

NORTH DAKOTA LEGISLATIVE COUNCIL

Minutes of the

INFORMATION TECHNOLOGY COMMITTEE

Thursday, August 2, 2001
Harvest Room, State Capitol
Bismarck, North Dakota

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

Members present: Senators Larry J. Robinson, Randy A. Schobinger, Ken Solberg; Representatives Keith Kempenich, Bob Skarphol, Robin Weisz; Chief Information Officer Curtis L. Wolfe

Member absent: Representative Robert Huether

Others present: See attached appendix

Chairman Robinson welcomed Senator Aaron Krauter, Senate Minority Leader and Legislative Council member, to the meeting.

Mr. Jim W. Smith, Legislative Budget Analyst and Auditor, reviewed the *Supplementary Rules of Operation and Procedure of the North Dakota Legislative Council*.

Chairman Robinson said the committee is a statutory committee that has statutory duties as well as other duties assigned by the Legislative Council. He said the committee will function in a similar manner to other Legislative Council committees.

The Legislative Council staff presented a background memorandum entitled *Information Technology - Background Memorandum* relating to the committee's statutory responsibilities and the responsibilities assigned to the committee by the Legislative Council, including information on previous information technology studies, related 2001 legislation, and information technology initiatives.

The Legislative Council staff said in addition to the committee's statutory duties the Legislative Council assigned the committee the study of the technological capacity and needs of the state as provided for in 2001 House Concurrent Resolution No. 3057 and directed the committee to include the delivery of library services by technology in its study. The study is to also include an analysis of the state, national, and global information technology trends, an examination of the future short-term and long-term information technology needs of the state, a review of the development capacity and needs in the various regions of the state, an analysis of changes in the role of communications, media, networks, and public utilities, and a review of the public policy with respect to the role of regulation and deregulation.

The Legislative Council staff presented the following proposed study plan for the committee's

consideration relating to its statutory responsibilities and its assigned study responsibilities:

1. Review the activities of the Information Technology Department, the business plan of the department, statewide information technology standards, the statewide information technology plan, and major information technology projects (North Dakota Century Code (NDCC) Section 54-35-15.2).
2. Receive information from representatives of the Information Technology Department regarding the technological capacity and needs of the state, including:
 - a. Status of the statewide information technology network implementation and the department's information technology initiatives.
 - b. State, national, and global information technology trends.
 - c. Future short-term and long-term information technology needs of the state.
 - d. Development capacity and needs in the various regions of the state.
 - e. Changes in the role of communications, media, networks, and public utilities.
 - f. Public policy with respect to the role of regulation and deregulation.
3. Receive information from representatives of the State Library and other entities regarding the delivery of library services by technology, including the location of each library in the state, a review of the use of technology by libraries, and the opportunity for improving library services through the use of technology.
4. Receive reports from the Chief Information Officer of the state regarding the coordination of services with political subdivisions, and receive reports from the Chief Information Officer and the commissioner of the State Board of Higher Education regarding coordination of information technology between the Information Technology Department and higher education (NDCC Section 54-59-12).
5. Receive the following information from the Information Technology Department:

- a. A report regarding any executive branch agency or institution that does not agree to conform to its information technology plan or comply with statewide policies and standards (NDCC Section 54-59-13).
 - b. An annual report regarding information technology projects, services, plans, and benefits (NDCC Section 54-59-19).
 - c. Information regarding performance measures developed by the department to assist the Legislative Assembly in determining the effectiveness and efficiency of the department's operations (Section 9 of Senate Bill No. 2043).
6. Receive a report from State Radio Communications on the operation of any recommended changes in 911 telephone system standards and guidelines (NDCC Section 57-40.6-11).
 7. Receive a report from the Public Safety Answering Points Coordinating Committee on city and county fees on telephone exchange access service and wireless service (NDCC Section 57-40.6-12).
 8. Receive periodic reports (at least once every five months) from the Superintendent of Public Instruction on the Superintendent's pursuit of grant funds during the 2001-03 biennium for projects relating to the use of technology in elementary and secondary education (Section 10 of Senate Bill No. 2251).
 9. Receive testimony from interested persons and organizations regarding the committee's study of the technological capacity and needs of the state, including the delivery of library services by technology.
 10. Develop recommendations and any necessary legislation to implement the committee's recommendations.
 11. Prepare a final report for submission to the Legislative Council.

Mr. Curtis L. Wolfe, Chief Information Officer, Information Technology Department, presented information regarding the department's 2001-03 biennium budget, related 2001 legislation, and information technology initiatives. A copy of the information is on file in the Legislative Council office.

Mr. Wolfe said 2001 Senate Bill No. 2022 allows the department to transfer funding from one line item to another. Transfers that increase line items in excess of the amount included in Governor Hoeven's executive budget recommendation may only be made after Emergency Commission and Budget Section approval. He said the Information Technology Committee and the Budget Section will be made aware of any transfers made pursuant to this authority.

Mr. Wolfe said at the present time 140 kindergarten through grade 12 schools have been connected in Phase 2 of the implementation of the new statewide information technology network. He said there are approximately 52 school districts in the state with no high school facility. He said these school districts have been given the opportunity to complete a request with the department for access to the new statewide information technology network. He said the department has received requests for access from 20 school districts and is in the process of connecting 12 of the 20 school districts.

Regarding the connection of public libraries to the new statewide information technology network, Mr. Wolfe said the department, in coordination with the State Library, is in the process of developing an implementation schedule. He said many libraries are not technically ready for connection; however, those that are technically equipped will be connected by the end of 2001. He said the department will connect the remaining libraries once they are technically equipped and complete Phase 2 of the statewide information technology network implementation before the end of the 2001-03 biennium.

In response to a question from Representative Skarphol, Mr. Wolfe said the department would prepare a listing of cities with a public library and no high school facility for the next committee meeting.

Mr. Wolfe said the department has been notified that the e-rate reimbursement to be received from the federal government relating to the connection of school districts to the new statewide information technology network will fund approximately 63 percent of related costs. He said this represents a 13 percent increase from the 50 percent rate of reimbursement estimated during the 2001 Legislative Assembly.

In response to a question from Senator Robinson, Mr. Wolfe said the increase in e-rate reimbursement means the state will receive an additional 13 percent federal reimbursement for network connection costs, which will result in the state's general fund costs being reduced accordingly.

Mr. Wolfe said the role and responsibilities of the Interactive Video Network (IVN) operators, the Information Technology Department, SENDIT Technologies Services, and the Center for Innovation in Instruction regarding the video deployment of the statewide information technology network have been determined. He said that H.323 video technology has been selected as the network's standard video protocol, and quality of service will be preconfigured in the network to reserve guaranteed bandwidth to specific video equipment.

Mr. Wolfe said the department has reviewed the responses to the enterprise resource planning (ERP) system initiative request for proposals and selected three finalists--SCT, PeopleSoft, and Oracle. He said due to interest shown in working with Microsoft - Great Plains, the department reevaluated the

response from Microsoft - Great Plains and determined that the response was insufficient. Microsoft - Great Plains subsequently presented the department with a proposal for a joint venture partnership for the ERP system initiative. He said the department has agreed to hold the current request for proposal process open for 90 days and meet with Microsoft - Great Plains to discuss the joint venture partnership proposal. He said at the end of the 90 days, the department will decide whether to continue with the request for proposal process or to agree to a joint venture partnership with Microsoft - Great Plains. He said the three finalists have agreed to continue their bids for the 90-day period.

In response to a question from Senator Solberg regarding the liability of the state if a joint venture partnership is pursued, Mr. Wolfe said a contract would be in place to protect the state from potential losses.

In response to a question from Senator Krauter regarding the three selected finalists from the request for proposal process, Mr. Wolfe said the request for proposal has been reviewed by the Attorney General's office and the request for proposal allows the department to cancel the request for proposal at any time without penalty.

In response to a question from Senator Krauter regarding additional time and resources needed if a joint venture partnership is pursued, Mr. Wolfe said details regarding additional time and resources will be available after the department's analysis of the partnership proposal.

Mr. Wolfe said the department's e-government initiative consists of the following three phases:

1. The **experiment** phase (2000-02) consisting of moving a small number of low-risk services on-line.
2. The **integrate** phase (2002-05) consisting of the development of applications that integrate services of multiple state agencies.
3. The **reinvent** phase (2005+) consisting of reorganization and reinvention of government processes.

Mr. Wolfe said an initiative to be considered for the 2003-05 biennium is the establishment of an enterprise fund that could be used to fund e-government applications that integrate services of several state agencies. He said an example of such an application would be an on-line "Green Book" application that would allow individuals to complete and submit all the new business registration forms found in the state's "Green Book" via the Internet. At the present time, all the forms may be downloaded from the Internet, but they must be completed and mailed into the appropriate state agency.

Mr. Wolfe said the Educational Technology Council, established by 2001 Senate Bill No. 2251, will hold its first official meeting on August 28, 2001, to elect a council chairperson and interview finalists for the

kindergarten through grade 12 technology director position.

Mr. Grant Crawford, Chief Information Officer, North Dakota University System, Fargo, presented information regarding University System strategic information technology issues. A copy of the information is on file in the Legislative Council office. Mr. Crawford said the 2001 Legislative Assembly funded three specific information technology initiatives of the North Dakota University System for the 2001-03 biennium--the offering of an on-line associate in arts degree, expansion of IVN to a statewide service, and an increase of digital holdings for the On-line Dakota Information Network (ODIN). He said the University System is working with the Information Technology Department and kindergarten through grade 12 schools on creating a 24-hour help desk, establishing statewide name space, integrating security architecture, and utilizing Internet 2.

Ms. Nancy Walz, Senior Information Technology Business Analyst, Information Technology Department, provided information on information technology planning and strategic information technology plans. A copy of the information is on file in the Legislative Council office. Ms. Walz reviewed the information technology planning timeline, noting that the due date for technology plans to be submitted to the Information Technology Department has changed from January 15 to March 15 of each even-numbered year. She said due to information technology planning challenges, the department plans on reviewing the information technology planning process during the interim and reporting any suggested improvements to the committee.

Mr. Rob Gall, Information Technology Business Analyst, Information Technology Department, presented information regarding major information technology projects. A copy of Mr. Gall's testimony is on file in the Legislative Council office. He said major information technology projects are defined in statute to be an executive or judicial branch agency project with a cost of \$250,000 or more in one biennium or a total cost of \$500,000 or more or a higher education project which impacts the statewide wide area network, impacts the statewide library system, or is an administrative project. He said major information technology project reporting consists of the following five general steps:

1. Development of a business case that details the objectives of the proposed project, a project cost-benefit analysis, and a project risk analysis.
2. Development of a project plan that includes information on the project scope, work activities, and schedule.
3. Completion and review of quarterly status reports that include information on the project scope, schedule, and budgeted and actual expenditures.

4. Completion of a summary status report of all major information technology projects.
5. Completion of a postproject analysis that includes an assessment of whether the project accomplished business objectives.

Mr. Roger Hertz, Director, Division of Information Technology, Department of Human Services, provided information regarding the department's technology projects for the 1999-2001 and 2001-03 bienniums. A copy of Mr. Hertz's testimony is on file in the Legislative Council office. He said the department's information technology projects for the 2001-03 biennium include document management, child support enhancements, a case management system, and the Health Insurance Portability and Accountability Act (HIPAA). He said for the HIPAA project, the department is monitoring discussions in Congress regarding a potential delay in implementation and continuing to work closely with the Noridian Insurance Company for implementation.

Mr. Wolfe provided information regarding the department's PowerSchool Project. A copy of his testimony is on file in the Legislative Council office. He said PowerSchool is a computer application for kindergarten through grade 12 schools that includes features such as student scheduling, student attendance, and a grade book. He said the application may be customized to allow for electronic reporting of required information. He said there are 34 school districts interested in implementing the application, and Bismarck School District has been chosen as the first to be implemented in August 2001. He said the Information Technology Department will serve as the application service provider, and the cost to the school district will be on a per student per year basis.

In response to a question from Senator Robinson regarding the cost of the application, Mr. Wolfe said for the Bismarck School District, the cost will be \$6 per student per year. He said the cost to the school district may be refined as additional school districts are implemented.

In response to a question from Representative Skarphol regarding public record information, Mr. Wolfe said the application has adequate security features, and each school will only have access to its own data.

Mr. Mike Ressler, Director of Operations, and Mr. L. Dean Glatt, Associate Director of Computer Services, Information Technology Department, provided information regarding personal computer (PC) replacement strategy. A copy of the information is on file in the Legislative Council office. Mr. Ressler said the department is experimenting with the following two new PC replacement strategy options:

1. The Information Technology Department providing PCs as a service and charging agencies for the service.
2. The replacement of PCs with "thin clients."

Mr. Glatt demonstrated the use of a "thin client" and said "thin clients" may be used in situations when an individual requires a computing device for repetitious and standard tasks but does not require the computing power of a desktop computer. A "thin client" is a "display-only" device that displays applications that run on a server rather than on the computer.

Mr. Ressler and Mr. Vern Welder, Associate Director of Software Development Services, Information Technology Department, provided information regarding the department's geographic information systems (GIS) initiative. A copy of the information is on file in the Legislative Council office. Mr. Welder said GIS is software that allows an unlimited amount of information to be linked to a geographic location. He said a GIS Technical Advisory Committee was formed by Governor Schafer in 1995, and Governor Hoeven recently reinstated the committee to coordinate GIS activities. He said the Information Technology Department received a 2001-03 general fund appropriation of \$750,000 for a GIS coordinator position and for creation of a GIS centralized data hub. He said the coordinator position has been filled, and the department plans to have the centralized data hub operational in late 2001.

Mr. Ressler said the Division of Emergency Management and the Federal Emergency Management Agency (FEMA) have asked the department to host a Devils Lake GIS application. He said the department will receive a FEMA grant of approximately \$450,000 to purchase equipment and hardware to host the data for the Devils Lake region.

In response to a question from Senator Solberg regarding the equipment and hardware purchase, Mr. Welder said the equipment and hardware will not be strictly used for the Devils Lake application and will be used as much as possible for the centralized data hub.

Mr. Dan Sipes, Associate Director of Administrative Services, Information Technology Department, provided information regarding the electronic document management system (EDMS) initiative. A copy of the testimony is on file in the Legislative Council office. Mr. Sipes said that an electronic document management system is a collection of technologies which enables functions, such as document management, imaging, electronic report management, and electronic forms. He said the department received a 2001-03 special funds appropriation of approximately \$1.3 million for implementation of the electronic document management system initiative. He said those agencies which use the department's electronic document management system service will be billed for their use. He said the Tax Department recently completed an electronic document management system pilot project that allowed the department to image and process 233,000 individual income tax returns for the tax year 2000. This allows the department to retrieve tax returns electronically rather than

requesting paper tax returns to be retrieved from stored files.

The committee recessed for lunch at 12:25 p.m. and reconvened at 1:15 p.m.

Ms. Ardy Pfaff, Human Resources Director, Information Technology Department, provided information regarding new authorized FTE positions and implementation of employee incentive and bonus programs authorized by the 2001 Legislative Assembly. A copy of the information is on file in the Legislative Council office. Ms. Pfaff said the 2001 Legislative Assembly authorized 39 new FTE positions for the Information Technology Department. She said to date the department has made 28 offers to individuals to fill the new positions of which 19 were accepted, 7 are pending acceptance, and 2 were declined. She said the department has utilized the recruitment and retention bonus pilot program authorized in 2001 House Bill No. 1120 three times in the 28 offers. She said the bonuses provided are payable 50 percent on the day of employment and 50 percent at the end of the successful completion of a probation period and are refundable if the employee does not complete one year of service to the department. She said the department is in the process of determining a procedure to implement the performance bonus pilot program authorized in 2001 House Bill No. 1119. She said performance bonuses may only be paid to 25 percent of the employees.

In response to a question from Senator Robinson regarding the employment offers made by the department, Mr. Wolfe said none of the 28 offers or positions filled are related to the HIPAA project.

Ms. Walz provided information regarding committees established relating to information technology. A copy of her presentation is on file in the Legislative Council office. She said there are a number of committees that have been established to provide guidance and insight relating to information technology for the state.

Chairman Robinson called on Senator Solberg to comment regarding his attendance at a *Governing Magazine* Conference on Managing Technology in Philadelphia, Pennsylvania. Senator Solberg said the conference featured a number of speakers from the public sector on information technology. He said it appears North Dakota may be lagging in developing new technology applications but is ahead in its development of information technology methodology. He said he is hopeful other members of the committee will be able to attend next year's conference.

STUDY OF THE TECHNOLOGICAL CAPACITY AND NEEDS OF THE STATE

Mr. Wolfe provided comments regarding the committee's study of the technological capacity and needs of the state pursuant to House Concurrent Resolution No. 3057. A copy of his presentation is on

file in the Legislative Council office. He said the resolution calls for:

1. A review of the technological capacity and needs of the state.
2. An analysis of state, national, and global trends.
3. An examination of the future short-term and long-term needs of the state.
4. A review of the development capacity and needs in the various regions of the state.
5. An analysis of changes in the role of communications, media, networks, and public utilities.
6. A review of the public policy with respect to the role of regulation and deregulation.

Mr. Wolfe said due to the broad nature of the study, if the committee approved, he would work with the State Information Technology Advisory Committee and industry representatives to examine the six study areas and develop a prioritized list of the areas that would identify for each area specific study issues and entities that could analyze the issue. He said some of the analysis can be done by the Information Technology Department, members of the State Information Technology Advisory Committee, private industry, or by a consultant.

Ms. Doris Ott, Assistant State Librarian, State Library, presented information regarding the delivery of library services by technology. A copy of Ms. Ott's testimony is on file in the Legislative Council office. She said in October 1995 a Library Study Steering Committee was called together to discuss concerns and issues within the state's library community. She said the committee's participants defined a set of priorities for statewide library services in a planning document entitled *Library Vision 2004*. She said the number one priority of the document is to create a systemwide community of strong libraries working together. She said one of the methods to accomplish that priority was to develop a comprehensive statewide electronic bibliographic data base that allows individuals to simultaneously search ODIN, Bismarck, Minot, and Williston library consortiums. She said technology has also enabled libraries to access hundreds of magazines, newspapers, and journals 24 hours a day via the Internet.

Ms. Ott said an area of concern for the State Library is the archiving of on-line state documents. She said NDCC Section 54-24-09 requires that state agencies deposit with the State Library eight copies of all publications issued by all executive, legislative, and judicial agencies of state government intended for general public distribution. She said many state agencies are producing state documents on-line in lieu of paper, and the law does not address the archiving of on-line documents.

It was moved by Representative Kempenich, seconded by Senator Solberg, and carried on a roll call vote that the Information Technology

Committee ask the Information Technology Department to consult with the State Information Technology Advisory Committee and review the six study areas of House Concurrent Resolution No. 3057 and provide to the committee at the next meeting a prioritized listing of areas of study concentration that identifies specific study issues within each study area and whether the study can be completed by the Information Technology Department, the State Information Technology Advisory Committee, private industry, or by a consultant and that the Information Technology Committee adopt the proposed study plan regarding the committee's statutory and assigned responsibilities.

Chairman Robinson said the committee may revisit the study plan after receiving information from the Information Technology Department regarding the study areas of House Concurrent Resolution No. 3057. Senators Robinson, Schobinger, and Solberg and Representatives Kempenich, Skarphol, and Weisz voted "aye." No negative votes were cast.

Mr. Wolfe suggested inviting a representative from State Radio Communications to the committee's next

meeting to provide a report on the development of a State Radio Communications plan.

Senator Solberg requested that a representative of the Department of Transportation be present at the next meeting to provide information regarding the completed motor vehicle registration application, including information regarding the total cost, the total cost of delays, the implementation status, and expected benefits of the application.

The committee adjourned subject to the call of the chair at 2:31 p.m.

Roxanne Woeste
Fiscal Analyst

Jim W. Smith
Legislative Budget Analyst and Auditor

ATTACH:1