

NORTH DAKOTA LEGISLATIVE COUNCIL

Minutes of the

INFORMATION TECHNOLOGY COMMITTEE

Tuesday, September 10, 2002
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 Robert Huether, Bob Skarphol, Robin Weisz; Chief Information Officer Curtis L. Wolfe

Member absent: Representative Keith Kempenich

Others present: See attached appendix

It was moved by Representative Skarphol, seconded by Senator Solberg, and carried on a voice vote that the minutes of the June 27, 2002, meeting be approved as distributed.

PROPOSED INFORMATION TECHNOLOGY BILL DRAFTS

The Legislative Council staff presented a bill draft [30122.0100] relating to the powers and duties of the Information Technology Department, information technology plans, and the State Information Technology Advisory Committee. The bill draft:

- Amends North Dakota Century Code (NDCC) Section 54-44.6-01 by changing the reference for the responsibility of establishing a statewide forms management program from the Office of Management and Budget to the Information Technology Department.
- Amends NDCC Section 54-59-05(4) to provide that the Information Technology Department may purchase, finance the purchase, or lease equipment, software, or implementation services. The bill draft also removes the three-year limit on the length of financing agreements and removes the dollar limit on the financing amount.
- Amends NDCC Section 54-59-11 by changing the due date for information technology plans from March 15 to July 15.
- Amends NDCC Section 54-59-14 by removing language concerning central microfilm unit equipment and supplies purchases.
- Repeals NDCC Section 54-59-07 relating to the State Information Technology Advisory Committee.

The legislative budget analyst and auditor said the bill draft addresses the need to amend NDCC Section

54-59-05(4) due to the Office of Management and Budget's change in the method of budgeting for equipment. He said if the Legislative Assembly agrees, the appropriation bills will no longer have an equipment line and the statutory reference would no longer be appropriate.

In response to a question from Representative Skarphol regarding the change in the method of budgeting for equipment, the legislative budget analyst and auditor said the Office of Management and Budget, with approval from the Budget Section, has changed the method of budgeting for equipment to coincide with the new guidelines on governmental financial reporting contained in Governmental Accounting Standards Board No. 34. He said the changes include the moving of equipment under \$5,000 from the equipment line item to the operating line item and the establishment of a new capital assets line item to replace the capital improvements and equipment line items and include all equipment over \$5,000, land and buildings, and other capital payments.

In response to a question from Representative Weisz regarding the three-year limit on the length of financing agreements, Mr. Curtis L. Wolfe, Chief Information Officer, said a three-year time period was originally selected as the limit on the length of a financing agreement because historically the department has not entered into any financing agreements for a time period longer than three years.

In response to a question from Representative Skarphol regarding the change in the entity responsible for establishing a statewide forms management program from the Office of Management and Budget to the Information Technology Department, Mr. Wolfe said the forms management program has been an established component of the Information Technology Department for quite some time. He said the statutory reference relating to the program was not properly changed at the time the department was separated from the Office of Management and Budget.

Representative Skarphol expressed concern regarding the removal of the limit on the financing amount.

Mr. John Bjornson, Legal Counsel, Legislative Council, presented a bill draft [30127.0100] relating to an exemption of security-related records from the open records requirements. He said the bill draft

creates a new section to NDCC Chapter 44-04 providing that records containing plans, security codes, passwords, combinations, or other related data used to protect electronic information and government property and any data residing in computers, computer systems, or computer networks is exempt from the open records requirements.

In response to a question from Representative Weisz, Mr. Bjornson said the bill draft should be changed to exempt only security-related data residing in computers, computer systems, or computer networks.

Mr. Bjornson presented a bill draft [30124.0100] relating to an exemption for the Information Technology Department from the administrative hearing process. He said the bill draft amends NDCC Section 28-32-01(2) to include the Information Technology Department with respect to policies, standards, and guidelines adopted under Section 54-59-09 as an administrative agency excluded from the Administrative Agencies Practice Act.

In response to a question from Representative Skarphol, Mr. Bjornson said NDCC Section 54-59-09 provides that the Information Technology Department shall develop statewide information technology policies, standards, and guidelines and the bill draft would exempt the department with respect to policies, standards, and guidelines adopted under Section 54-59-09 from the administrative hearing process.

In response to a question from Representative Skarphol regarding examples of other state entities exempted from the administrative hearing process, Mr. Bjornson said other state entities exempted from the administrative hearing process include the Office of Management and Budget, the State Auditor, the Department of Commerce with respect to the Division of Economic Development and Finance, the State Board of Higher Education, and the Parks and Recreation Department.

Mr. Wolfe said the information technology policies, standards, and guidelines adopted by the department do not directly affect citizens of the state and therefore public meetings regarding the policies, standards, and guidelines are not beneficial.

The Legislative Council staff presented a bill draft [30123.0100] relating to the Educational Technology Council as the governing entity of the Division of Independent Study. The bill draft:

- Amends NDCC Section 15-19-01 relating to the Division of Independent Study's correspondence courses by changing the reference of the entity responsible for curriculum approval from the State Board of Public School Education to the Superintendent of Public Instruction. The bill draft also amends the section by removing language providing that the correspondence work must be completed in accordance with the rules established by the State Board of Public School Education and

removes other references to the State Board of Public School Education.

- Amends NDCC Section 15-19-02 to provide that the director of the Division of Independent Study is to carry out the administration of the division in a manner approved by the Educational Technology Council instead of the State Board of Public School Education.
- Amends NDCC Section 15-19-04 by removing references to the State Board of Public School Education and providing that the Department of Public Instruction is responsible for ensuring the Division of Independent Study courses meet state content standards.
- Amends NDCC Section 15-19-06 by changing all references to the State Board of Public School Education to the Educational Technology Council.

Mr. Wolfe said the bill draft is necessary to properly account for the change in the governing entity of the Division of Independent Study from the State Board of Public School Education to the Educational Technology Council as approved by the 2001 Legislative Assembly.

The Legislative Council staff presented a bill draft [30126.0100] relating to the criminal justice information sharing initiative. The bill draft:

- Creates a new section to the North Dakota Century Code establishing a criminal justice information sharing board.
- Amends NDCC Section 12-60-16.2 relating to criminal history record information by adding language allowing the bureau to require the criminal justice agency to provide criminal history record information in a manner that the bureau determines to be the most efficient or accurate means of collection.
- Amends NDCC Section 12-60-16.9 relating to the fee for a record check by increasing the fee from \$20 to \$25. The bill draft also amends the section by adding language providing that 80 percent of all fees collected must be deposited in a criminal justice information sharing fund, the funds deposited in the criminal justice information sharing fund are appropriated on a continuing basis to the Information Technology Department for criminal justice information sharing activities, and the remaining 20 percent of the fees must be deposited in the Attorney General's operating fund.
- Amends NDCC Section 12-60-18 to provide that, except as provided in NDCC Section 12-60-16.9, all funds collected or received by the bureau must be deposited in the state general fund.
- Amends NDCC Section 62.1-04-03 relating to a license to carry a concealed weapon. At the present time, the statute provides that the fee

for a concealed weapons license is \$25, of which \$10 must be deposited in the general fund and the remaining \$15 must be deposited in the Attorney General's operating fund up to a total of \$75,000 each biennium with the excess being deposited in the general fund. The bill draft provides that \$10 of the fee must be deposited in the criminal justice information sharing fund instead of the general fund, and the funds in the criminal justice information sharing fund are appropriated on a continuing basis to the Information Technology Department for criminal justice information sharing activities.

Mr. Wolfe suggested Section 1 of the bill draft be revised to remove the language providing that the Governor, in collaboration with the Supreme Court, establish a criminal justice information sharing board. He said the legislation will establish the board.

In response to a question from Senator Schobinger regarding the fee for a record check, Mr. Wolfe said the Information Technology Department suggested an increase in the fee for a record check due to an anticipated increase in the number of record checks to be completed by the Attorney General's office due to homeland security issues and as a funding mechanism for criminal justice information sharing activities.

In response to a question from Representative Skarphol, Ms. Sandi Tabor, Deputy Attorney General, Attorney General's office, said the criminal justice information sharing board and the Attorney General's office will suffer the consequences if the proposed bill draft is not approved.

Ms. Tabor suggested Section 1 of the bill draft be revised by replacing the language referring to the Governor, in collaboration with the Supreme Court, establishing a criminal justice information sharing board with language providing that a criminal justice information sharing board is established.

Senator Solberg expressed concern regarding the establishment of a continuing appropriation for the criminal justice information sharing fund. The legislative budget analyst and auditor said the bill would result in revenue loss to the state general fund. Senator Solberg requested the Legislative Council staff to prepare a memorandum regarding the fiscal impact of the proposed bill draft.

Mr. Bjornson presented a bill draft [30125.0100] relating to the entities allowed use of the statewide information technology network. He said the bill draft amends NDCC Section 49-21-01.1(10)(e)(f) by removing the time limit that startup occupants of technology parks or business incubators may receive telecommunications services from the higher education institutions and providing that educational, governmental, and other users may use higher education's interactive videoconferencing site facilities and associated network services.

Senator Solberg expressed concern regarding the removal of the time limit that startup occupants of technology parks or business incubators may receive telecommunications services from higher education institutions. He said four years should be a long enough time to receive assistance with telecommunications services.

In response to a question from Representative Skarphol, Mr. Wolfe said the bill draft allows individuals from the private sector to utilize higher education's Interactive Video Network.

In response to a question from Representative Skarphol, Mr. Wolfe said the bill draft could be revised to provide that individuals from the private sector may only be allowed to use higher education's interactive videoconferencing services if videoconferencing services are not available from the private sector.

Mr. Richard Lehn, Telecommunications Director, University of North Dakota, provided information regarding a proposed revision to the bill draft. A copy of the information is on file in the Legislative Council office. He said the University System recommends the bill draft be revised to provide that higher education institutions shall not incur costs for telecommunications services provided to others when services are provided over institution telecommunications infrastructure. He said the purpose of the revision is to protect the higher education institutions from having to install additional equipment to extend telecommunications service to an end user.

INFORMATION TECHNOLOGY DEPARTMENT ANNUAL REPORT

Mr. Mike Ressler, Director of Operations, Information Technology Department, distributed a copy of the department's annual report on information technology projects, services, plans, and benefits pursuant to NDCC Section 54-59-19. A copy of the report is on file in the Legislative Council office. He said the annual report is composed of the following sections:

- Section 1 - An executive summary that describes and quantifies benefits the state is realizing from investments in information technology.
- Section 2 - Information on the state's information technology planning process.
- Section 3 - A status report on the costs and benefits of large information technology projects, including a summary of each project completed in the last 12 months and an update of ongoing large information technology projects.
- Section 4 - Information on the department's performance, including a rate comparison and an update on the department's performance measures.

Mr. Ressler said in regard to the department's performance, the department tracks and monitors the cost and the revenue for each service to ensure that

service is not subsidizing another service. He said the federal government does not allow the department to charge rates that generate revenues in excess of costs; therefore, the department monitors its cash balances and adjusts rates accordingly. He said the department also monitors what other entities are

charging for similar services in an effort to maintain quality services at a fair price. The following is a summary of rate comparisons for the 16 services that generate approximately 73 percent of the department's total revenue:

Service	North Dakota Information Technology Department Rates	South Dakota Bureau of Information Technology Rates	Montana Information Technology Services Division Rates
Systems analyst/programmer	Systems analyst - \$55.60 per hour Programmer - \$51.60 per hour	Software developer - \$46.00 per hour	Agencies hire their own developers as employees or they contract for the service from local providers.
Central computer central processing unit (CPU) rate	Batch CPU - \$.70 per second CICS CPU - \$.70 per second ADABAS CPU - \$.75 per second TSO CPU - \$.70 per second	Batch CPU - \$.28 per second CICS CPU - \$.34 per second	Batch CPU - \$1.12 per second CICS CPU - \$.23 per second ADABAS CPU - \$.61 per second TSO CPU - \$1.38 per second
Network access	Device fee - \$28.40 per device per month DSL service - Actual cost (ranges from \$40-\$120) ATM T-1 service - \$840 per month	Device fee - \$21 per device per month User fee - \$54 per user per month DSL service - \$125 per month Frame relay T-1 service - \$495 per month	Device fee - \$72.60 per device per month DSL service - \$360 per month ATM T-1 service - \$1,140 per month
Telephone service	Telephone circuit - \$21 per device per month Speaker function - \$2 per month Display function - \$1 per month Voice mail (unlimited) - \$3 per month	Telephone circuit - \$13 per device per month Speaker function - Actual cost Display function - Actual cost Voice mail - Actual cost	Telephone circuit - \$9 per device per month Speaker function - \$11 per month Display function - \$7 per month Voice mail (three-minute limit) - \$5 per month Voice mail (six-minute limit) - \$8 per month Voice mail (eight-minute limit) - \$10 per month
Long distance	In state - \$.06 per minute Out of state - \$.06 per minute 800 service - \$.10 per minute	In state - \$.07 per minute Out of state - \$.08 per minute 800 service - \$.14 per minute	In state - \$.135 per minute Out of state - \$.135 per minute 800 service - \$.10 per minute

Mr. Ressler provided the following update on the department's performance measures:

Business Driver - Performance Measures	Baseline (2001)	Current Status (July 2002)	Target
Provide value to our customers			
Percentage of strategic initiatives completed	2000 - 35% 2001 - 50%	21.9% (with six months remaining)	65%
Percentage of completed strategic initiatives meeting objectives	Data not available	100% (with six months remaining)	2002 will establish baseline
Percentage of system availability	98.82%	98.89%	98.90%
Percentage of Information Technology Department projects completed on time within scope and budget	Data not available	76% on time 83% on budget	To be determined

Business Driver - Performance Measures	Baseline (2001)	Current Status (July 2002)	Target
Statewide direction and leadership			
Number of coordinated statewide initiatives	6	8	Maintain/increase
Information Technology Department's compliance with legislative mandates	100%	100%	100%
Information technology percentage of overall state budget	4.64%	4.64%	Monitor
Percentage of large information technology projects completed successfully	100%	100%	100%
Number of web-enabled applications available to citizens	19	33	Increase
Customer relationships and satisfaction			
Percentage of reported problems resolved within support center (unassigned)	72%	66.2%	75%
Percentage of reported and assigned problems responded to within one hour	74%	87.5%	90%
Median time working hours required to resolve reported and assigned problems	2.53	1.98	2.25
Percentage of statewide information technology budgets directed to the Information Technology Department	1999-2001 biennium - 25%	31%	Monitor
	2001-03 biennium - 31%		
Customer satisfaction indexes (percentages satisfied or very satisfied) relating to:			
Cost	90%	85.3%	92%
Timeliness	96.3%	94.9%	97%
Quality	96.5%	94.6%	97%
Knowledge	97.6%	95.9%	98%
Professionalism and courtesy	100%	98.6%	100%
Learning and growth			
Voluntary employee turnover rate	4%	2.4%	Maintain 4%-6%
Average training hours and dollars spent per employee	\$2,000 per FTE	\$2,700 per FTE	\$2,000 per FTE
Employee satisfaction index	1.96	1.98	2

In response to a question from Senator Robinson regarding the percentage of the overall state budget relating to information technology, Mr. Ressler said there are no industry standards regarding the percentage of overall state budgets relating to information technology due to the varying definitions of information technology spending.

In response to questions from Representative Skarphol, Mr. Ressler said the department would provide the committee with information regarding state government web-enabled applications accessed by individuals and information regarding the federal universal service fees paid the department.

Senator Solberg said the Information Technology Department should work on improving the performance measurement relating to the percentage of department projects completed within the schedule, scope, and budget and the performance measurement relating to customer satisfaction.

In response to a question from Senator Robinson regarding the distribution of the report, Mr. Ressler

said the department will be distributing the report to all members of the Legislative Assembly and state agency information technology coordinators. He said the report will also be available on the department's web site. He said the department will consider attaching a cover letter to the report to provide a further explanation of the rate comparisons.

ENTERPRISE RESOURCE PLANNING SYSTEM

Mr. Wolfe presented information regarding the status of the implementation of the enterprise resource planning (ERP) system, including information on the analysis of data center options. A copy of the information is on file in the Legislative Council office. He said the Information Technology Department has conducted an ERP hosting data center study in which three potential scenarios were presented and reviewed--a single state-hosted data center, two separate data centers, and an outsourced

data center. He said no clear cost advantage was evident; therefore, it was necessary to review major concerns and the strategic pros and cons related to the scenarios to determine which of the scenarios provides the most appropriate solution. He said it appears the best solution is to have two separate data centers.

In response to a question from Senator Schobinger, Mr. Wolfe said if the two separate data centers scenario is implemented, the data centers would be located in Bismarck and Grand Forks.

Ms. Pam Sharp, Deputy Director, Office of Management and Budget, presented information regarding the status of the implementation of the ERP system, including a weekly status report for the week ending September 6, 2002, and information on the initiative's impact on existing state agency systems. A copy of the information is on file in the Legislative Council office. She said the implementation of the ERP system remains on schedule and budget with no imminent or anticipated delays identified. She said the teams are working on configuring and testing the state government financial and human resource components of the system. She said the department continues to review the initiative's impact on existing state agency systems. At the present time, of the 378 systems identified, the department estimates that 164 systems will be directly impacted by the ERP system, 204 systems will not be impacted by the ERP system, and 10 systems should be further analyzed. She said it appears as though the ERP system will replace approximately 100 existing state agency systems.

In response to a question from Representative Skarphol regarding the impact of the ERP system on the Department of Human Services Medicaid management information system (MMIS), Mr. Roger Hertz, Director, Division of Information Technology, Department of Human Services, said the department's MMIS will have to be interfaced with the state's ERP system due to the MMIS's payment functions. He said the department will request funding for the 2003-05 biennium for a study of the replacement of the MMIS and will request funding for the 2005-07 biennium for replacement of the system.

Representative Skarphol requested the Office of Management and Budget provide information to the committee on the number of systems identified as not being impacted by the ERP system that are payment systems.

Mr. Grant Crawford, Chief Information Officer, North Dakota University System, presented information regarding the status of the implementation of the ERP system. A copy of the information is on file in the Legislative Council office. He said higher education anticipates rolling out the portal, admissions, and recruiting functions of the student administration component of the ERP system in the first week of October. He said he is in the process of naming a

new project manager for the human resource component of the ERP system due to the resignation of the current project manager. He said the University System has identified approximately 291 higher education information technology systems. Of the 291 systems, the University System estimates that 204 will be directly impacted by the ERP system, two new systems will need to be developed or purchased, and 85 systems should be further analyzed.

Representative Skarphol requested the North Dakota University System provide information regarding the effect of the implementation of the ERP system on the University System's payment systems.

Ms. Pat Brown, Project Manager, Maximus, provided information regarding the status of the implementation of the ERP system. She said work is continuing on the design phase of the project and the completion of the design phase is on schedule. She said teams are functioning well and she is confident that the project will remain on schedule.

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

OTHER INFORMATION

Health Insurance Portability and Accountability Act

Ms. Jennifer Kunz, State Government Health Insurance Portability and Accountability Act (HIPAA) Coordinator, Information Technology Department, provided information regarding the status of state government HIPAA coordination. A copy of the information is on file in the Legislative Council office. She said in regard to the estimated HIPAA impact on state government, the department has determined of 106 state entities, approximately 10 percent are HIPAA covered entities, 8 percent are HIPAA business associates, 67 percent are network-impacted entities, and 15 percent have no related HIPAA impact. She said HIPAA covered entities are those involved with health care plans, health care providers, or health care clearinghouse activities. A HIPAA covered entity must comply with all standards and requirements of the federal regulations or face civil or criminal penalties. She said a HIPAA business associate is an entity who performs a function or activity on behalf of a covered entity that involves the use or disclosure of individually identifiable health information. A HIPAA business associate must take appropriate measures to protect the health information, but the entity is not held to the civil or criminal penalties as a covered entity. She said network-impacted entities are those entities that use the statewide information technology network. Those entities should review their security policies and procedures to ensure they do not pose a risk to the state's HIPAA covered entities and business associates.

Federal Universal Service Fund

The Legislative Council staff presented a memorandum entitled *Federal Universal Service Fund*, which provides information on the establishment of the federal universal service fund, federal universal service fund programs, and federal universal service fund contributions and disbursements. The Legislative Council staff said the Federal Communications Commission, under direction from the United States Congress, established a federal universal service fund to ensure that all people in the United States have access to fast, efficient, nationwide communications services at reasonable charges. The federal universal service fund programs include the high-cost program, the low-income program, the rural health care program, and the schools and libraries program.

The Legislative Council staff said all companies that provide telecommunications services between states, including long-distance telephone companies, local telephone companies, wireless telephone companies, paging companies, and pay telephone providers, are required to provide contributions to the federal universal service fund. The amount of contributions is based on a specific percentage or contribution factor or interstate and international revenues.

The Legislative Council staff said all telecommunications companies providing eligible universal services may receive disbursements from the federal universal service fund. For calendar year 2001, the state of North Dakota received federal universal service funding totaling \$30,716,000, of which \$27,732,000 was for the high-cost program, \$1,389,000 was for the low-income program, \$341,000 was for the rural health care program, and \$1,254,000 was for the schools and libraries program.

Electronic Data Management System Initiative

Mr. Bill Roach, Electronic Data Management System Coordinator, Information Technology Department, provided information regarding the department's electronic data management system initiative. A copy of the information is on file in the Legislative Council office. He said an electronic data management system is a collection of technologies that enables functions such as imaging, document management, forms processing, electronic forms, computer output to laser disk, and workflow. He said benefits of an electronic data management system include improved access to information, automation of manual tasks, and improved efficiency of information processing. He said the department is currently working with the Tax Department, Department of Human Services, Department of Transportation, Job Service North Dakota, Secretary of State, and Public Employees Retirement System on electronic data management system projects.

Judicial Branch Information Technology Initiatives

Mr. Kurt Schmidt, Director of Technology, judicial branch, provided information regarding information technology initiatives, including the exploring of enhanced records management and data storage services provided by the Information Technology Department as requested in Section 5 of 2001 Senate Bill No. 2002. A copy of the information is on file in the Legislative Council office. He said the judicial branch information technology plan includes an initiative to review, analyze, and implement an enhanced records management system. He said at the time the information technology plan was prepared, it was the judicial branch's intention that the initiative's review and analysis would occur in the second half of the 2001-03 biennium to accommodate other projects that were expected to be completed earlier in the biennium. He said the judicial branch is in the process of preparing a request for proposals for a review, analysis, and implementation plan for an enhanced records management system. He said the request for proposals is expected to be released in September 2002.

In response to a question from Senator Solberg, Mr. Schmidt said the judicial branch's intention has been to review and analyze the enhanced records management system initiative during the 2001-03 biennium.

In response to a question from Senator Solberg, Mr. Schmidt provided information regarding the status of the consolidation and integration of the East Central Judicial District's case management system with the unified court information system. A copy of the information is on file in the Legislative Council office. He said the first installation of the changes necessary for the integration was implemented on August 23, 2002, and three additional installations are scheduled for the next two months. He said the judicial branch is anticipating the East Central Judicial District to be using the statewide case management system by November 12, 2002.

Information Technology Technical Education

Mr. Wayne Kutzer, Director, State Board for Vocational and Technical Education, provided information regarding the use of funding appropriated by the 2001 Legislative Assembly for information technology technical education. A copy of the information is on file in the Legislative Council office. He said the 2001 Legislative Assembly provided a \$422,300 general fund appropriation to the State Board for Vocational and Technical Education for information technology technical education. The funds were to be expended based on an agreement between ExplorNet, a nonprofit organization based in North Carolina, and the State Board for Vocational and Technical Education. The agreement provided for \$168,300 to be

given directly to ExplorNet for administrative uses and \$254,000 to be given to North Dakota schools that started ExplorNet programs. He said as of July 12, 2002, ExplorNet does not have a presence in the state and, based on a conversation with an individual at the ExplorNet headquarters, there are no immediate plans to hire an individual for North Dakota. He said he asked the ExplorNet headquarters for an accounting of the administrative funding but has received no response.

In response to a question from Senator Solberg regarding the status of the legislative appropriation, Mr. Kutzer said approximately \$128,000 of the legislative appropriation remains unspent.

In response to a question from Senator Solberg, Mr. Kutzer said the State Board for Vocational and Technical Education has notified the Attorney General's office of the situation, but the Attorney General's office has not taken any action.

It was moved by Senator Solberg, seconded by Representative Skarphol, and carried on a roll call vote that the Information Technology Committee ask the State Board for Vocational and Technical Education to contact ExplorNet and request the return of the funding provided for administrative uses, and if the funding is not returned, the Information Technology Committee ask the chairman of the Legislative Council to request the Attorney General's office to review the agreement between the State Board for Vocational and Technical Education and ExplorNet and take action to protect the state's interest and to recover funds provided by the state. Senators Robinson, Schobinger, and Solberg and Representatives Huether and Skarphol voted "aye." No negative votes were cast.

Recommended Changes in the 911 Telephone System

Mr. Rick Hessinger, Interim Director, State Radio Communications, provided information regarding recommended changes in the 911 telephone system standards and guidelines pursuant to NDCC Section 57-40.6-11. A copy of the information is on file in the Legislative Council office. He said there are no recommended changes to the 911 telephone system standards and guidelines.

Public Safety Answering Points Coordinating Committee

Mr. Terry Traynor, Assistant Director, North Dakota Association of Counties, and member of the Public Safety Answering Points Coordinating Committee, provided preliminary information on city and county fees on telephone exchange access service and wireless service pursuant to NDCC Section 57-40.6-12. A copy of the information is on file in the Legislative Council office. He said the 2001 Legislative Assembly enacted legislation to establish a Public Safety Answering Points Committee responsible for

reporting information on income and expenditures of the emergency services communications systems in the state. He said a preliminary report of the Public Safety Answering Points Coordinating Committee provides that the annual operating costs for emergency services communications systems is approximately \$10.4 million, of which \$3.3 million is paid for with revenue from wireline 911 fees and \$7.1 million is paid for from other sources. He said he would present a copy of the final report of the Public Safety Answering Points Coordinating Committee to the committee at its next meeting.

Major Information Technology Projects

Ms. Nancy Walz, Associate Director, Information Technology Planning, Information Technology Department, distributed a copy of the department's large project summary for the quarter ending June 30, 2002. A copy of the summary is on file in the Legislative Council office.

Mr. Greg Gallagher, Director, Education Improvement, Department of Public Instruction, provided information regarding the department's student data analysis and reporting system project. A copy of the information is on file in the Legislative Council office. He said the federal No Child Left Behind Act establishes accountability measures that require school districts to collect and analyze data on student achievement and well-being, and as a result, the department issued a request for proposals for a student data analysis and reporting system. The department reviewed the request for proposals applications and selected TetraData Corporation as the best proposal. He said the department is in the process of drafting a contract with the TetraData Corporation to develop and support a student data analysis and reporting system. He said the department anticipates using federal funds received through the No Child Left Behind Act to cover the costs associated with the development and implementation of the system of approximately \$915,000.

Mr. Ken Bertsch, Commissioner, State Seed Department, provided information regarding the department's seed information system replacement. A copy of the information is on file in the Legislative Council office. He said the department's seed information system replacement meets the needs of the agency and the agriculture industry and creates increased efficiency within the department and provides better service to customers.

E-Government Initiative

Ms. Walz provided information regarding an e-government initiative relating to the new business registration forms. A copy of the information is on file in the Legislative Council office. She said there are approximately 30 forms included in the state's new business registration forms booklet. She said the forms may be accessed on-line by individuals;

however, the forms may not be electronically submitted. She said the estimated cost for developing electronic submission for the forms is approximately \$8,000 to \$15,000 per form for a total estimated cost of \$240,000 to \$450,000.

In response to a question from Senator Solberg regarding the cost involved for developing electronic submission, Ms. Walz said the process involves analysis of the form, implementation of on-line edit checks, and testing.

Information Technology Department Rates for the 2003-05 Biennium

Mr. Ressler provided information regarding the Information Technology Department's billing rates for the 2003-05 biennium. A copy of the information is on file in the Legislative Council office. He said the department's billing rates for the 2003-05 biennium include increases for programming and systems analysts services, decreases for central processing unit services, decreases for basic telephone services, and increases for micrographics services. He said the increases for programming and systems analysts services are due to anticipated increases in health insurance costs and personnel training costs.

Electronic Signatures - Microsoft Software Changes

Mr. Dan Sipes, Associate Director of Administrative Services, Information Technology Department, provided information regarding guidelines for electronic signatures and information regarding software contracts with Microsoft. A copy of the information is on file in the Legislative Council office. He said the department has been working with state agencies to develop guidelines for the use and acceptance of electronic signatures. He said electronic signature is a generic term that refers to a variety of technologies that can be used as an alternative to a traditional ink signature. He said the business application drives the type of electronic signature technology used based on the value of the transaction and the nature of the data involved. The department is working on recommendations for common infrastructures for electronic signatures technologies to allow citizens and businesses to use the same electronic signatures for multiple applications.

Mr. Sipes said Microsoft has moved to a subscription model for software upgrades called software assurance. He said software costs will increase regardless of whether or not agencies elect to

participate in the new model. He said costs could increase from 65 percent to 105 percent. He said the department recommended agencies enroll in the new model if budgets allowed and an informal survey indicated that 40 percent of agencies were planning to enroll, 30 percent of agencies were not planning to enroll, and 30 percent of agencies were undecided.

COMMITTEE DISCUSSION AND STAFF DIRECTIVES

Senator Solberg expressed concern regarding the state of North Dakota's contributions to the federal universal service fund.

The legislative budget analyst and auditor suggested inviting Mr. Tony Clark, Commissioner, Public Service Commission, to the committee's next meeting to provide information regarding the federal universal service fund.

Chairman Robinson requested the Legislative Council staff invite representatives of the state's telecommunications companies providing contributions to the federal universal service fund to the committee's next meeting to provide information regarding their contributions to the federal universal service fund, including the methods of collecting the fees.

Senator Solberg requested the Legislative Council staff provide information regarding 2001 Legislative Assembly Appropriations Committees discussions relating to judicial branch information technology initiatives at the committee's next meeting.

Chairman Robinson said the committee's next scheduled meeting will be on Wednesday, October 23, 2002.

The meeting was adjourned subject to the call of the chair at 3:45 p.m.

Roxanne Woeste
Fiscal Analyst

Jim W. Smith
Legislative Budget Analyst and Auditor

ATTACH:1