's information technology plan, including Phase 2 of the policyholder services project, which will include an estimated cost of $150,000 to address employer fraud. In addition, she said, legal and rehabilitation development cost increases of $100,000 are included in the bureau's plan. She said several small enhancement projects have been eliminated amounting to a reduction of $240,000.

Ms. Forsch reviewed the status and proposed cost of information technology projects that will be undertaken by the bureau during the 1999-2001 biennium. She said the data warehouse project has an estimated cost of $915,375 and will be completed by December 30, 2000. Other projects with an estimated cost of less than $250,000, she said, are the legal and rehabilitation system project, an Internet web page, and a network change.

In response to a question from Senator St. Aubyn, Ms. Forsch said the total cost of the claims management project is not yet known. She said the bureau's information technology plan included only the cost of the current biennium and did not address projects that were supposed to have ended in the last biennium. Therefore, she said, the benefit claims management system and policy information computer system projects were not included on the major project report submitted to ITD.

In response to a question from Senator St. Aubyn, Ms. Forsch said she anticipates that the web page project will cost about $65,000.

In response to a question from Senator Robinson, Ms. Forsch said the contract with the vendor for the claims management system had no provision for penalties for delayed implementation and did not address cost overruns. She said the cost overruns were a result of delays and enhancements that were made to the system after implementation.

In response to a question from Representative Lemieux, Ms. Forsch said the scope of the project caused increases in cost. She said the project needed some modifications as a result of changed legislation and different business needs.

In response to a question from Senator St. Aubyn, Ms. Forsch said the data warehouse project is expected to be completed within the budgeted amount.

Senator St. Aubyn requested Ms. Forsch to provide the committee with updates at future meetings regarding the progress and the budget of the data warehouse project.

Mr. Wolfe said ITD must work to assist agencies to protect against cost overruns. He said more contract review should be done.

DEPARTMENT OF HUMAN SERVICES CHILD SUPPORT PROJECT

Chairman Robinson called on Mr. Roger Hertz, Department of Human Services, for comments regarding the status of the child support computer system and Y2K compliance. Mr. Hertz submitted written comments, a copy of which is on file in the Legislative Council office.

Mr. Hertz said the federal government notified the Department of Human Services on September 8, 1999, that the department must acquire independent verification and validation services because the department missed the mandatory October 1, 1997, deadline for having its child support system certified. He said the department intends to contract with the Planning Division of ITD to provide the verification and validation services. He said ITD would then be required to periodically review the department's progress in meeting the requirements for enhancing the child support system by October 2000 and report the findings to the federal government. He said approximately 32,400 court orders are being managed on the child support system, and approximately 187,000 child support payments have been receipted in the system. He said the department has implemented a telephone response system to allow callers to obtain basic information about their cases and a high-speed check scanning system to assist in receipting child support payments. He said the department has begun the project to implement the October 2000 federal requirements.

Mr. Hertz said the department launched a comprehensive project to assess and prepare for possible computer glitches related to the year 2000 in October 1996. He said Y2K efforts have involved educating staff, taking inventory and assessing computers and systems, researching compliance, testing, applying fixes, replacing equipment, and retesting. Because the department relies on computers as a tool to complete work, he said, the department is also developing contingency plans so that it can provide essential human services if some systems fail to operate correctly. He said the mainframe applications relating to claims and eligibility for human service programs are all Y2K compliant. He said the testing of mission-critical, high-impact priority personal computers is 82 percent complete and is expected to be complete on November 18. He said compliance work on medium- and low-impact personal computers is 45 percent complete. He said the department completed the replacement of the servers in the regional human service centers in September 1999. Because funding to replace about 435 personal

computers did not become available until July 1, 1999, he said, the replacement project was delayed. However, he said, the project is scheduled for completion in November.

Mr. Hertz said all divisions within the department have been preparing business contingency plans, and the plans will be tested and the appropriate adjustments will be made by the department to ensure that clients receive critical services. He said the Health Care Financing Administration conducted site visits to evaluate the Medicaid system's Y2K readiness and issued low-risk ratings for both the Medicaid's systems. In addition, he said, the Administration of Children and Families visited the department and issued low-risk rating for the child care, TANF, child welfare, and child support enforcement programs. He said a medium risk was issued for the LIHEAP program. He said the only area of high risk was the readiness of counties for Y2K.

In response to a question from Senator Solberg, Mr. Hertz said the department incurred penalties of $150,000 for missing the deadline. If the department misses the October 2000 deadline, he said, the penalty will be doubled. He said the total amount spent on the child support system so far is about $6.1 million. He said he will provide updates to the committee at future meetings regarding the progress of the system and the cost of implementation.

In response to a question from Representative Lemieux, Mr. Hertz said the department is processing child support payments in a timely manner. He said he will update the committee at its next meeting regarding the department's timeframe for processing child support payments.

PLANNING GUIDELINES DISCUSSION

Mr. Hertz said agencies have concerns regarding the content of the planning documents. However, he said, those concerns are being addressed in discussions with representatives of ITD.

Ms. Rosey Sand, Attorney General's office, said representatives of the Attorney General's office testified in favor of requiring information technology plans in the 1997 legislative session. She said there are concerns regarding the fact that work that was previously done is being thrown out and new plans are being required. She said agencies want to provide useful information in one understandable document. She said it is important agencies see there is some benefit to the plan and that the plan is helpful to the agency and legislators.

In response to a question from Senator St. Aubyn, Ms. Sand said the automated fingerprint system was completed under budget. She said because the federal budget cycle differs from the budget cycle in North Dakota, it is often difficult to accurately estimate the amount of federal money that may be received.

Ms. Cher Thomas, Attorney General's office, said the estimate for the project was done before the final federal grant, and the Attorney General's office did not actually receive the $1 million that was indicated in

the original proposal. She said the office received approximately $500,000 and that two related projects were completed. She said there was no money left over, and some moneys that were received by counties were used to help pay the cost of the project. However, she said, the state's portion of the cost was not shifted to counties.

Mr. Dale Frink, State Water Commission, said the State Water Commission operates a decentralized network with over 100 devices. Because infrastructure is continually evolving, he said, funding for the system is vital. He said the State Water Commission maintains a good working relationship with ITD, but agencies need flexibility in planning. He said the State Water Commission was the first agency to be on the Internet and have a web page. He said the commission is accustomed to handling internal maintenance. Because ITD now maintains a system, he said, there is now some downtime due to lack of available service from ITD.

Mr. Frink said the planning process is important to the State Water Commission. However, he said, the planning documents required have cost the commission a significant amount of money. He said $15,000 was invested in planning during the last biennium, and that figure will likely double this biennium due to the new requirements.

MISCELLANEOUS DISCUSSION

Senator St. Aubyn requested the Department of Transportation be asked to update committee members before the next meeting regarding the progress of the motor vehicle registration and title system project.

Mr. Wolfe said the internal audit will be done by early December and should address concerns raised by members of the committee.

It was moved by Senator St. Aubyn, seconded by Representative Ekstrom, and carried on a roll call vote that the chairman of the committee be requested to work with the chairman of the Legislative Council to explore expanding the contract entered during the last biennium regarding the statewide network to update the cost-benefits survey of the state network and update the report as appropriate. Senators Robinson, Solberg, and St. Aubyn and Representatives Ekstrom, Lemieux, and Thoreson voted "aye." No negative votes were cast.

Chairman Robinson requested the Legislative Council staff to include updates on the next meeting agenda from representatives of the Workers Compensation Bureau and the Department of Human Services regarding the projects undertaken by those entities. In addition, he said, the committee should continue to receive updates from the chief information officer and representatives of ITD.

There being no further business, Chairman Robinson adjourned the meeting at 4:40 p.m.

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John D. Bjornson
Committee Counsel

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Jay E. Buringrud
Assistant Director

ATTACH:1