

NORTH DAKOTA LEGISLATIVE COUNCIL

Minutes of the

INFORMATION TECHNOLOGY COMMITTEE

Wednesday, July 7, 2004
Blue Building, Baker Boy
Dickinson, North Dakota

Senator Larry Robinson, Chairman, called the meeting to order at 8:30 a.m. (MDT) at Baker Boy in Dickinson.

Members present: Senators Larry Robinson, Randel Christmann, Tom Seymour, Rich Wardner; Representatives Keith Kempenich, Bob Skarphol, Ken Svedjan, Robin Weisz, Lonny Winrich; Chief Information Officer Curtis L. Wolfe

Members absent: Senator Randy A. Schobinger; Representative Eliot Glassheim

Others present: See attached appendix

It was moved by Representative Svedjan, seconded by Representative Skarphol, and carried on a voice vote that the minutes of the May 13, 2004, meeting be approved as distributed.

REPORT OF THE CHIEF INFORMATION OFFICER

Mr. Curtis L. Wolfe, Chief Information Officer, Information Technology Department, distributed information regarding e-government services. A copy of the information is on file in the Legislative Council office. He said the State of North Dakota has experienced a good "adoption" rate for the Game and Fish Department's online hunting and fishing license application; however, the state has experienced a low "adoption" rate for the Department of Transportation's online vehicle registration application. An "adoption" rate is the percentage of business conducted online.

In response to a question from Representative Kempenich, Mr. Wolfe said he does not know the reasons for the difference in "adoption" rates.

In response to a question from Representative Skarphol, Mr. Wolfe said he is not aware of the online government services that are being utilized in other states. He said during the 2001-02 interim the Information Technology Department and the Legislative Council contracted with the University of North Dakota Social Science Research Institute for a citizen and business information technology survey, which included information on North Dakota citizens' desires for online government services.

In response to a question from Senator Christmann, Mr. Wolfe said the Information Technology Department will work with the Secretary of State and the Tax Department to provide information to the committee regarding utilization of the agencies'

online government services. Senator Christmann said it would be interesting to know if Tax Department online utilization is higher for people requesting tax refunds versus those making tax payments.

Mr. Wolfe said on June 17, 2004, the Attorney General's office issued an opinion stating the Information Technology Department is required to follow the administrative rulemaking requirements of North Dakota Century Code (NDCC) Chapter 28-32 for establishing policies, standards, and guidelines for executive branch agencies with respect to purchasing information technology hardware, software, and services. He said the opinion states Section 28-32-01(11)(a) exempts a rule concerning only the internal management of an agency which does not directly or substantially affect the substantive or procedural rights or duties of any segment of the public; however, the exception does not apply to the department's policies, standards, and guidelines since the department's policies, standards, and guidelines go beyond the internal management of the department and extend to all executive branch agencies and institutions other than those under the control of the State Board of Higher Education. He said the department has asked the Attorney General's office for further clarification regarding the opinion, including whether the opinion applies to all the department's policies, standards, and guidelines. He said at the present time the department's policies, standards, and guidelines relating to information technology are developed through an enterprise architecture process and are approved by the Enterprise Architecture Review Board and the State Information Technology Advisory Committee.

In response to a question from Representative Svedjan, Mr. Wolfe said he is not aware of any other states that require policies, standards, and guidelines relating to information technology to comply with administrative rulemaking requirements.

In response to a question from Representative Winrich, Mr. Wolfe said at the present time policies, standards, and guidelines relating to information technology are developed by domain teams established through an enterprise architecture process. The policies, standards, and guidelines are approved by both the Enterprise Architecture Review Board and the State Information Technology Advisory Committee.

In response to questions from Representative Weisz, Mr. Wolfe said the department's policies, standards, and guidelines do not affect the general public. He said the department would be comfortable completing the administrative rulemaking process for those policies, standards, and guidelines that would affect the general public.

In response to a question from Senator Christmann, Mr. Wolfe said the department needs the ability to establish policies, standards, and guidelines for the safety of the state's information technology infrastructure. He said the policies, standards, and guidelines are not intended to instruct agencies as to how to complete their business objectives.

Representative Skarphol requested Legislative Council staff provide the committee with information regarding the administrative rule exemption provided in NDCC Section 28-32-01(11)(a), specifically if the Information Technology Department activity concerns only the internal management of the agency and does not substantially affect the public.

Senator Christmann said some of the department's issues may be addressed by the Attorney General's response to the department's request for clarification on the opinion. He said elected officials may have legitimate concerns regarding being able to conduct their constitutional responsibilities while being subject to Information Technology Department requirements.

It was moved by Representative Svedjan, seconded by Representative Weisz, and carried on a roll call vote that the Legislative Council staff be requested to prepare a bill draft to exempt policies, standards, and guidelines of the Information Technology Department that may affect other agencies but not the general public from the administrative rules process, while statutorily referencing the current process for agency input from the Enterprise Architecture Review Board and the State Information Technology Advisory Committee. Senators Robinson, Christmann, and Seymour and Representatives Kempenich, Skarphol, Svedjan, Weisz, and Winrich voted "aye." No negative votes were cast.

Mr. Wolfe provided information regarding the establishment of a statewide information technology enterprise fund. A copy of the information is on file in the Legislative Council office. He said a statewide information technology enterprise fund could be used by state agencies during the course of a biennium to take advantage of technology opportunities that may not have been apparent or clearly defined prior to the appropriation process. He said agencies would be required to submit a proposal for funding and based on the merits of the proposal an agency could receive funding for an information technology project. If funding is awarded, the agency would be required to pay back the funding in subsequent bienniums either through an increase in revenue or redirected appropriation authority. He said a general fund

appropriation would be required the first two bienniums to establish the fund.

In response to a question from Representative Svedjan, Mr. Wolfe said the department's budget request for the 2005-07 biennium will include a request for a \$1 million general fund appropriation to establish a statewide information technology enterprise fund.

In response to a question from Representative Weisz, Mr. Wolfe said the statewide information technology enterprise fund would be strictly for projects that either were not apparent or clearly defined prior to the appropriation process.

In response to a question from Representative Skarphol, Mr. Wolfe said the fund would be used for information technology projects providing improvements in efficiency and information technology projects involving several state agencies.

In response to a question from Representative Svedjan, the legislative budget analyst and auditor said the department could request funding for the establishment of a statewide enterprise fund in its budget request for the 2005-07 biennium and the provisions relating to the establishment of the fund could be in a separate bill.

It was moved by Representative Skarphol, seconded by Representative Kempenich, and carried on a roll call vote that the Legislative Council staff be requested to prepare a bill draft to establish a statewide information technology enterprise fund. Senators Robinson, Christmann, and Seymour and Representatives Kempenich, Skarphol, Svedjan, Weisz, and Winrich voted "aye." No negative votes were cast.

OTHER INFORMATION

Mr. Gary J. Vetter, GroupWare and Electronic Data Management System Supervisor, Information Technology Department, provided information on e-mail and e-mail security. A copy of the information is on file in the Legislative Council office. He said the Information Technology Department has historically hosted e-mail for state agencies and the legislative branch. He said prior to the information technology functional consolidation required by 2003 House Bill No. 1505, only a small number of state agencies maintained their own e-mail systems. He said privacy and confidentiality is taken very seriously throughout the department. He said access to e-mail accounts is only granted to a limited number of employees and all department employees must sign confidentiality agreements annually. He said e-mail messages are considered to be confidential or exempt from the state's open records law if the messages qualify as correspondence of confidential or exempt information as defined by North Dakota Century Code. He said the determination of confidential or exempt information is made by state agencies, not the department.

Mr. Jeff Carr, Systems Architect, Information Technology Department, provided information regarding the future of the state's server and operating system infrastructure. A copy of the information is on file in the Legislative Council office. He said at the present time the state operates critical information technology business applications on a wide variety of platforms, provides disaster recovery services to only a limited number of the critical applications, and requires staff with legacy skill sets to support applications. He said the future of the state's mainframe should be addressed first because a majority of the state's essential business functions are dependent on the mainframe and the operation of the mainframe represents the largest opportunity for cost-savings. He said the state's software and hardware licensing and maintenance costs for the mainframe are approximately \$2.5 million per year and Gartner Consulting has suggested that migration to another platform could decrease the licensing and maintenance costs by approximately \$1 million. He said there are three logical alternatives for addressing the future of the state's mainframe:

- Continue to host the mainframe internally.
- Outsource the hosting of the mainframe.
- Migrate the applications dependent upon the mainframe to another platform.

Mr. Carr said migrating applications to another platform is different from rewriting applications. Rewriting applications is the development of a brand new application, and migrating the applications moves the existing application to another platform while performing as few changes as possible. He said rewriting all of the applications would be very lengthy and costly; therefore, migrating the applications may be more resource-effective. He said the department will determine the cost of migrating the applications dependent upon the state's mainframe; analyze ongoing maintenance, licensing, and staffing costs; analyze the appropriate timing for migration; and determine which of the applications should be migrated.

INFORMATION TECHNOLOGY STATUTORY PROVISIONS

The Legislative Council staff presented a memorandum entitled *Information Technology-Related Statutory Provisions* regarding statutory provisions relating to the Information Technology Committee and the Information Technology Department.

In response to a question from Senator Christmann, the Legislative Council staff said NDCC Section 54-59-08 requires each county, city, and school district that desires access to wide area network services to transmit voice, data, or video outside that county, city, or school district shall obtain those services from the Information Technology Department. The Chief Information Officer may exempt a county, city, or school district that

demonstrates its current wide area network services are more cost-effective or more appropriate for the specific needs of that county, city, or school district than wide area network services available from the department.

Mr. Wolfe said the Higher Education Roundtable, which met on June 15, 2004, discussed private sector use of the statewide information technology network. He said Mr. Don Hedger, President, Killdeer Mountain Manufacturing, Inc., suggested the state allow businesses in small communities to access the statewide information technology network for a limited period of time and allow other businesses in small communities to access the network to receive workforce training. He said the 2001-02 interim Information Technology Committee recommended 2003 Senate Bill No. 2042 which would have allowed limited private sector use of the statewide information technology network; however, the bill was defeated.

In response to a question from Representative Kempenich, Mr. Wolfe said the department has suggested the Department of Commerce provide funding to startup businesses to assist with the purchasing of broadband Internet services.

In response to a question from Representative Skarphol, Mr. Wolfe said he believes Killdeer Mountain Manufacturing, Inc., could purchase broadband services from a local telecommunications provider.

In response to a question from Representative Winrich, Mr. Wolfe said NDCC Section 54-59-05(14) provides that the Information Technology Department may provide wide area network services for a period not to exceed four years to occupants of technology parks and businesses in business incubators associated with higher education institutions.

Chairman Robinson requested the Department of Commerce, representatives of telecommunications providers, and representatives of the private sector be invited to the committee's next meeting to discuss private sector use of the statewide information technology network.

Mr. Wolfe said the Information Technology Department recommends the following statutory changes:

- Policies, standards, and guidelines - Amend NDCC Sections 54-59-02.1, 54-59-05, 54-59-09, and 54-59-22 to clarify or eliminate the role of the Office of Management and Budget in the development of policies, standards, and guidelines and to align responsibilities relating to policies, standards, and guidelines.
- State Information Technology Advisory Committee - Amend NDCC Section 54-59-02.1 to clarify responsibilities of the State Information Technology Advisory Committee, including the submission of recommendations that may result in legislation.

- Asset management - Amend NDCC Section 54-59-11 to ensure state agencies maintain an inventory on an ongoing basis according to guidelines established by the department and that an asset replacement plan be included in the agency's information technology plan.
- Information technology plans - Amend NDCC Section 54-59-11 to change information technology plan approval by the Information Technology Department to information technology plan acceptance by the department.
- Information Technology Department reporting requirements - Amend NDCC Sections 54-59-11, 54-59-19, and 54-59-22 to align reporting requirements regarding the department's services and accomplishments with the department's annual report and requirements regarding statewide information technology accomplishments with the statewide information technology plan.
- Large information technology projects - Amend NDCC Sections 54-35-15.1 and 54-59-05 to clarify the Information Technology Department large project responsibility and establish an enterprise project management responsibility.

Representative Skarphol said he was under the impression that the advisory committee referred to in NDCC Section 54-59-02.1 was the department's enterprise architecture committee.

Representative Skarphol said the drafting of legislation amending NDCC Section 54-59-02.1 should allow for nonbudgetary information technology recommendations to be submitted to the Information Technology Committee.

It was moved by Representative Svedjan, seconded by Representative Skarphol, and carried on a roll call vote that the Legislative Council staff be requested to work with the Information Technology Department and the Office of Management and Budget to prepare bill drafts based upon the recommendations presented by the Chief Information Officer. Senators Robinson, Christmann, Seymour, and Wardner and Representatives Kempenich, Skarphol, Svedjan, Weisz, and Winrich voted "aye." No negative votes were cast.

TOUR OF BAKER BOY FACILITIES

The committee conducted a tour of the Baker Boy facilities and after the tour the committee recessed for lunch.

INFORMATION TECHNOLOGY COUNCIL OF NORTH DAKOTA

The committee reconvened at 1:10 p.m. (MDT). Mr. Jason Yoder, Computer Operations Manager, Baker Boy, provided information regarding benefits resulting from the implementation of the state's wide area network and future information technology

needs. A copy of the information is on file in the Legislative Council office. He said Baker Boy is a state-of-the-art production facility that operates 24 hours a day 7 days a week and employs 235 individuals. He said the company's future information technology efforts and needs include the sharing of information technology career opportunities with junior high and senior high guidance counselors, expansion of workforce training opportunities for advanced level technical education, expansion of wireless voice and data networks, and less expensive and more reliable Internet service for business and residential customers.

Mr. Hedger provided information regarding benefits resulting from the implementation of the state's wide area network and future information technology needs. A copy of the information is on file in the Legislative Council office. He said Killdeer Mountain Manufacturing, Inc., which was founded in 1987, is a manufacturer of high-quality electronics for the aerospace industry. He said the company employs 170 individuals in three rural North Dakota communities--Killdeer, Halliday, and Hettinger. The company is partnering with the United States Air Force, Boeing Supply Chain Management, and Alien Technologies to develop a toolkit to help small businesses become part of a supply chain regardless of the businesses' locations. He said in regard to information technology needs, the state should consider allowing startup businesses in small communities to access the statewide information technology network for a limited period of time and other businesses in small communities to access the network to receive workforce training and the state should consider providing information technology technical and problem-solving advice to businesses.

In response to a question from Representative Skarphol, Mr. Hedger said he will explore the possibility of purchasing temporary broadband services from the local telecommunications provider.

Ms. Sandy Bertelsen, Education Technology Services Support, Dickinson Public School District, provided information regarding benefits resulting from the implementation of the state's wide area network and future information technology needs. A copy of the information is on file in the Legislative Council office. She said benefits of the state's wide area network include provision of broadband, Internet content-filtering, antivirus protection, and e-mail services at no cost to the school district and participation in the state's Microsoft licensing agreement, which allows the school district to purchase Microsoft software licenses at a reduced cost. She said future information technology needs include allowing school districts with connectivity issues the option of managing and supporting a Power School server located within the district's network, using partnerships with certified information technology trainers to provide training to statewide school district personnel

at a reduced cost, and funding and staffing EduTech at appropriate levels or shifting the focus of EduTech staff to arranging, coordinating, and facilitating training instead of attempting to be the sole providers of training.

In response to a question from Senator Christmann, Ms. Bertelsen said the school district is comfortable with the Internet content-filtering service provided by EduTech and the Information Technology Department.

Mr. Chris Klamon, Communications Consultant, Consolidated Telecom, Dickinson, provided information regarding benefits resulting from the implementation of the state's wide area network and future information technology needs. A copy of the information is on file in the Legislative Council office. He said Consolidated Telecom provides local dial tone, long-distance, telephone systems, cable television, and broadband services to southwest North Dakota. He said the Consolidated Telecom broadband coverage area includes approximately 90 percent of its service area and in May 2004 broadband speed increased from 256 kilobits per second to 1 megabyte per second with no additional cost to customers.

In response to a question from Representative Skarphol, Mr. Klamon said Consolidated Telecom and Dakota Carrier Network would have to analyze if they would support allowing businesses in small communities to utilize, for a fee, city, county, and school district videoconferencing equipment and access to the state-wide information technology network for workforce training.

INFORMATION TECHNOLOGY ORGANIZATIONAL AND MANAGEMENT STUDIES

Mr. Wolfe provided information regarding the Enterprise Architecture Review Board analysis of the recommendations included in the Pacific Technologies, Inc., final report for the information technology organizational and management studies. A copy of the information is on file in the Legislative Council office. He said a subcommittee of the Enterprise Architecture Review Board anticipates releasing a request for proposals to begin aggregated, single-brand acquisition for the office automation class of workstations on July 12, 2004, and awarding a contract in November 2004.

ENTERPRISE RESOURCE PLANNING SYSTEM INITIATIVE - CONNECTND SYSTEM

The Legislative Council staff distributed testimony from the Office of Management and Budget regarding the status of the implementation of the ConnectND system and information regarding the agency's plan for future functionality of the system. A copy of the testimony is on file in the Legislative Council office.

The testimony indicates the modifications to the PeopleSoft enterprise resource planning system software and time-entry enhancements necessary because of the Governor's directive that the system be implemented without a timelag for payroll processing are on schedule. The modifications and enhancements result in a delay of project completion from September 2004 to December 2004. Due to the extended project timeline, the project team is also working on implementing the employee expense module. The financial and human resource components of the system, except for the employee expenses, budget, and strategic sourcing modules, and the base portal of the system will be rolled out to state agencies on September 1, 2004. The employee expenses, budget, and strategic sourcing modules will be rolled out to state agencies during 2005. The Office of Management and Budget held a meeting with state agency representatives and Maximus in May 2004 to discuss the future functionality of the ConnectND system, including the customer relationship management, expanded human resource and payroll functionality, enterprise performance management, eSupplier, eBenefits, and cash management modules. State agencies are to prioritize their areas for future additional functionality, and the Office of Management and Budget will take the agency's recommendations into consideration in determining future functionality for the ConnectND system, should funding become available. A representative of the Information Technology Department is currently working on an analysis of the state portion of the ConnectND system to review the readiness of the project as scheduled. The analysis should be finalized by July 16, 2004.

Mr. Grant Crawford, Chief Information Officer, North Dakota University System, provided information regarding the status of the implementation of the ConnectND system and information on the North Dakota University System implementation of ancillary systems. A copy of the information is on file in the Legislative Council office. He said the North Dakota University System will "go live" with the financial, human resource, and student administration components of the ConnectND system at Dickinson State University, Lake Region State College, Bismarck State College, Williston State College, and the State College of Science in July 2004. At that time, 8 of the 12 North Dakota University System sites will be "live" with the ConnectND system, considering that Mayville State University, Valley City State University, and the North Dakota University System office have been "live" since April 2003. The remaining higher education institutions--North Dakota State University, University of North Dakota, Minot State University, and Minot State University - Bottineau--will not "go live" as originally scheduled due to the institutions' concerns with the features offered by the grants and contracts module. He said the four remaining higher

education institutions will be implementing the student administration component of the ConnectND system beginning in fall 2004 for the 2005-06 academic year in a phased approach much like the pilot higher education institutions. He said the project team and the four remaining higher education institutions are awaiting the results of modifications to the grants and contracts module before determining an implementation date for the financial and human resource components of the system. The earliest implementation date could be October 2004 and the latest implementation date is July 1, 2005. The delay will cost approximately \$600,000 per month to cover internal staffing costs and additional consulting assistance. Between the project budget and forgiven charges from the consulting partner, the University System is able to cover the costs of approximately three months of delay. He said a funding source has not been identified for additional costs related to a longer project delay pending the July results of the grants and contracts module testing. He said the remaining higher education institutions must implement the financial and human resource components of the system by July 2005 because the current legacy system is incapable of meeting federal financial aid reporting requirements.

Mr. Crawford said the North Dakota University System is in the process of implementing five ConnectND ancillary systems, including facilities, housing, parking, identification card, and infrastructure. He said the University System anticipates the identification card system to be completed in December 2004, the parking system in January 2005, and the facilities and housing systems to be completed in June 2005. He said an anticipated completion date for the infrastructure system has not yet been determined. The total budget for implementing the five ancillary systems is approximately \$2.4 million.

Mr. Crawford said in addition to the ConnectND project, the North Dakota University System is delaying the implementation of the replacement system for the On-line Dakota Information Network (ODIN) until November 2004 and the University System implementation of a learning management system will be included on the Information Technology Department's next quarterly large project summary. He said the delay of the replacement system for ODIN is to ensure proper system functionality.

BANK OF NORTH DAKOTA - E-BUSINESS PROJECT

The Legislative Council staff distributed correspondence from the Bank of North Dakota regarding the status of the Bank's e-business project, including information on the replacement of the Bank's lender system. A copy of the correspondence is on file in the Legislative Council office. The correspondence indicates the Bank of North Dakota is in the process of selecting a consultant to provide assistance with the replacement of the Bank's core banking system and the student loan lender system, and the Bank anticipates being able to present a detailed business case regarding the replacement of the student loan lender system to the committee by the end of the 2004 calendar year.

In response to a question from Representative Winrich, Mr. Wolfe said an employee of the Information Technology Department serves as an advisory member of the Bank's project steering committee.

COMMITTEE DISCUSSION AND STAFF DIRECTIVES

Representative Skarphol said the committee may want to consider recommending legislation that provides the Information Technology Committee with the authority to suspend an agency's activity relating to an information technology project if the agency experiences project cost overages that exceed a certain percentage of the total project budget. He said the project suspension could be rescinded with the approval of the Legislative Assembly or the Budget Section if the Legislative Assembly is not in session.

Chairman Robinson said a representative of the Bank of North Dakota will be invited to provide an update on the Bank's e-business project at the committee's next meeting which is tentatively scheduled for Thursday, September 16, 2004, in Bismarck.

The committee adjourned subject to the call of the chair at 3:10 p.m. (MDT).

Roxanne Woeste
Senior Fiscal Analyst

Jim W. Smith
Legislative Budget Analyst and Auditor

ATTACH:1