

2011 HOUSE APPROPRIATIONS

HB 1021

2011 HOUSE STANDING COMMITTEE MINUTES

House Appropriations Government Operations Division
Medora Room, State Capitol

HB1021
January 13, 2011
Recorder # 12856

Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A Bill for an Act to provide an appropriation for defraying the expenses of the Information Technology Department; to provide for various transfers; and to amend and re-enact section 7 of chapter 49 and section 8 of chapter 519 of the 2009 Session Laws, relating to statewide longitudinal data system expenditures and health information technology.

Minutes:

Chairman Thoreson opened the hearing on HB1021.

Roxanne Woeste, OMB: If you recall during orientation, Legislative Council staff announced pursuant to 2009 HB1015; 3 agencies have been selected to participate in electric budget pilot projects. Those agencies that have been selected are ITD, PERS and RIO. You'll be utilizing your computer to access all the agencies testimony and other budget related information.

Mike Ressler, Deputy CIO, Information Technology Department: See testimony 1021.1.13.11A.

Representative Kempenich: Can you get some comparisons of your development costs versus private industry?

Mike Ressler: Yes. We do an annual report every year; and what we do is rate comparisons as to what do we charge for our developers in comparison to what does the private sector charge. Honestly, we should be cheaper; because, of course, in state government we don't make a profit. I think what you'll find that we are cheaper from an hourly rate standpoint; of course, it all depends on how many hours you charge as to what an application is going to cost. We've struggled with outside vendors; primarily, because, they don't necessarily have an ownership to the state. They will come in deploy an application; usually charge the higher rate and then we've had a little difficulty with quality.

Mr. Ressler continued with his testimony.

Chairman Thoreson; Mike, who for example, would have requested it as labor and who would it be granted to? What type of agency or department?

Mike Ressler: A good example would be Job Service where they are interested in buying an application or procuring a service of an application; and a vendor out in the market does that for not only North Dakota, but, others as well. We may find that's more cost effective for that vendor to host that application and provide that service to North Dakota and others.

Chairman Thoreson: Do you review it before they make the purchase?

Mike Ressler: We have an architect team inside ITD that goes through a very thorough analysis; because, not only are we looking at cost; we want to make from a security standpoint and interfacing with other state applications, that it meets the criteria.

Chairman Thoreson: Are there examples of times where you've turned down this; where you've looked at it and said this no good, that we don't want to get into this?

Mike Ressler: Yes. We've done that a number of times; and I don't have an example right off the top of my head. It's usually been on small applications; but, yes we've done that.

Testimony continued.

Chairman Thoreson: Who is it you buy your services from for telecom; who's the carrier?

Mike Ressler: ITD doesn't own any fiber in North Dakota. We are the collection point to get all the business needs of our customers; and then, we go out for formal rp's and let the vendor community reply to those responses. Dakota Carrier Network is the company who really provides the backbone; they also currently have the internet access contract. Our partnership with the North Dakota telecommunications companies, as well as Qwest, is envied by many of the other states; because, in their states, they don't this partnership that we have in North Dakota.

Representative Klein: Have you completely shut down the old system?

Mike Ressler: I'm not sure what you mean by the old system. We've just recently gone through and upgraded our infrastructure; and so, the old equipment has not all been turned off. We're very close to completing the upgrade to the new.

Testimony continued.

Chairman Thoreson: Are the applicants you've seen people from North Dakota, originally, looking to come back or is it just people seeing we have jobs available here?

Mike Ressler: A couple of years ago, nobody applied for jobs that didn't have ties back to North Dakota. I can think of 3 people now that we've hired that have never been to North Dakota. They didn't even know North Dakota was in the United States. They picked because they read our website, they read annual reports; and they thought that this looks like a great place to come to work. We've been really pleased with these kinds of people, because, they come very experienced, very skilled. In almost all cases, they take \$2,000.00 to \$3,000.00 a month cuts in pay; but, they've all shared with us that the cost of living is a little bit different than living in Denver, Colorado or New York City.

Testimony continued.

Representative Kempenich: Can you on the special funds, can you break out general and special funds.

Mike Ressler: I made the mistake of saying one time, you don't need to worry too much about the special funds. As you can see it's a very large number in ITD's operation. About 1/3 of our special funds come from state agencies that general funded. About 1/3 of those dollars come from state agencies that get federal funds, and 1/3 come from agencies that receive special funds. It's been that way for a number of years.

Testimony continued.

Chairman Thoreson: Mike, I see there's an asterisk on the bottom. Is that the federal funds we accepted; the budget request for the emergency commission?

Mike Ressler: No it's not, that is the emergency commission that ITD went before. We had applied for a grant for a LDS application, we were somewhat confident that we were going to get it. We received \$12 million of authority for federal funds and then North Dakota didn't get that grant.

Testimony continued.

Representative Klein: That longitudinal data system, how far are we along with that? Is that getting to a point where we're getting close to finishing?

Mike Ressler: Finishing might be strong; but, we're off to a good start.

Testimony continued.

Representative Kempenich: Now this is money in hand right? This isn't depending on a future budget or anything?

Mike Ressler: This is funds that have been awarded to ITD. So, we only get reimbursed after we've made an expenditure; but, yes, they have been allocated for the state of North Dakota.

Testimony continued.

Chairman Thoreson: Mike, explain what it is that we're doing with broadband mapping and how detailed is that we're going to look at these areas?

Mike Ressler: I'm probably not the best person to talk to this on in too much detail. But, what's required is that all the telecommunications companies in the state are required to map out the band width of the connectivity is; and so the thought process is that somebody could sign on to this map and say what kind of broadband infrastructure exists out there.

Testimony continued.

Chairman Thoreson: Do you have the preliminary results of that?

Mike Ressler: We have the first draft of the map; and I believe we're going to release that fairly soon.

Representative Kroeber: We spent millions of dollars going from analog to digital; and now someone has said that it won't be too long and their going to be changing something on bandwidth again. We may have to change communications again. Is that true?

Mike Ressler: I'm by no means an expert in this area. There will always be advancements in technology. You saw how long analog stuck around; digital's going to be here for some time.

Representative Kroeber: Basically, you're thinking State Radio?

Mike Ressler: We're working very closely with that department, or will be as we go forward, because there's big expense as you pointed out, we want to make sure we have a good plan.

Testimony continued.

Representative Klein: I'd like to go back on the \$900,000.00 difference. What brought that about?

Mike Ressler: When we did the upgrade we had to go out and buy hardware, physical servers and routers that we put out at all in-point locations. When we buy that, those probably have a life expectancy of 4 years. So it's that one time refresh and then we don't have to make the investment again.

Testimony continued.

Representative Klein: Looking at those abbreviations, SEA, LEA; and I imagine that's instutions of higher education. Is that correct?

Mike Ressler: In every case I try not to put abbreviations in and I missed this. I honestly don't know what those stand for. State Education Agency and Local Education Agency.

Chairman Thoreson: What's an IHE?

Mike Ressler: Institution of Higher Education.

Representative Kempenich: Do you the numbers that you're going to carry forward?

Mike Ressler: I don't off the top of my head. A lot depends on how much we actually get done this biennium. But, whatever we don't spend, we're going to carry over into the next biennium. In a sense the program has started, so now we just need to deploy.

Representative Kempenich: We'll probably have to know those.

Mike Ressler: We'll be happy to get that to you.

Testimony continued.

Representative Kempenich: I see that you have about \$50,000.00 more in that. Did they increase it?

Mike Ressler: The special funds; the request has been given, they gave an additional \$25,000.00. There's no guarantee that Qwest will continue to do that; but, they've been generous in the past.

Testimony continued.

Representative Klein: I'm looking at the numbers; I see your special funds are down, but, your general fund is up. Explanation?

Mike Ressler: It's really a switch. Before we were recovering those costs from external organizations, who we were charging, we're now saying in order to get this program off the ground we're going to need some additional general funds. Because, we're not going to be able to bill for it. Today, all of the services that Allen's group provides, there is a fee for those services. Because the field has become very competitive, we feel that it's important that the state helps subsidize or get that program off the ground.

Representative Kempenich: Back to slide to 23. Who makes sure the teachers understand?

Mike Ressler: I want to clarify one thing. There is the CDE Program; then, there's also where the schools are working together and using video to do the sharing of teachers.

Dan Pullen, Director, North Dakota Educational Technology Council: You must be referring to courses that are taught by video. The question is how are those teachers trained probably? Those consortiums of schools have their own agreements, among themselves; and so they primarily do their own training of those teachers. It's really the responsibility of the video consortiums to make sure that that teacher is up to speed, is familiar with the technology. If there are technology issues, that are not network issues, ITD can take care of.

Testimony continued.

Representative Kroeber: Is probably quite a few of those numbers those that were from out of state actually; because of the new vendors that in this business?

Dan Pullen: It's both. It also hinges on that there's been a drastic change.

Representative Kroeber: That's still being run out of Fargo, right?

Dan Pullen: Yes. We already have instructors that are in different places. Our computer teacher, for example, is in New England, North Dakota. We have a teacher in Grand Forks, we have a teacher here in Bismarck. Our building is on the NDSU campus in Fargo.

Representative Klein: While you're up there; some of rationale for this change; and is it still existing through the mail in Fargo or has all of this been shifted? Is the headquarters now here in Bismarck for the whole system?

Dan Pullen: It depends on what we're talking about. We have 2 kinds of programs. We have a print program, where we deliver lessons to students in schools; it's an exchange of paperwork, basically, that goes through Fargo. Our infrastructure for what we're doing online, is primarily through Fargo running our own servers; part of the change is, we are now moving into and working directly with ITD.

Mr. Ressler continued with his testimony.

Representative Klein: Power school. What's that all about?

Mike Ressler: Power school is an online administration program.

Representative Klein: How many of the schools are on the system now?

Jody French, Director, Edutech: We've been working to put schools on to power school for the past 4 to 5 years. We have about 80% of the students on. We have mostly small districts that take a similar amount of time to put on. So we will have those all done by Spring of 2013.

Mr. Ressler continued with his testimony.

Representative Kempenich: Is DPI's budget then going to have a line item for this?

Mike Ressler: It will be identifiable in their budget.

Testimony continued.

Chairman Thoreson: Mike, can we go back to page 30? I see another 4 letter reference; CWIS. Do you know what CWIS is?

Pam: (Unable to hear response)

Testimony continued.

Representative Klein: Mike, that \$200,000.00 one time; what's that for?

Mike Ressler: If you jump to slide 33; I've identified the 3 programs. There's something called the justice information foundation study for \$113,000.00. Portal enhancements, there are always enhancements we're making to the portal throughout the biennium, so

that's a little like operational money. Then there's a federal search enhancement initiative for \$45,000.00.

Representative Dahl: May I ask Pam a question? With regard to the portal system, is that linked in with the Supreme Court's system?

Pam Schafer, Director, CJIS: To answer your question on that; those are 2 separate systems. We have not gotten in to transferring the court system into the CJIS portal at this time.

Representative Dahl: And Pam, just one follow up question. Can the public access any of this portal information?

Pam Schafer: This is only authorized criminal justice individuals. They are background checked and you need to be a law enforcement entity.

Representative Kempenich: This federal money; is that coming directly to you?

Pam Schafer: This federal money so far is coming into our office. Some of the money on the \$750,000.00; if you familiar with the STAVIN Grant, the Statewide Automated Victim Information Notification system, we do have some leftover funding coming from that. That is through the BJA; they have multiple grants that are available.

Mike Ressler continued with his testimony

Chairman Thoreson: Is this advisory committee on that meets on a regular basis?

Mike Ressler : Yes, it is.

Chairman Thoreson: There's a representative from each of those organizations there at those meetings?

Mike Ressler: I believe most of the time.

Chairman Thoreson: When it says the large tertiary in small rural hospitals, is that one representative for all hospitals or do each send somebody to this meeting?

Sheldon Wolf, Director, Health Information Technology: To answer your question about the large tertiary in small rural hospitals, we have multiple representatives. There's 3, at least, from tertiary hospitals and 2 from the small rural hospitals. We can you a list.

Chairman Thoreson: I would like to see that if that would be alright; same with the local level health units. Is there several representatives?

Sheldon Wolf: There's one on there from that; then, also, the health department is a representative.

Representative Kempenich: If we're meeting so regularly, what's the time line? Is 2013 the time line before the rest of this is supposedly kicking in?

Sheldon Wolf: See attached testimony 1021.1.13.11A.

Chairman Thoreson: Who was the audience for them when they did that plan?

Sheldon Wolf: What we did was, we went around the state for two weeks and we talked to providers. We talked to over 200 individual people. We had open forums for legislators that could come in and talk; we had one in Bismarck, one in Fargo, one in Grand Forks, one in Minot. We also had open invitations, where we invited the public to be able to come in and get their input in regards to this. So, it was opened up to pretty much anybody that wanted to participate in it. We tried to meet with a lot of the provider groups from hospitals, local public health units, dentists, we tried to at least make a contact with everybody to get input into it. It wasn't just something done in a vacuum in this case.

We had to turn in a strategic operational plan to the federal government and submitted that September 27, 2010. Before we can go into the step 2 phase, which is implementing, we have to get the ONC's federal approval. We're currently in that process; they have given us one round of questions, we have responded. I talked to the project director on Tuesday when I was in Fargo on Tuesday. He did say that they have one or two more questions and I had laid out that we had an RFP for building the HIE, the health information exchange pieces of it; and he got the link to that as he figured that may answer a lot of their questions. We are in a holding phase, waiting for their approval to go into the implementation phase. But, while that's happening, we've got the RFP to be able to build the infrastructure.

Chairman Thoreson: I do have one other question. Is there anything that was in the federal healthcare legislation which impacted this or could potentially impact it?

Sheldon Wolf: To answer your question, and just to make sure everyone's on the same boat, this money we received is air money not through the PPAC bill. The healthcare reform makes this even more important.

Chairman Thoreson: But right now, you haven't identified anything that would have a budget impact on this or any additional dollars?

Sheldon Wolf: No I haven't.

Mike Ressler continued with his testimony.

Representative Kempenich: The \$8 million, what's the source?

Mike Ressler: I've got a slide on that.

Testimony continued.

Randall Thursby, CIO, North Dakota University System: See attached testimony 1021.1.13.11B.

Bob Human, Senior Vice President of Lending, Bank of North Dakota: See attached testimony 1021.1.13.11C.

Chairman Thoreson: So the \$500,000.00 has already been received?

Bob Human: Correct.

Chairman Thoreson: Are there requests out there for the additional dollars?

Bob Human: I would have to have Sheldon talk about that.

Sheldon Wolf: We requested \$500,000.00 at the end of the year to bring it for a match that we anticipate using for the rest of this biennium.

Chairman Thoreson: What are those expenditures that you're looking at right now?

Sheldon Wolf: Those will be the \$5.3 million for the health information exchange. It also will be a little that will go to Medicaid; for some of the costs that they have to match up. And, also, the REACH Program which provides services to the electronic health record, the match that they have in their federal grant.

Representative Klein: The facilities that have requested these loans, are these the big hospitals or many of the smaller ones? Are some of them way ahead of others in implementing this?

Sheldon Wolf: To answer your questions, the ones that applied we had 14 that applied to get the loan dollars. That was one large PPS hospital; Perspective Payment System Hospital. That would be like an Altru, Sanford, Trinity; those types of hospitals. There were 11 critical access hospitals that applied and 2 small town clinics that applied. We funded, based on a rating scale of what they needed, 10 critical access hospitals. We have some people that haven't started and 2 people that have them implemented.

Representative Kroeber: Is Jamestown Hospital one the critical access hospitals?

Sheldon Wolf: No, they were not one of them that applied.

Representative Kempenich: The numbers are going to get changed on how you're doing this?

Sheldon Wolf: When the budget was put together, we hadn't asked for any draw downs yet. The \$500,000.00 was estimated, with the federal government not approving our strategic and operational plan, is probably going to push some of that into the next biennium. The numbers we put together, in regard to the budget, was based on our strategic and operational plan.

Representative Kempenich: Would it be before crossover or after that you could get some better numbers?

Sheldon Wolf: It's going to be right in there.

Mike Ressler: I want to clarify something, that \$13 million that is in special fund authority; that's not just this \$7.5 million. Just so everybody understands that; we do plan to bill the health entities for operations of this.

Bob Human continued with his testimony.

Chairman Thoreson: Is Flex PACE a separate fund within a fund? How is that identified?

Bob Human: That's correct.

Chairman Thoreson: How much is in it at this time?

Bob Human: What we ended up doing is, we have \$8 million appropriation for this biennium; and so far, we've moved over \$6 million of the \$8 million to Flex PACE. There's been more demand for the Flex PACE money; because there's no job creation requirement.

Chairman Thoreson: So this won't impact the Flex PACE program if we were to do this?

Bob Human: No, we think we can make it work.

Representative Klein: The PACE Program, the usage, has it stayed pretty level?

Bob Human: What's been happening is, we're using the dollars; but it's not being used under the normal old PACE Program. It's been used for Flex PACE components.

Representative Klein: So basically the usage is staying where it has been?

Bob Human: That's correct.

Testimony continued.

Pam Sharp, Director, Office of Management & Budget: Our original intention was not to take capital from the bank for this loan program; and I appreciate the Bank of North Dakota coming up with an alternate of doing this. I would encourage you to adopt this amendment.

Chairman Thoreson closed the hearing.

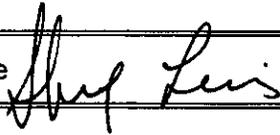
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House Appropriations Government Operations Division
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January 28, 2011
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A Bill for an Act to provide an appropriation for defraying the expenses of the Information Technology Department; to provide for various transfers; and to amend and re-enact section 7 of chapter 49 and section 8 of chapter 519 of the 2009 Session Laws, relating to statewide longitudinal data system expenditures and health information technology.

Minutes:

Chairman Thoreson opened the hearing on HB1021. Roll call was taken.

Mike Ressler, Deputy CIO, North Dakota Information Technology Department: See attached testimony 1021.1.28.11A.

Chairman Thoreson: Why is there a difference there between that?

Roxanne Woest, North Dakota Office of Management and Budget: It's just an error on the green sheet.

Testimony continued.

Chairman Thoreson: Within that \$1.75 million what is that going to do to get it up and running? You say you won't come back 2 years from and ask for that; but, I'm assuming there will be some additional appropriations requested in the future. What should we be looking for once this is done?

Mike Ressler: Referenced testimony 1021.1.13.11A.

Representative Kempenich: The \$2.2 million; how much is left out of this biennium?

Mike Ressler: This is the only area where we will be looking at carrying money over from this biennium to next biennium. IT projects, if they're not completed in a biennium, we can request of OMB that we take those dollars and have them go forward. As of today, we don't know how much money will be left over; a lot will depend on how fast we can get moving. We know we're not going to be able to spend the whole amount; however, we took that into consideration when we asked for the dollars next biennium to complete the project in the next biennium. Right now, I'd guess \$1 million to \$1.5 million.

Testimony continued.

Chairman Thoreson: On number 9, what else are you being required to do as part of the national broadband plan; besides the mapping? Are there other areas being required of ITD; and if so, are the feds doing anything to provide assistance for that?

Mike Ressler: There is actually something beyond just going out and building a map. We're supposed to go out and do a study; where we're going to talk to the community and ask what their needs are and how can we push more broadband out to the community. The same federal dollars pay for that; but, there's a match involved between state funding. The state funding match that we've used is, as we've deployed and upgraded our state network; that qualified for state match. Those were dollars we were going to spend already. It's those two pieces that make up the broadband mapping program.

Chairman Thoreson: If the national broadband plan would not have been put forward by the FCC, would this be something you would have considered doing otherwise? Is it a necessary thing for the state of North Dakota?

Mike Ressler: We probably wouldn't have done that. However, the response that we're getting from the community is that this is something that's been needed. I think that's why the feds came up with this program. The only reason we wouldn't have done it is, because, the cost to build a map like this. It was a requirement from the feds where if we didn't do it, they were going to hire someone and send us a bill. All the states are putting up this broadband map. We've heard positive things from the Department of Commerce as to people are starting to look at the map; we've just released it. They're using it for economic development reasons and other things.

Representative Klein: Is this going to finish this project and are we going to be done with it after this \$2,900,000.00?

Mike Ressler: That will deploy it. There will be a requirement back to all the states to maintain the map. I don't believe that's going to cost a whole lot of money to maintain; because, once the map's built, it's just a matter of surveying and keeping their maps up. We believe they're going to see value in it to where they're going to want to do that.

Representative Kempenich: How secure is that federal funding for this?

Mike Ressler: We believe very secure. The money has been set aside and has been allocated to the states.

Testimony continued.

Chairman Klein: This special funds; where is that money coming from?

Mike Ressler: It's an award or grant from Qwest.

Testimony continued.

Representative Kempenich: Is that why it's increasing about \$300,000.00?

Mike Ressler: Referenced testimony 1021.1.13.11A.

Representative Kempenich: So that's all DPI's money now moving forward?

Mike Ressler: By ITD having special funds, what it really does is, it creates this feeling of double accounting. If we're going to be putting it in DPI's budget, now we have to add it to ours also. I think that's one of the values of putting it in ITD's; now you can come to ITD and say what are we spending for technology.

Representative Kempenich: It's in your budget.

Mike Ressler: Just as authority to go get it from DPI. So it's still only the same amount of money.

Representative Kempenich: Unintelligible.

Mike Ressler: Only one time.

Representative Kempenich: The same conversation will come with DPI when they get over to this side.

Mike Ressler: They probably will. I don't know how they talk about their formula.

Testimony continued.

Representative Klein: Was that money expanded or was it withdrawn by the feds?

Mike Ressler: At the time we got the appropriation, there were no dollars out there. It was the belief that there potentially become money; so ITD asked if we could have some authority in the event that we can find it. We never got it; and, I don't believe there's \$80 million out there to get; but, at the time we didn't know that. A lot of this happened in those final days of the last legislative session. This was just to prepare the state of North Dakota to go get it.

Mike Ressler: See attached testimony 1021.1.28.11B.

Representative Klein: Those rates that you set; why the variation in rates?

Mike Ressler: That's true. What we try to do is bundle as many of those as we can; and I have some pie charts that I'm going to show you. One is for the phone service. For \$24.50 you get a device; in there it includes the cost of the phone, the circuit, the whole package. We try very hard to bundle as much as we can, to make it as simple as we can; not only for ITD, but for agencies. We're getting pressure from agencies is, some of those bundled services provided they don't want to pay for pieces they don't use. So, we're being pressured to bundle, unbundle and then bundle again.

Chairman Thoreson: What did you say our rate was per line for telecommunications?

Mike Ressler: \$24.50 is what it costs per phone; then, there's a fee for voicemail and a fee for display.

Chairman Thoreson: So, that's why we don't voicemail, there's an additional fee on that?

Mike Ressler: That's correct.

Chairman Thoreson: What is the fee on the voicemail?

Mike Ressler: The voicemail fee is \$5.00.

Chairman Thoreson: No, however, we don't have that in chamber at our desks.

Mike Ressler: We'd like to provide you voicemail service for \$5.00 per phone.

Testimony continued.

Chairman Thoreson: Why would voice over IP be so much more expensive than the traditional dial tone?

Mike Ressler: What's really changed in this business is where, expenses used to be mostly hardware, today the hardware component has come down in price and it's all about the software. Voice over IP functionality is really starting to show a lot of productivity tools.

Chairman Thoreson: I use voice over IP service on my home telephone service and it's 19.95 a month; so I'm looking at these prices. I mean, \$24.00 is close, but when seeing what Montana and Minnesota are doing, it surprises me that the prices are that high for a product that the consumer can buy for a lot less.

Mike Ressler: It might be a misnomer to call it just voice over IP. I think the unified communications piece is really important; because that's what we're starting to do. We're starting to bundle more into what we're calling our telephone fees; and they're charging it per client.

Chairman Thoreson: Who are we using for our long distance provider? I see its .75 cents a minute.

Mike Ressler: We had AT&T for years and now it's Qwest. Qwest has both long distance and 800 service. We do formal RP's for all of our services; and so, we get a competitive deal going.

Testimony continued.

Representative Kempenich: Security is taking away the freedom of the technology to a certain extent.

Mike Ressler: It becomes a major flaw to convenience.

Testimony continued.

Representative Kempenich: We were talking what's 2 hours is going to cost us.

Mike Ressler: I think that the majority of state agencies told us that that 4 hour outage really didn't affect them. They wouldn't want it on a regular basis; but, it was an inconvenience. We're fortunate that that 4 hour outage didn't have any events with highway patrol, 911, etc.

Representative Kempenich: Did everything come back up?

Mike Ressler: We were very happy after the power came back on. We enacted our disaster recovery plan; and all the equipment came up without any problems.

Representative Kroeber: Did the backup generator not work?

Mike Ressler: The transformer sits between the computer room and the generator. So when the transformer blew, the generator did what it's supposed to; but, there was a broken link. The generator would have worked just fine; but, because the transformer is in between the two, when it broke the generator never turned on.

Testimony continued.

Chairman Thoreson recessed the hearing.

Chairman Thoreson reopened the hearing.

Mike Ressler continued with his testimony.

Chairman Thoreson: Is that staffed 24/7?

Mike Ressler: That is staffed 24/7; from Saturday at noon until Monday morning at 07:00, somebody's carrying a beeper.

Chairman Ressler: There's an on call person?

Mike Ressler: Right. They will get back to you within 5 minutes; many times quicker than that.

Testimony continued

Representative Kempenich: How is the form of communication tracked?

Mike Ressler: Remember way back when we started this consolidation of the state network, there were the 3 types of traffic; there was voice, video and data. At one time, they were all running on their own pipe. What we done, we've built a single pipe, where we

can transport that same information over one pipe. Voice is a very small component. Data is a big component. Video is probably the biggest component.

Representative Kempenich: The bandwidth we're using, do we have enough capacity?

Mike Ressler: When I said we upgraded the network for \$3 million, that's really what we're doing. We're taking the hardware and refreshing it; but, we're getting bigger pipes.

Representative Kroeber: The long distance seems to be coming down a lot.

Mike Ressler: You're exactly right. Email has taken a lot of activity away from voice long distance. But, almost, everybody today carries a cell phone; it's amazing how many state employees don't want to carry 2 cell phones. They'll use their personal cell phone and use their minutes to do state business; because it's more convenient.

Chairman Thoreson: If people are using their own minutes, has anyone tracked if there's a savings to state government because of that? They don't have a way of asking for reimbursement for those do they?

Mike Ressler: Not to my knowledge.

Representative Klein: That big pipe that ties the research communities together and then runs across the state line.

Mike Ressler: Northern tier?

Representative Klein: Where are we at with that whole system? Is that being expanded or is it still up the east and across the state into Montana?

Mike Ressler: Yes, all it does is go across the state east to west; and runs north and south, from Grand Forks on down. It connects the larger schools. The intent will never be for that northern tier to expand out to Bowman, Bottineau. We will always use the DCN Stage Net Network to bring that activity down to northern tier for the schools. The way the law reads today, state government can't use that northern tier. We have to use the Telco's network.

Testimony continued.

Representative Kempenich: Do you ask them why they're not using it?

Mike Ressler: Instant message is something that I am.

Testimony continued.

Chairman Thoreson: Are agencies then still on DSL?

Mike Ressler: Yes they are.

Chairman Thoreson: They're going through you to get the DSL?

Mike Ressler: Yes. The state law says that if you buy network connectivity, you have to buy it through ITD.

Testimony continued.

Chairman Thoreson: Could you get a breakdown and provide that to the committee?

Mike Ressler: We'd be happy to do that.

Chairman Thoreson: I'd like to see who they are, what the costs were, and what involved going on to the future.

Mike Ressler: I'd be happy to provide that.

Chairman Thoreson: Back on that last slide you just had, what's the broadband residential? Are we providing residential service through ITD?

Mike Ressler: In some telecommunicating options, where a state employee will be working out of their house....

Dan Sipes, Director of Administration, North Dakota Information Technology Department: There are places where we have telecommuters and in some cases it's beneficial for security and other reasons for the state to provide a circuit into that residence. That's where we then, if they're going to buy that circuit, they buy it through us. We make sure it's provisioned and then they get the residential rate because there's only one person at that endpoint.

Chairman Thoreson: So that's a DSL connection to the residence?

Dan Sipes: It could be a DSL or it could be a cable modem.

Chairman Thoreson: What's the rate your charging for that?

Dan Sipes: We're charging them whatever the provider charges us plus \$50.00 per month.

Representative Klein: Going up to Grand Forks, you have an Ethernet. Explain that a little bit.

Mike Ressler: That's in every one of these 4 quadrants; but, that's one of these DCN connections. It provides a 5mgb circuit to that end point. I believe we have about 300 of those across state government and county government.

Chairman Thoreson: The backbone ring is a10gbps, is that something that's enough to handle traffic right now?

Mike Ressler: We were at 2/ 1/2gbps and we just went up to 10gbps; and so those are the kind of predictions we have to make when we're setting rates.

Chairman Thoreson: When you see the amount; especially with video and other things going over the network. Ten gbps looks big; but, I'm not certain anymore if that is.

Mike Ressler: Higher education uses about 60% of that bandwidth; so state government really isn't growing all that much. K-12 is a big user. So I always remind state agencies when I look at what it costs to provide this backbone, higher education, which we bill; is picking up the biggest part. The general funds we get for K-12; even though it's a lot of money to the agencies, it's not a very big piece of the pie that they're paying for this big backbone.

Chairman Thoreson: So 60% is to higher education of the internet activity. Of that, any estimate of what is actually being used for the classroom or for work related purposes; compared to downloading?

Mike Ressler: I know we have the tools that can show that stuff; but, I'm guessing it's a lot of kids doing their things.

Chairman Thoreson: The social networking, social media; those type of things.

Mike Ressler: The university's position is we have to have that pipe be as big as they need it.

Representative Kroeber: You made a statement early on as not double counting the funds because special funds are like a pass through. Is that true then of the entire \$126 million?

Mike Ressler: That \$111,586,223.00 of special funds is in agency's budgets. When we put our budget together, we don't know what the agencies are for. So I don't know if agencies really got \$111,586,223.00 worth. We are usually on the high side; meaning they're not spending that much. It's nothing more than us having authority to go bill.

Representative Kroeber: But you didn't have the money any way.

Mike Ressler: There's no money tied to the \$111 million. However, when we set our rates we do have money. I don't want to give the impression that we don't have control over what agencies are spending. When we set a rate and the law says they have to buy from us, to some extent we're forcing them to give us that money.

Representative Kempenich: It isn't all the same; but, if you wanted to; you could take the FTE count of that agency and get a basic idea of the IT cost.

Mike Ressler: If you put all your operational costs into that fee, that would be a really good way to do it.

Representative Brandenburg: Will there ever come a time when this stuff will get cheaper?

Mike Ressler: I think we've seen hardware drop substantially over the years. The price does hit a point where it doesn't go down any more. Where we're seeing people involved; like software, maintenance fees for software; those are the prices that aren't going down.

Representative Klein: What's left on the old mainframe and when do you expect to get off there?

Mike Ressler: We have 4 large applications. The Bank of North Dakota just migrated to their new application in January. The second one would be the Legislative Council; that application is pretty much off. By the end of this session, that will be completely off. The other 2 agencies are Department of Transportation's driver's license application and Human Service has MMIS, and eligibility system which is the biggest component of the main frame. Human services runs 75% of that mainframe computer; eligibility is well over half of that usage. Then there's child support.

Representative Kroeber: Does DOT have anything other than the driver's license on the mainframe?

Mike Ressler: They do, I think it's a product called RIMS, Road Information Management System; but, it's pretty small.

Representative Kroeber: What was the dollar amount that DOT presented to the Governor for this system?

Mike Ressler: \$17 million.

Representative Kroeber: Is there anything off the shelf that they could be looking at?

Mike Ressler: I think there are vendors who can tell you they can do a lot of what they do. If you could get 90% functionality from an off the shelf product, I'd say let's do it. I've seen agencies where they thought they'd only have to customize maybe 30%; and when you start customizing, you're building brand new. It costs more to do that customization.

Representative Kempenich: DOT is asking for \$500,000.00 of planning.

Chairman Thoreson: They said it's ranked #1.

Mike Ressler: How we did that is we ranked them based on the funding source. We had general fund, special fund and federal fund. They were federally funded.

Recorder malfunction.

Mike Ressler: When we were doing the MMIS analysis we all believed we had to move right now.

Representative Kempenich: One of the things brought up we didn't think it was going to take this long.

Representative Brandenburg: Some of these other agencies are trying to do this on their own. The 20%-30% are they causing additional costs by doing that?

Mike Ressler: When they go out and buy off the shelf and think they can customize 30%, they're really not going off by themselves. They are working very closely with the rest of state government, project management.

Representative Brandenburg: That's probably why we're seeing different increases in ITD from different agencies; because someone didn't do it quite right, thought they were doing it right; and here we are with increased costs.

Mike Ressler: A lot of times on those increased costs; those are usually outside vendors. So you'll see we've done really good about signing contracts that are fixed.

Mike Ressler: The first special fund project ranked #1 was Attorney General's criminal history planning project. The second was the DOT driver's license redesign. The third was Bank of North Dakota has a servicing direct student loans projects. The fourth one was DOT estimating system rewrite. The fifth one was Information Technology Department; we need to a billing system rewrite.

Roxanne Woest, Legislative Council: I was going to mention if you have your green analysis of the Governor's budget books, there's a schedule in C10 about large ITD projects. There's a footnote that provides information regarding the rankings.

Mike Ressler: The general funds; the projects that were listed in cytech; the first one that ranked #1 was the department of human services eligibility system. That was something that didn't get put in the Governor's budget; but I believe they're going to be asking for that. The second one was Adjutant General's dispatch council system, highway patrol has a project called CVIEW.

Chairman Thoreson: CVIEW is a system we talked at length during our last session; which, highway patrol's using for truck permitting.

Representative Kempenich: It's a permitting process for over the road trucks.

Mike Ressler: The fourth one was ITD's longitudinal data system. The fifth was highway patrol automated routing; and the last one was Adjutant General's space line map phase.

Representative Kempenich: It looks like more of a reduction in FTE's. You've all the schools hooked up to power school?

Mike Ressler: I think there's 87,252 students as of January 1. We estimate there's approximately 91,000 in total. Even though we have the majority of the students; we still have a number of small schools that we have to deploy that application to.

Representative Brandenburg: Not everybody. There are some problems with it from what I understand.

Mike Ressler: Sometimes when you're deploying brand new; they have to get through that learning curve. But, I haven't heard anybody who's not happy with the functionality with the system.

Representative Brandenburg: I think it's more about teachers have to enter grades at the end of the day, administrator has to make sure it's done. The technology is working fine; but, there's a human factor that's not happy.

Mike Ressler: Understood.

Representative Kempenich: Under the health information, are we going to hear that on Tuesday?

Chairman Thoreson: For the committee, we're having a joint hearing with the House IBL committee Tuesday morning.

Representative Kempenich: That's going to be billed out through the users isn't it?

Mike Ressler: It will be a partnership between state government providing general funds; then the user community paying for it.

Chairman Thoreson: The biggest thing we're dealing with looking at budgets; IT costs are the highest thing.

Representative Kempenich: What would a number be if you were doing the FTE perk?

Mike Ressler: The \$49.00 is probably not going to be a good representation of total operational costs. We have a lot of other rates that I would call operational. When we did our estimate, we went through and said here are our new rates.

Representative Kempenich: How many bills are out there, that you're tracking, that are going to impact ITD?

Unintelligible.

Chairman Thoreson: Are you going to be testifying on HB1126 or whose going to be representing you?

Unintelligible.

Chairman Thoreson closed the hearing on HB1021.

2011 HOUSE STANDING COMMITTEE MINUTES

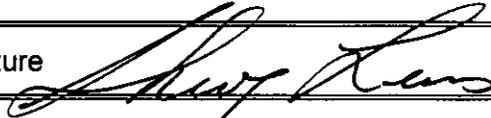
House Appropriations Government Operations Division
Medora Room, State Capitol

HB1021
February 14, 2011

Recorder Job# 14534

Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A Bill for an Act to provide an appropriation for defraying the expenses of the Information Technology Department; to provide for various transfers; and to amend and re-enact section 7 of chapter 49 and section 8 of chapter 519 of the 2009 Session Laws, relating to statewide longitudinal data system expenditures and health information technology.

Minutes:

Chairman Thoreson opened the hearing on HB1021.

Representative Kempenich: Do you have any roll up dollars on this budget from this biennium?

Mike Ressler, Deputy CIO, North Dakota Information Technology Department: ITD would only have the ability to roll up the general fund dollar portion. As of right now, we're not sure if we're going to have any. There's a possibility that we will have a little bit of LDS money.

Chairman Thoreson: What's LDS money?

Mike Ressler: State Longitudinal Data System. When we calculated what we need for 2011-2013 biennium, we said it's really one big program; what we don't spend in the first biennium, we'll need to finish in the second. So it's going to be more of a timing issue. In the event that we don't spend as much, we'll ask OMB to move those dollars over because it would have been in the plan.

Representative Kempenich: You're vacant FTE's, I know you don't fund quite a few of these; there's some I see that you are looking for. Are those dollars that are appropriated directly to your agency or is that your program dollars also?

Mike Ressler: On the special fund side; that's where we have individual cost centers for each service, we set up a rate. In the event we don't have customers who are buying that service, then the money doesn't come into ITD; and those are a lot of programmer positions, they'll stay vacant because we don't have a paying customer. If an agency says we're going to start a project and we need 3 of your programmers, ITD will fill those positions and the money comes in from the agencies to pay. On the special fund side, we

do have the ability of carrying our money over. In the event we set a rate, and hopefully we set it too high before we set it too low, that money carries over; and when we set rates the next time we can lower our rates and in a sense give that money back.

Representative Klein: I'm looking at CJIS and I see your budget is coming down considerably. Then, you have an optional request for \$327,000.00. Your budget is down considerably from the previous biennium, how do you account for that? Then, what does the optional request cover?

Mike Ressler: A lot of the CJIS money we get is for projects. The legislature has funded a hub so that we can put these systems together. There's always been these one time dollars to build an interface. You'll see that every biennium the CJIS advisory board will determine what projects they need to fund; so comparing 2011-2013 to 2009-2011, we're having less projects that we're asking for. Thus you're seeing a decrease. We did have carry over money from last biennium to this biennium in that program and I think that's the number you're seeing.

Chairman Thoreson: The health IT for the health exchange; there's 3 new FTE's there, is that correct?

Mike Ressler: That's correct.

Representative Klein: I'm at FTE employees; you're operating right now with 30.5 FTE's?

Mike Ressler: We actually have 328.

Chairman Thoreson: 328.2 is your total?

Mike Ressler: Correct.

Representative Kempenich: When you built the original budget you were talking about \$13 million then you added back in about \$6 million. What's that 911 grant?

Mike Ressler: If you remember the state applied for a 911 grant; it was a federal program that's going to help all state governments get closer to putting IP technology into 911. The state of North Dakota was awarded a grant and we just haven't spent all the money; what we're asking for is the federal fund authority to carry over next biennium.

Representative Kempenich: We're in the second biennium for GIS or is this a new program?

Mike Ressler: GIS has been with us probably 5 bienniums.

Representative Kempenich: Most of this is finishing up stuff isn't it?

Mike Ressler: Now you're maintaining them. You've made an investment in them and this is the operational cost; like GIS.

Representative Dahl: There are no cumulative new FTE's is that correct? But with the Longitudinal Data System there are additional costs.

Mike Ressler: That's correct.

Representative Dahl: In item #8 on the green sheet it talks about one time funding for CJIS. I know that the supreme court had some money in their budget for integrating their Odyssey system with CJIS. Is this redundant at all with their budget?

Mike Ressler: It is not redundant. The supreme court is one of the members on the CJIS board. They will determine what programs or interfaces should be built by ITD and those are the dollars we ask for in CJIS. Agencies are also asking for funding which is probably more specific to their agency; but, may tie into the hub. It's not a duplication of dollars in this case because all of our CJIS money here is general fund money; it's not just special fund money where we're billing.

Representative Glasheim: This \$8 million of stimulus funds that's carried forward; money you already have, and if so, what are you doing with that?

Mike Ressler: There was \$8 million that was set aside at the Bank of North Dakota and what will probably be spent is \$500,000.00 this biennium. What we ask for, is that the balance, roughly \$7.5 million gets moved from the Bank of North Dakota and put directly into this budget; so it's really being carried forward for the operations of the health technology program.

Representative Glasheim: And you're allowed to carry that federal stimulus for many years?

Mike Ressler: In this case, we are entitled to these dollars. Yes.

Representative Brandenburg: In 2007-2009 you had 305 FTE's. In 2011 you show 324 and 2013 you predict 328. What happened?

Mike Ressler: If you go back 10 years and you look at ITD's growth, I bet we've increased 50 FTE's. The majority are centered in 2 areas; it's when an agency does an application development project, like human service's Medicaid system. We will determine what it takes to build the system like that; and many times it can be as many as 20 programmers. We won't necessarily higher all 20; we'll probably add 10 to our staff and then we'll get contractors. The balance would be if you brought in a new program inside ITD; then there's new positions that come in as well.

Representative Brandenburg: Where's the savings at on the other side?

Mike Ressler: First of all an agency should present a business case and in all cases they're doing that today. Which says we need X dollars to fund this project; once they've received permission to do that or built a business case that justifies why we should spend technology dollars to build a business application; we can either go to the vendor community and buy this product, or in many cases if we have to build it, we'd rather use our

own people as it's a much cheaper labor rate than if we'd have to buy that rate or those people from an external market. That would be the justification for us to add staff so that we can build it. We always hope in the long term that after it's built and implemented we won't need all those positions.

Representative Dahl: I'm looking at item 13 on the green sheet. Can you walk me through that process? I understand we're decreasing special funds; but increasing general funds? Then we're taking out 6 FTE's for a net gain of \$250,000.00.

Mike Ressler: We're taking 6 positions that were in the center for distance education program and we're not going to fund those. It should really be 5 FTE's. The commission on education improvement committee said we need to put more general fund dollars in there so we can change their purpose and focus. They're the organization that creates distance education and a lot of it is sold to customers outside of the state of North Dakota; but we're starting to see where more of their services are needed for schools and home schooling. The net looks like the overall budget is coming down; but it's really an increase in general funds and a decrease in special funds.

Representative Dahl: If we're taking the 5 FTE's from distance education? What is the \$1.3 million being used for; are we adding somewhere else? Where are those costs being transferred?

Mike Ressler: That \$1.3 million is in approximately 3 categories. Approximately \$780,000.00 is going to be – Mr. Peterson can explain this better.

Al Peterson, Director, North Dakota Information Technology Department: The number of enrollments at the center have declined. Through the past years, the center has mostly been a correspondence school; which meant all the courses were print. Most of distance education is now online; very little is done in print. What was decided, previous to me, was to reorganize the center; and we won't need as many FTE's. The \$780,000.00 is so that we can better serve North Dakota students at an affordable rate. Right now, I think, the state general funds is only 13% of budget; we're almost totally dependent on fees. The \$318,000.00 originally was for customer service; with that we're reorganize that part of the plan and go online with all schools in North Dakota; with a combination of using power school and a power school studio. The third part of the money is to pay some people a bit more that are taking on other duties and that we wanted to move into general funds; where someone gets a raise by the Governor's decree. In the past, we would have to pay that out of special funds; because we don't have general funds money to pay that raise. This equalizes and if there is an anticipated raise, it would come out of a general fund rather than a special fund.

Representative Dahl: When it's indicated that there special funds being used, what specific special funds were being used for this project?

Mike Ressler: At one time the majority funding stream was charging out of state schools for this curriculum. What we're seeing is a lot more competition in this field; so I believe the sales from North Dakota's CDE has decreased from those out of state people.

Representative Dahl: Can we get a breakdown of those 3 areas and what that money is being used for?

Mike Ressler: Yes.

Unintelligible.

Representative Kempenich: What does ITD support consist of?

Mike Ressler: There's 2 areas where we recover our network connectivity costs. One is the FTE fee and the other is if you have a wide area network connection. The support fees that are in there are the network people. We have technical staff that works with network connectivity as well as our architects that are in that area. Our voice people primarily come out of the voice side; but, as this stuff is starting to merge a portion is there as well.

Representative Kempenich: What is security?

Mike Ressler: We have a staff of 4 people in our security section. Every service we provide there's a security component; so we take their costs give a percentage to each service as well.

Representative Brandenburg: Where's the new FTE's?

Mike Ressler: There's 3 new in the health information technology program, 3 new in the state longitudinal data system, 2 new in power school. So a total of 8 new and 8 coming out.

Representative Brandenburg: You're really just moving these people from one area to another.

Mike Ressler: Exactly.

Representative Klein: I'm looking at your overtime. In your present budget you have \$4,800.00; now you're looking at \$12,000.00?

Mike Ressler: Almost always in the software development area; it's the programmers working on projects. A good example is the legend, the legislative council project, whenever we get close to crunch time everyone work 12 to 14 hour days. Most of it I'm assuming is special fund authority. It's assuming we're going to have customers who are going to be paying for that overtime.

Representative Dahl: This is sort along those lines but not completely the supreme court came in with a request. It was an informal estimate given by IBM to do a study for data recovery in case there's a disaster that hits the judicial branch. We took that out and we're looking at doing a statewide study. Is that something ITD has considered or been asked to consider in light of what happened just a few weeks ago?

Mike Ressler: We do on a continual basis look at are we positioned in North Dakota in the event that we have a disaster. I believe what happened to us when the power went out was a surprise to us. We knew we had certain single points of failure, however, we evaluate the cost to remove that single point of failure. I believe that in about 4 months we will have the state positioned at a much higher level of continuity than where we are now. With regards to the continuity plan, every state agency is required to look at what their most important primary functions that have to operate. In the event that you lose technology or any business portion of what you're doing; what the backup plan is. Agencies should be spending money on their own plan. Agencies will spend money individually to go out and look at their own plan.

Representative Dahl: So what you're saying is there is a process in place and you're to elevate that analysis even further in light of what happened. They're concerned with their particular government and we're just asking if ITD can help them in that planning so they don't have to spend \$100,000.00 with IBM?

Mike Ressler: I would have to look to see exactly what that estimate was for; if it's for consulting people to come in and do some analysis, we would have to look to see if we have people available to do that and if we have the skills to do it. I'm assuming we have the skills and then we would charge for that service; so they wouldn't get it for free. One thing I haven't brought up about the courts is that because they are a separate branch of government, they really do operate their own technology. They participate in EA but, they believe because of the separation of powers that they need to operate their own technology. So there is redundancy out there that they use; but, we believe in many cases it's probably for the right reason.

Representative Kempenich: Where are those senate health information technology bills?

Sheldon Wolf, Director, Health Information Technology: There was 2 of them; SB2036 that was defeated on our behalf and SB2037 has passed and has moved over to the house side.

Representative Kempenich: Health Information Technology is a new program and the rest of these are up and running, and are just the operating costs.

Chairman Thoreson closed the meeting.

2011 HOUSE STANDING COMMITTEE MINUTES

House Appropriations Government Operations Division
Medora Room, State Capitol

HB1021
February 15, 2011
Recorder Job# 14589

Conference Committee

Committee Clerk Signature

Explanation or reason for introduction of bill/resolution:

A Bill for an Act to provide an appropriation for defraying the expenses of the Information Technology Department; to provide for various transfers; and to amend and re-enact section 7 of chapter 49 and section 8 of chapter 519 of the 2009 Session Laws, relating to statewide longitudinal data system expenditures and health information technology

Minutes:

Representative Thoreson opened the meeting on HB1021.

Representative Kempenich: I don't think we're going to do much to this budget. I think we talked about that we can't just leave it alone. It was suggested that maybe we pull 2 or 3 FTE's out on some of the vacant positions. We can pull a couple more of those out.

Representative Klein: I think we should leave it up to the department to decide which ones are key if we do that at this stage.

Chairman Thoreson: So you're looking to a reduction in the number of FTE's by what number?

Representative Kempenich: Three.

Representative Kempenich made a motion to reduce the number of FTE positions.

Representative Klein seconded the motion.

Chairman Thoreson: If I'm correct these are vacant positions is that correct Representative Kempenich?

Representative Kempenich: Yes.

Representative Kroeber: The one thing I remember is that these FTE's were added because they had projects that they're going to take handle. It will probably mean that those projects will then not be done by our IT; but, they'll have to be hired out to other organizations.

Chairman Thoreson: That is a valid point whether that's something we want to do in house or if we would want to contract with a third party provider.

Representative Kroeber: I think that's something we should be aware of.

Chairman Thoreson: That probably needs to be part of the discussion.

Roxanne Woeste, North Dakota Legislative Council: For clarification purposes, I would need a little more specification. There's lots of positions on the vacant FTE report and how would I know which the proper funding source dollars to take out?

Representative Kempenich: We can pull a teacher I, teacher III and a custodian.

Roxanne Woeste: If you could identify a position number that would be best.

Representative Kempenich: 429-2, 438-2 and 10224.

Chairman Thoreson: So these positions are positions that are teaching positions but have been vacant over 6 months.

Roxanne Woeste: Those 3 positions are not full 1.0 FTE's; so they add up to 1.9.

Chairman Thoreson: So it would be a reduction of almost 2.

Roxanne Woeste: Correct.

A voice vote was called and motion passed to remove 1.9 FTE's.

Representative Klein: We need to act on that amendment; which is the PACE Program.

Representative Klein made a motion to move the amendment for the PACE Program.

Representative Brandenburg seconded the motion.

A voice vote was called and motion carried.

Representative Klein made a motion for a "do pass as amended".

Representative Brandenburg seconded the motion.

A roll call vote was taken for a "do pass as amended". 7 Yea's 0 Nay's 0 Absent

Chairman Thoreson closed the meeting.

2011 HOUSE STANDING COMMITTEE MINUTES

House Appropriations Committee Roughrider Room, State Capitol

HB1021
February 18, 2011
Recorder Job# 14742

Conference Committee

Committee Clerk Signature

Explanation or reason for introduction of bill/resolution:

A Bill for an Act to provide an appropriation for defraying the expenses of the Information Technology Department; to provide for various transfers; and to amend and re-enact section 7 of chapter 49 and section 8 of chapter 519 of the 2009 Session Laws, relating to statewide longitudinal data system expenditures and health information technology.

Minutes:

Chairman Delzer: Opened the discussion on HB1021.

Vice Chairman Kempenich: Does everyone have green sheets as it's all electronic?

Chairman Delzer: Before you start, was this well received by the section?

Representative Thoreson: It did make it a bit difficult to work with it. I'm a great believer in technology and I've tried to adapt to it; but, when you're trying to do budgeting, having to repeatedly have projectors brought in and look at all the testimony electronically, it did make it a bit challenging.

Vice Chairman Kempenich: It was challenging especially when the basics were electronic also.

Chairman Delzer: How do you make notes? I always make on the hard paper. How much of it did you print?

Representative Thoreson: It did require having a legal pad and trying to make notes and coordinate it with that. We did have copies of the green sheet distributed in section and I can print copies.

Chairman Delzer: I would guess that this was a pilot project OMB put in the bill at the end. The house had never seen it before. It's pretty hard not have paper and we should go on record to say we didn't find it advantageous to try and do it on the IT side.

Representative Skarphol: It's hard for those of us who didn't participate in this to react. It would have been interesting to have seen the projections on the screens just to see how it would have worked for us as a full committee as well.

Chairman Delzer: What we'll do in the second half is we'll try to have some sort of overview.

Representative Brandenburg: I have to say it was difficult for me.

Vice Chairman Kempenich: Introduced the bill and the amendment.

Chairman Delzer: Was this something that was supposed to be in the budget somewhere?

Vice Chairman Kempenich: It's in the Bank of North Dakota where it's at.

Chairman Delzer: Why do we need it in HB1021 as well?

Vice Chairman Kempenich: I think what the conversation was to identify that money.

Chairman Delzer: Who requested it; IT?

Vice Chairman Kempenich: I can find it here.

Chairman Delzer: Who requested the section 4 of the amendment?

Representative Skarphol: Section 4 of the bill is the Bank of North Dakota transfer. What the amendment does is puts the transfer from the PACE program. Somebody needs to remind me what the PACE program is typically used for; as opposed to the Bank of North Dakota merely having a flat \$1 million pool of money available. Are we robbing money from someone else by specifying PACE?

Chairman Delzer: Who requested this amendment?

Vice Chairman Kempenich: We did. I was trying to remember the conversation.

Lori Laschkewitsch, Office of Management and Budget: After visiting with the Bank of North Dakota, after the budget had come out; they recommended that the better plan would be to use the flex PACE funding for that loan. It was an amendment that was submitted by the Office of Management and Budget.

Chairman Delzer: This leaves money in their footings and recommends to take it out of the PACE fund; is that right?

Vice Chairman Kempenich: The budget in 2009-2011 there's \$8 million which is the Bank of North Dakota money. They spent some of that.

Chairman Delzer: This was the \$5 million that was in the bill that was passed last time; it's just saying that it's supposed to come out of PACE?

Lori Laschkewitsch: That's correct. It doesn't have anything to do with the \$8 million transfer.

Chairman Delzer: There is an amendment on the industrial commission for that \$8 million, is there not?

Representative Thoreson: I believe that's correct.

Chairman Delzer: This is the way it was in the PACE fund for this \$5 million last year when we passed that bill as well; was it not?

Vice Chairman Kempenich: Explained the current bill.

Chairman Delzer: That's what's in the bill itself? This changes section 4.

Vice Chairman Kempenich: The original \$5 million was coming from the footings and this takes it to the PACE program.

Chairman Delzer: Can you tell us what the PACE program normally does and what the level of the PACE program is?

Lori Laschkewitsch: I don't know what the level of the PACE program is. I know that the Bank of North Dakota they had said they had plenty of funding available in it and would be able to handle this \$5 million additional loan fund for the health information technology.

Representative Skarphol: I was curious why it was coming out of the PACE fund. My thought on the PACE fund was it was a special economic development program with certain parameters and really don't care. I just didn't want us to be robbing someone else.

Lori Laschkewitsch: The reason the Bank of North Dakota had recommended that is since there was plenty of money available in the PACE fund, it wouldn't cut into the capital of the Bank of North Dakota.

Chairman Delzer: We have the motion to amend.
A voice vote was made and carried on the amendments.

Vice Chairman Kempenich: Went through the green sheet.

Chairman Delzer: These add funding for the GIS, or the criminal just. Is there also things in the other budgets that will reflect those same things or is this special funded money that's coming from them? So, we'll have general fund expenditures in those other budgets.

Representative Dahl: I did ask the question about the CGIS money, because there's money in the Supreme Court budget for that also. ITD told me it's not redundant.

Chairman Delzer: It's general fund money in the Supreme Courts budget and it's special fund money here. It's their authority to spend the money from the court system.

Vice Chairman Kempenich: Made a motion for a "Do Pass as Amended."

Representative Thoreson: Seconded the motion.

Representative Wieland: One of our bills which is SB2015 for the department of corrections; there was an increase in IT costs of \$370,000.00. It couldn't have had anything to do with new construction or the new FTE's; because, they aren't going to be hired until near the end of this biennium and the building won't be done until near the end of the biennium. So we asked them to come down and explain it; and after Mr. Ressler was here, I still don't know why that increase is there. He did kind of indicate to us that they had some projects that they didn't want to charge fully to another project; so they put some of it into this. I just can't see how we can continue to add costs.

Vice Chairman Kempenich: It's something to do with corrections?

Vice Chairman Kempenich: Continued to explain the green sheet.

Representative Skarphol: They cannot build up a cash reserve. Federal law prohibits them from that; and there's a very small percentage of cash reserves they can build up. They are federally audited, to make sure they don't make a profit, they can only provide a service. As our phone system in state government has become antiquated; and the switching that's required for the old phone system became antiquated enough, there was a decision made to replace it and go to voice over internet. That's an enterprise wide project; all of state government's going to do it at once; and the costs are going to have to be assessed and paid for as they occur. You can't save up money to do this. There is an increase in IT costs, probably in most agencies, until this gets paid off. I haven't talked to them about how long it's going take or anything like that. Once the decision is made that they need to replace this equipment because it's out of date, they have to recover the cost; they can't operate at a loss, they can't operate at a profit. They really do have to assess the agencies for that cost. Once that change was made and a decision was made, they switched to a different funding mechanism that involves counting the number of people in your agency as opposed to the number of terminals or phones. Some agencies benefitted, some agencies didn't. When things have to happen, there's a cost associated with it and they can't save money in advance to cover that cost.

A roll call vote was made for a "Do Pass as Amended". 15 Yea's 6 Nay's 0 Absent

Chairman Delzer: Closed the discussion.

February 15, 2011

J/K
2/21/11
102

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1021

Page 1, line 2, after the second semicolon insert "to provide legislative intent;"

Page 1, replace line 17 with:

"Center for distance education 6,187,917 461,321 6,649,238"

Page 2, replace lines 3 and 4 with:

"Total all funds \$221,825,725 (\$57,627,838) \$164,197,887
 Less estimated income 206,907,171 (61,830,488) 145,076,683"

Page 2, replace line 6 with:

"Full-time equivalent positions 328.20 (1.90) 326.30"

Page 2, remove lines 30 and 31

Page 3, replace lines 1 through 7 with:

"SECTION 4. LEGISLATIVE INTENT - BANK OF NORTH DAKOTA PACE PROGRAM. It is the intent of the sixty-second legislative assembly that the Bank of North Dakota PACE program be used to provide low-interest loans to finance projects of up to a total of \$5,000,000 consistent with the mission of the health information technology planning loan fund and the health information technology loan fund."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1021 - Information Technology Department - House Action

	Executive Budget	House Changes	House Version
Salaries and wages	\$45,603,386		\$45,603,386
Operating expenses	53,152,191		53,152,191
Capital assets	15,035,666		15,035,666
Center for Distance Education	6,876,206	(226,968)	6,649,238
Statewide Longitudinal Data System	3,626,867		3,626,867
Educational Technology Council	1,075,403		1,075,403
EduTech	7,926,447		7,926,447
K-12 wide area network	5,075,992		5,075,992
Geographic Information System	1,112,065		1,112,065
Health Information Technology Office	13,959,238		13,959,238
Criminal Justice Information Sharing	2,981,394		2,981,394
Federal stimulus funds	<u>8,000,000</u>		<u>8,000,000</u>
Total all funds	\$164,424,855	(\$226,968)	\$164,197,887
Less estimated income	<u>145,303,651</u>	<u>(226,968)</u>	<u>145,076,683</u>
General fund	\$19,121,204	\$0	\$19,121,204
FTE	328.20	(1.90)	326.30

2022

Department No. 112 - Information Technology Department - Detail of House Changes

	Removes Vacant FTE Positions ¹	Total House Changes
Salaries and wages		
Operating expenses		
Capital assets		
Center for Distance Education	(226,968)	(226,968)
Statewide Longitudinal Data System		
Educational Technology Council		
EduTech		
K-12 wide area network		
Geographic Information System		
Health Information Technology Office		
Criminal Justice Information Sharing		
Federal stimulus funds		
Total all funds	(\$226,968)	(\$226,968)
Less estimated income	(226,968)	(226,968)
General fund	\$0	\$0
FTE	(1.90)	(1.90)

¹ This amendment removes the following vacant FTE positions from the Center for Distance Education:

	FTE	General Fund	Special Funds
Teacher I	0.90		\$111,918
Teacher III	0.50		72,797
Custodian	0.50		42,253
Total	1.90	\$0	\$226,968

This amendment also removes Section 4 of the bill as introduced which provided the Industrial Commission transfer up to \$5 million from the current earnings and accumulated undivided profits of the Bank of North Dakota to the health information technology planning loan fund or to the health information technology loan fund for the 2011-13 biennium. The amendment adds a section of legislative intent to provide that the Bank of North Dakota PACE program is to be used to provide low-interest loans to finance projects consistent with the mission of the health information technology planning loan fund and the health information technology loan fund.

Date: 2/18

Roll Call Vote #: 1

2011 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1021

House Appropriations Committee

Legislative Council Amendment Number 01001

Action Taken: Do Pass Do Not Pass Amended Adopt Amendment
 Rerefer to Appropriations Reconsider

Motion Made By Rep. Kempenich Seconded By Rep. Klein

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer			Representative Nelson		
Vice Chairman Kempenich			Representative Wieland		
Representative Pollert					
Representative Skarphol					
Representative Thoreson			Representative Glassheim		
Representative Bellew			Representative Kaldor		
Representative Brandenburg			Representative Kroeber		
Representative Dahl			Representative Metcalf		
Representative Dosch			Representative Williams		
Representative Hawken					
Representative Klein					
Representative Kreidt					
Representative Martinson					
Representative Monson					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:

voice vote carries

Date: 2/18
 Roll Call Vote #: 2

2011 HOUSE STANDING COMMITTEE ROLL CALL VOTES
 BILL/RESOLUTION NO. 1021

House Appropriations Committee

Legislative Council Amendment Number _____

Action Taken: Do Pass Do Not Pass Amended Adopt Amendment
 Rerefer to Appropriations Reconsider

Motion Made By Rep. Kempenich Seconded By Rep. Thoreson

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer	X		Representative Nelson	X	
Vice Chairman Kempenich	X		Representative Wieland		X
Representative Pollert		X			
Representative Skarphol	X				
Representative Thoreson	X		Representative Glassheim	X	
Representative Bellew		X	Representative Kaldor		X
Representative Brandenburg	X		Representative Kroeber	X	
Representative Dahi	X		Representative Metcalf	X	
Representative Dosch		X	Representative Williams	X	
Representative Hawken	X				
Representative Klein	X				
Representative Kreidt		X			
Representative Martinson	X				
Representative Monson	X				

Total (Yes) 15 No 6

Absent 0

Floor Assignment Rep. Kempenich

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

HB 1021: Appropriations Committee (Rep. Delzer, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS (15 YEAS, 6 NAYS, 0 ABSENT AND NOT VOTING). HB 1021 was placed on the Sixth order on the calendar.

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Re-number accordingly

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	\$19,121,204	\$0	\$19,121,204
General fund			

FTE 328.20 (1.90) 326.30

Department No. 112 - Information Technology Department - Detail of House Changes

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Total all funds		
Less estimated income	(226,968)	(226,968)
	\$0	\$0
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FTE		

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2011 SENATE APPROPRIATIONS

HB 1021

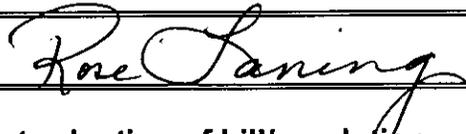
2011 SENATE STANDING COMMITTEE MINUTES

Senate Appropriations Committee Harvest Room, State Capitol

HB 1021
March 7, 2011
Job # 14982

Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A bill to defray the expenses of the information technology department.

Minutes:

See attached testimony # 1-6.

Chairman Holmberg called the committee hearing to order on HB 1021. Roll call was taken. **Roxanne Woeste** - Legislative Council; **Joe Morrissette & Lori Laschkewitsch** - OMB.

Mike Ressler, CIO, Information Technology Department

Testified in support of HB 1021

Attachment # 1 - HB 1021 Information Technology Department – Presentation to the Senate Appropriations Committee

Attachment # 2 - Information Technology Department Update – March 7, 2011 –

Attachment # 3 - Moving It Forward Annual Report 2009 - 2010

He gave overview and told about the programs offered through ITD.

Senator Grindberg: Of the blue line special funds, \$126.7M – What percent of that would really be general funds, that is general funds to an agency that is passed through to you?

Mike Ressler: On average, it's been about 1/3 special, 1/3 federal, 1/3 general funds – in that category. There are a lot of general fund dollars up there in the special funds. When they come to ITD, they're called special funds. When you appropriate the agencies, they may be general funds to that agency and then we bill. That's the confusing part of ITDs budget. It looks like we're duplicating our expenditures. We always call them special funds. That's not to say those aren't real dollars. They are real dollars to somebody. They are general funds, they are federal funds from the federal government or they're special funds, to say Game & Fish where they charge a fee to the citizens and then when they give those dollars to us, we call them special.

Senator Grindberg: Roughly, we appropriate a biennium \$62M in general funds – directly and through agencies. **Mike Ressler** said that was accurate.

Continuing on slide 4 - We're asking for less FTEs than in the past. This is the service side of ITD to the agencies.

Senator Warner: In the Adjutant General's budget, there is a big mapping project and he's sure there is one in the Water Commission. Are these all inter-operable?

Mike Ressler: We're all working together, but I'm not familiar with the mapping grid. What they're doing, I believe, is flying over state and taking pictures of the state. They're doing a base-map where they're going to use it for GIS purposes. It's different than what this map does, but the mapping they are doing ties into multiple state agencies that are working on that.

Senator Warner: Yours is more like a data base.

Mike Ressler: This actually shows the telecommunications companies what conductivity they provide in that location. When you put in the address, you can find out if Quest has conductivity there, if DCN has conductivity. This map tells you what options you have.

Continuing with Slide 6 -

Senator Christmann: At this stage is that OMB's decision, or does that need to be addressed in the bill to carry that money over?

Joe Morrisette, OMB: There is a provision in law that allows a committee made up of the House and Senate Appropriations chairmen and director of OMB to approve requests from agencies to carry money over from one biennium to the next. It is typically for construction projects, but that language was amended a few years ago to allow for carry over for IT projects as well. It's not really an OMB decision, but OMB coordinates the process.

Chairman Holmberg (on slides 23) said he assumed their reductions were done through attrition and retirement because they a few people that had been quite awhile.

Mike Ressler: Actually they were vacant positions. If you don't have the billable sales, you don't have the money to pay salaries and they were seeing that, therefore as they were acquiring vacancies, they were not filling them through attrition.

Continuing on slide 24 -

Chairman Holmberg back a slide "assist ND schools" to get math and those kinds of courses (on slide 23), are they receiving competition at the high school level from the university system hawking their online stuff or is that separate? Is Higher Education coming in and competing directly with them. **Mike Ressler** said they were not competing with Higher Education.

Chairman Holmberg said the subcommittee will be: **Senators Christmann, Fischer and Robinson.**

Senator Christmann: On the special funds, the \$134M, I understand that one could look at it as general funds cause there are general funds in an agency, and some may be from Game & Fish, how much of that \$134M is not in any other budget. Is there some that comes from some sources that does not get reflected anywhere else?

Mike Ressler: If you turn to slide 41, it shows the 2011-13 budget request, that ITD operations of \$111M – the bulk of that is being appropriated via other agencies.

Senator Fischer When the agencies – there are several projects in DHS that are short term, but what is base charge for the Department based on their previous biennium, and special projects are they added on as needed? Where does MMIS fall into that?

Mike Ressler: When we put our budgets together, and we have to do that in January of the even numbered year because we need to set our rates so that they can use those rates to set their budget and release it to the Governor's office in the summer. How we do that is - we will sit down and base our future demand on what they spent over the last 12 months. In state government, primarily from an operations standpoint, those dollars are easy to predict. We will then sit down with agencies and ask if they have any large projects coming up, like MMIS. We will build that into this amount, so sometimes, depending upon the size of the project, if you don't fund that agency, and you give ITD this \$111M, in a sense, you've given us more authority than we need.

Senator Fischer: How long before we have our medical records around our neck?

Sheldon Wolf, ITD: Actually, the information would be loaded into a data base, and so they'd go and be able to put your name in and get the information right to them, so you wouldn't even have to carry it with you. It's a little different strategy.

Mike Ressler concluded.

Senator Warner – We've heard comments from the smaller agencies about the amount of bandwidth that they are paying for and can do better on the outside market. If I understood correctly, isn't there a harmonization of rates across the bandwidth spectrum so DSL lines are costing about the same as T1s?

Mike Ressler: You will probably hear more from the agencies. We actually have a list that was given to the House side and would be happy to put that onto this website as well. Early on when we created the state network, we saw a huge increase in the need for bandwidth around the state. What we saw is the different telcos, in order to recover their costs, had huge differences in fees. If you were in a remote location, you could pay as much, for a T1, as \$2200 a month. However, if you were in one of the bigger cities, your T1 could be as low as \$300/month. So many, many years ago, we got together and got direction from Bill Goetz. He said they need to postalize the rate across ND so that it doesn't matter where you're located, it's the same fee for bandwidth conductivity. At that time, in order to get a competitive rate, we went out with an RFP and had all the vendors play, from out-of state vendors to the in-state vendors and Dakota Carrier Network won that bid. They came in with a postalized rate. We had to guarantee them so many T1s across ND, and of course we were buying that many because that's how many agencies were paying for. At that time a DSL circuit was a much smaller circuit with not near the reliability meaning they would go up and down often. You couldn't carry a lot of data over it and so it was very easy for agencies to say they wanted in and wanted T1s to their locations. I think we bought 361 with the first contract that we signed. Then we started seeing DSL becoming more efficient and more reliable. They could expand it to where it wasn't just a 56K circuit, it could expand very close to the bandwidth of a T1 –

1.5MB. As we started getting pressure from agencies, I think we made a bad decision at the time. We said for \$890, which is what we charged an agency for a T1. However, remember when we billed the service for a T1, we weren't billing for just the circuit, we were billing for the equipment that had to be connected to it and then the support. So we really wrapped a service around what many times agencies would compare and say I can go to Bismarck and I can get a T1 circuit for \$360 so why is there a difference. One was just the circuit and one was the service, but we said that we need to find a way to help these agencies meet their needs and \$890 is a lot of money. We'll get this DL service, we don't think you're going to like it very much, but if your needs are such that you don't need high availability and reliability, we'll put it in and all we're going to bill you for is the circuit. There were five in the beginning, and over the years we started seeing the service get better and the demand going higher. We can't continue this way, because we have a contract with DCN that says we can't drop below a floor of so many T1s, but we were enticing the agencies to say, "Gee, \$890 versus \$150." Let's find a way to make these DSL circuits work. Part of the service we provide in that T1 circuit is that they paid for a portion of the core backbone, because when we put a DSL circuit out to location, they connect to the core and come back to the data center and use services inside of that. For core services in the T1, we were billing about \$230/month. We have to charge that same fee for those with DSL. For those agencies that were paying \$150 for a DSL circuit and now ITD put an add-on fee of \$230? It's like "I was getting the same service last biennium and you haven't done anything for me." It was just ITDs way of allocating the proper cost to those agencies. That change was just made and so we have about 7 agencies that we really did impact. Many of them are small and as a result, those agencies have rural connections or regional locations and we put that add-on fee onto those because we believe it's the right way to bill for the services.

Chairman Holmberg: Last session, we had the brou-ha-ha regarding telephone service at the Veteran's Home. We changed that allocation and they went with their own system – otherwise, we've kind of stayed out of that, I believe.

Mike Ressler: They're the only exception.

Senator Warner asked if he could give a brief telescopic view of what he sees over the next two biennium for large IT projects across the entire government.

Mike Ressler: SITAC (State Information Technology Advisory Council) – a peer group. We have a process in ND where we have agencies as they are putting their budgets together, any IT projects would have to identify those and then SITAC peers their presentation. Primarily the benefit is so that if there is a need that one agency has and they are hearing another agency is working on it. They can work together and get the benefit of one system versus building two.

Most agencies don't have large IT projects. One of the reasons is that you've funded some pretty large budgets for this biennium and all the big ones seem to be taking longer than what everybody predicted going into them. There is a demand for old applications that need to be re-written. For example, on the Mainframe computer, Human Services has a big application called Eligibility that at some point they are going to have to re-write and get off the mainframe. The MMIS application is the one that they are in the process of getting off the mainframe today. They have a child support application. They are very pleased with the application, but it's older technology that running on the mainframe. They don't have any plans to re-write it,

but somewhere down the road there will be a plan to migrate that off of the mainframe. DOT has two projects; the driver's license as well as RIMS (Road Information Management Systems). It's a much smaller application, but it also runs on the mainframe.

Senator Warner: At what point do we just say 'get off the mainframe; we're going to shut it down'?

Mike Ressler: That was actually our game plan. If our project would have gone as planned, meaning everything would have worked the way we expected it to work, we had all the agencies interested in getting off mainframe. But because our project took a little bit longer, Human Services jumped into the MMIS project and then anytime you do a project like migrating off the mainframe, a good bulk of the work is the agency staff that has to now take that code that has been changed, and do testing. Because they had time set aside for us but our window passed, they jumped into their own project. We had take care of all the smaller agencies on the mainframe. The bigger ones, because we believe there are plans to re-write them anyway, we'll wait for you to re-write. I think we've been surprised it's taken this long to get the funding for some of these bigger apps. But at some point, we have to get off the mainframe because we're not finding skills for people to support the mainframe. Today we have two contractors fulltime, retired IBM guys, that are more than happy to move to Bismarck. Another retiring mainframe person, and there will come a time when we don't have the skill set to run a mainframe. We're hoping to get these agencies off before we have to turn that over to an external vendor.

Senator Robinson Your analysis of success and failures of IT projects. Share some observations.

Mike Ressler: At ITD, we take ownership in the fact that many of these large projects where we have struggled are with external vendors that are coming in. We are not the ones doing the development work. We don't want to downplay the fact that we have problems, but ND is doing very well. I believe that when we take these applications where a vendor has a very complex business function they are trying to accomplish and they have this belief that they can sell it to several states. It's a good concept but the changes from state to state are not the same. They have the right idea and want to build a base, but should let each state configure. Then we find that all of a sudden, the company gets bought out. Large IT projects cannot be sold as four year projects anymore – the information and technology changes too much so quickly. We need to measure in smaller components.

Bob Humann, Sr. VP for Bank of ND

Testified in support of HB 1021

Testimony attached - # 4 – Flex PACE Program (Partnership in Assisting Community Expansion)

Senator Grindberg: Who would be obligated to pay the loan back?

Bob Humann: The Health provider would pay the loan back. They get some federal incentives that help them pay the loan back.

Senator Grindberg: Could you inform the committee of past examples of Flex PACE loans?

Bob Humann: Past flex PACE loans that we put together are essentially for community businesses, say a grocery store or drug store in a small town. We've done a number of tourism related type projects with Flex PACE. The different between PACE and Flex PACE is: PACE has to be identified for a manufacturer that actually creates jobs. Flex PACE there is no jobs creation component. That's why we can use Flex PACE to be able to fund these health care providers because there is no jobs creation component with Flex PACE.

Senator Grindberg: In your opinion, this is not a stretch of Flex PACE and the Bank to support this House proposal.

Bob Humann: Yes, we do.

Senator Wanzek: We're not necessarily appropriating more dollars for Flex PACE, we're just saying up to \$5M of loans can utilize the Flex PACE that is there now.

Bob Humann: Yes, that is correct. There will be no additional dollars appropriated. It will just come out of the \$6M of PACE appropriation.

Senator Wanzek: It could be up to \$5M in loans if there's only \$4M that doesn't get utilized.

Bob Humann: That is correct.

Don Flaherty, Mayor of Ellendale, ND

Testified in support of HB 1021

Testimony attached - # 5 The Infrastructure of Dickey County, North Dakota: A Cost Effective Data Center Infrastructure

Senator Grindberg – You're looking to expand this data center with State of ND business? Or are you broadcasting the availability of this and have you worked with the Dept. of Commerce? There are data centers that have emerged all across the upper Midwest; Google, Ebay and huge centers. What particular angle are you pitching here?

Don Flaherty: The company involved, Operational Security Systems, Inc. (OSS), has submitted a bid to the ND University System to be their data backup hosting site. What I'm trying to do is help this committee see that we have infrastructure to be able to support that. I'm not a representative of OSS. I just want to see positive growth for my city.

Senator Grindberg: And Evans Analytics is?

Don Flaherty: Evans Analytics is a third party company based in Savannah, GA that does these kinds of studies. They were hired by the city of Ellendale which wants to host technological services. They want to help market our area of ND to hopefully attract some other technological businesses.

Chairman Holmberg closed the hearing on HB 1021.

Bob Humann: Past flex PACE loans that we put together are essentially for community businesses, say a grocery store or drug store in a small town. We've done a number of tourism related type projects with Flex PACE. The different between PACE and Flex PACE is: PACE has to be identified for a manufacturer that actually creates jobs. Flex PACE there is no jobs creation component. That's why we can use Flex PACE to be able to fund these health care providers because there is no jobs creation component with Flex PACE.

Senator Grindberg: In your opinion, this is not a stretch of Flex PACE and the Bank to support this House proposal.

Bob Humann: Yes, we do.

Senator Wanzek: We're not necessarily appropriating more dollars for Flex PACE, we're just saying up to \$5M of loans can utilize the Flex PACE that is there now.

Bob Humann: Yes, that is correct. There will be no additional dollars appropriated. It will just come out of the \$6M of PACE appropriation.

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Bob Humann: That is correct.

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Testified in support of HB 1021

Testimony attached - # 5 The Infrastructure of Dickey County, North Dakota: A Cost Effective Data Center Infrastructure power point presentation

Testimony attached - # 6 The Infrastructure of Dickey County, ND: A Cost Effective Data Center Infrastructure Report

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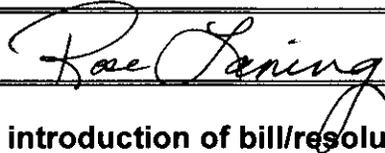
2011 SENATE STANDING COMMITTEE MINUTES

Senate Appropriations Committee Harvest Room, State Capitol

HB 1021
March 15, 2011
Job # 15482

Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

The subcommittee of the ITD – Information Technology Department

Minutes:

You may make reference to "attached testimony."

Senator Christmann called the subcommittee hearing to order on HB 1021.

Subcommittee members: **Senator Fischer, Senator Robinson, Lori Laschkewitsch** – OMB; **Roxanne Woeste** – Legislative Council.

Others in attendance are: **Mike Ressler, Director and Deputy CIO, ITD** and **Lisa Feldner, Chief Information Officer.**

Senator Christmann asked to be refreshed on the biggest changes that the House did on the bill compared to the Governor's Executive Budget.

Mike Ressler replied that they didn't really do anything. There were two amendments and the first one was they took 1.9 vacant FTE from CDE (Center for Distance Education) and we're fine with that. The only reason Al Peterson didn't take one is that he's not sure how many positions he's going to need based on the new vision, but we're fine.

Senator Robinson: So you're happy with the package that came over from the House.

Lisa Feldner: We were saying that if you didn't want to go to conference committee, we're fine.

Senator Fischer: So they took 1 FTE out of the Center for Distance Education. **Mike Ressler** and **Lisa Feldner** both replied 1.9.

Senator Fischer: How many total did they take out? That's it.

Mike Ressler: We reduced 5 before that and the Governor knew.

Senator Christmann asked if they had any questions. There was something earlier about certain agencies, you charge them based on their budget. Did somebody get charged based on the property tax relief?

Mike Ressler: ITD recovers the cost of people soft for state government – recovering the connecting fees 2 ways. We bill our state agencies by the number of FTEs they have in their agency and by their total appropriation. That's the formula that we use. DPI gets hit the hardest because they have a lot of federal money that comes through.

Lisa Feldner: They got all that stimulus money last biennium for education. It kicked up their fees.

Senator Christmann: And also the property tax relief?

Mike Ressler: Total funds – what's recorded in the legislative appropriation. It's a metric that the feds have bought off on because they are always so concerned about are we charging everybody fairly. That's a metric that most states use for their human resources.

Senator Christmann: If we put \$300M and just run it through on property tax relief, how much went to ITD for that?

Mike Ressler: None of this goes to ITD in the sense that we're just paying for our bond. Remember, we bonded this project. We are paying for the ongoing operations of it. DPI paid for 7.4% of the total cost; Human Services paid for 28% of the total cost; and DOT paid 14% of the total cost.

Senator Christmann: What's the total amount from DPI?

Mike Ressler: Total amount is \$13,069/month for Connect ND.

Senator Christmann: And if their budget was \$300M less, then how much would it be?

Mike Ressler: That's based on \$1.6M, so let's find somebody that's around \$1.2M - -It's DOT. What kind of an increase was that? I don't know.

Senator Christmann: I want to get to a number. If we had not done property tax relief and just put that money into a trust fund, then how much less would you have to work with?

Lisa Feldner: But we would have distributed it anyway. It's just a metric they use to collect a fee, so they still would've had to collect the same amount based on all the different agencies.

Senator Fischer: Based on use? **Mike Ressler** said it was based on total cost.

Senator Christmann: You're like the local telephone company. You figure your cost and then bill.....

Senator Robinson: There were a couple agencies that made reference to the requirement that ITD need to upgrade their service and they had to pay more for it. They're saying they

really didn't need it because their budget went up and they blamed ITD. The other question is are we concerned about any potential federal reductions that will impact our operation?

Senator Fischer: Not reduction, but increase.

Mike Ressler: I have no concerns about any federal funding that if it stops it will affect these rates.

Senator Fischer: Lisa, how did that work on that \$48M, did the House take it out? Is that the exchange money, the eligibility piece?

Lisa Feldner: That was never in there. Carol had asked for upgrading the eligibility system and actually in SITAC, it was ranked 1st, but it wasn't put into the Governor's Executive Budget. Then all the other healthcare things came along. In order to do the insurance exchange, you have to upgrade the eligibility system.

Senator Fischer: Isn't that the entire eligibility system from counties all the way to.... And that's the \$48M. Lisa Feldner said it's \$42M.

Senator Fischer: Was part of that in the House or was all of it there?

Lisa Feldner: None of it was.

Senator Fischer: In the Governor's Budget, there was nothing, there was an OAR? I don't even think it was an OAR.

Lori Laschkewitsch: It was an OAR, but we didn't fund it.

Senator Fischer: That's \$42M, what did the House do? Did they do something about the exchange money?

Lisa Feldner: 1126 is the Health Insurance exchange bill. Carol is asking to put an amendment on there for eligibility

Senator Fischer: For information technology? To get money?

Lisa Feldner: No, she wants to upgrade the eligibility system so she's putting it in the insurance exchange bill.

Senator Fischer: I don't quite understand. This is a number that you guys calculated and then she asked to have put in in the House and they didn't want to put it in so now she wants us to?

Lisa Feldner: Or did they put it in? I have to look. I don't remember.

Roxanne Woeste: From my hearing recollection, it was discussed in the House, but it was never amended in.

Senator Fischer: How much was that? Answer \$42M.

Senator Fischer: Then the information technology has always been in the budget fully funded.

Lisa Feldner: Right.

Mike Ressler: And the \$42M is roughly 90-10 federal from general.

Senator Fischer: The reduction in the budget was due to what? In Human Services. Isn't there a reduction from last biennium to this?

Mike Ressler: It went up.

Senator Fischer: What do you have in the budget for Human Services?

Lori Laschkewitsch: I don't know off the top of my head what the numbers are.

Senator Robinson said that the smaller agencies were actually getting a deal that was too good.

Mike Ressler: If you remember went I testified in front of the senate, agencies that had DSL service were not paying for any portion of the network. We were only charging what the telephones were charging us for the DSL service. We've had a whole number of DSL circuits up there, so not only do we want to continue to charge them for what the telephones charge us, we want to allocate a portion of the backbone internet connectivity because they use all that. What I failed to mention is that we've have this add-on fee of \$230/month per DSL circuit. Yet all these smaller agencies like Parks and Rec, Corrections and Game & Fish who weren't paying before, now are paying. However, our T1 fee that we've been billing for a long time, at \$890/month, we will be going on our 3rd biennium with no rate increase. The reason we were able to do that is because we've taken what our new rates are going to be, because we've increased the bandwidth over the bienniums, and we're going to recover it by this add-on fee. I got nothing new from last biennium to next biennium. The service is the same. ITD just now started allocating a portion of the core backbone to them.

Senator Robinson asked for a quick update on the mainframe.

Mike Ressler: Right now we've got two big agencies on. We've got Legislative Council that came off and the Bank of ND. Right now we just have the two big agencies; Human Services and DOT. We've got the driver's license at DOT and something called RIMS (Road Information Management System). It's fairly small and not complex. On the Human Service side, we have MMIS which we are working on, eligibility which we just talked about and then child support which is an application that everybody is happy with. We probably won't re-write that application. The re-write is how you get \$40M. There we look to migrate off. We kick the code so it can be run on a Dell environment. Then hopefully we can get the mainframe removed.

Senator Robinson: And the Secretary of State?

Mike Ressler: We're making progress.

Senator Robinson: And you've elected not to work with that other company?

Mike Ressler: We had a compass call with the owners, CCIS (North Carolina) and we've sent a new restated contract. What it will do is says that you're no longer in charge. The State of ND is in charge and he's going to have his attorneys look at. We should have a conference call sometime this week, so we're that close to getting off now. When we build this team, the developers are going to be physically located here.

We have that one portion that is facilities and that OMB said we can do a part of. There is a second component to that which is the data center itself. We just got our report back as to what that would cost. The two of those are what we hope to have done by the end of this calendar year. I sent you that big number, like \$1.2M, we're finding the data center portion is about \$700,000. What's not included in that \$700,000 is law enforcement. Lisa was contacted by **Rep. Carlson** and **Sen. Bob Stenehjem** and they had asked her to make it so law enforcement is redundant. When we had a conversation with Bob on that number, he said it was too large to stop.

Mike Ressler: If I can ask one other thing. A building – have you had any conversations about looking at another facility. Where we're possibly in trouble at ITD, or what I'm concerned about is if this eligibility system would get funded, we're talking about a team of approx. 60 people; 40 developers getting the business unit in and house those people for 40 months. If the game plan should proceed, we have no place for those people today. We can go try to find another facility. Our other big problem we have is we have the DCN building. If they built their new building we may be able to get some space there. We're tired of piece mealing ITD all over Bismarck.

(Mike Ressler knew of someone who may have office space for rent and they may be able to get it for 2 years.)

Senator Christmann: How many people do you think you'll have to place?

Mike Ressler: 70 technical people and maybe another 20 business people in the event eligibility gets funded.

Senator Robinson: The eligibility thing could be soon.

Senator Christmann: Was this known last fall? Answer yes.

Senator Christmann: Where is the governor's plan on this? Where does he want to put them?

Lori Laschkewitsch: We didn't fund eligibility.

Senator Fischer: That's not in any bill anywhere.

Mike Ressler: You remember there was a government services interim committee and I believe Rep. Svedjen was chair, and they had several agencies come in and testify. ITD happened to be one of those agencies. At the same time, the courts were is (inaudible), so the Attorney General and both representatives from those two entities couldn't attend so the chiefs

came. Chief Justice VanderWalle who was a great presenter, but didn't know anything about space necessarily, but the audience loved him. They had a great conversation and the AG got up and their representative wasn't there, so Tom Trenbeath came and he was a fun guy for them to talk to and they were honored that he came to visit with them. Then I was the one who said, "We've got some real concerns." That was the end of my testimony and I've never heard anymore about it. The Governor's office said "Don't worry about it".

Senator Christmann: Eligibility for what - - I don't even know what we're talking about.

Mike Ressler: Human Services applications.

Senator Fischer: Medicaid. From the county all the way to the Human Services. It's the entire eligibility deal.

Senator Christmann: We have eligibility.

Senator Fischer: It's an old version. I don't know how old. They're reading 4 screens at the county.

Senator Christmann: Do we have any reason to think we're undertaking this program for this biennium?

Mike Ressler: I think we're hoping. Primarily because there's a commitment from the feds that is a 90-10 program right now, and in 2013.....

Senator Christmann: Who's promoting this idea?

Senator Fischer: It's part of the Healthcare thing.

Lisa Feldner: It will be in HB 1126 if it gets anywhere - if it gets amended.

Senator Christmann: Who would put that in - what committee?

Lisa Feldner: It's Senate Human Services because it's tomorrow.

Senator Christmann: Make sure you tell them that it has to include the cost of rent.

Senator Fischer: It doesn't have any money in it?

Lisa Feldner: Carol is presenting an amendment tomorrow.

Mike Ressler: There is a cost. Every time we put up 20 people in a building; we have to wire it, we have to put a phone system in there, and then after 2 years, we pack up and we move on to another building.

Senator Christmann: If there's something else, let me know. He closed the hearing.

2011 SENATE STANDING COMMITTEE MINUTES

Senate Appropriations Committee Harvest Room, State Capitol

HB 1021 subcommittee
March 24, 2011
Job # 15941

Conference Committee

Committee Clerk Signature

Roxanne Woeste

Explanation or reason for introduction of bill/resolution:

This is a subcommittee hearing on the ITD budget.

Minutes:

You may make reference to "attached testimony."

Senator Christmann called the subcommittee hearing to order on HB 1021.

Senators Fischer and Robinson were also present.

Roxanne Woeste – Legislative Council; **Lori Laschkewitsch** – OMB.

Senator Christmann: – Senator Fischer and DHS have eligibility – likelihood of having to address that in next biennium

Lisa Feldner, Chief Information Officer: There was amendment in House that didn't put it in. HB 1126 to put the eligibility to fund... the rewrite. Eligibility system and parts of it are 40 years old. HR number one project this biennium didn't make governor's budget because of all the Healthcare reform. They weren't sure where everything was going, wanted to be cautious and not put it in there. Now we need eligibility system re-write in order to do the insurance exchange. (Health Benefits Exchange in the Insurance Dept at this purview point.)

Senator Christmann: To do the health benefits exchange?

Lisa Feldner: Yes, Benefits Health Insurance exchange. It's part of Healthcare Reform Law and done by 2014 deadline. Also in the court case.

Senator Robinson: Deadline 2014 for completion. What kind of timeline would it take to implement that type of conversion?

Lisa Feldner: The eligibility system which you have to have before you do the insurance exchange will take us 44 months. We have no idea how long an insurance exchange would take – no one has built one except MA and Utah incomplete without certain features.

Senator Robinson: Even if we start now, we will not meet the deadline. What type of penalty it we don't make the deadline.

Lisa Feldner: Nobody knows. One option is to let the feds do it, because if they can't meet their own deadline, they get penalized. We still have to do eligibilitythey can't do because ours so old.

Senator Christmann: To get the exchange program done, the deadline is 2014, but they'd need computer system done? They would need a few months or years after this is done?

Lisa Feldner: No one has ever done it.

Senator Christmann: If we took this a year from now, in 44 month, it would give them a year till 2013.

Mike Ressler, Director and Deputy CIO, ITD: 44 months is 4 years.

Lisa Feldner: Other piece of eligibility is 9010 funding that ends in 2015. If we go past 2015, it goes away doesn't matter if we are through building the system.

Senator Christmann: In 2015, if we're half done, they'd pay 90% of that ½? After that, what percentage?

Lisa Feldner: It is 50 – 50%..... That's a Maggie question.

Senator Christmann; Until sometime in 2015.

Senator Fischer; Other things with Healthcare program, dates are uncertain because there are unwritten rules. (Not change until this year or next year.) They could change with a swipe of the pen – there are dates of 2013, 2014, 2015. They don't use 1st of the year, or end. All can change while this is being put together. What's the best way? How do we prepare for it with a budget to catch up as the rules play out? Do we do contingency based on what we know today?

Mike Ressler: Two other reasons why we need to do eligibility and before the healthcare format came about, there was a request from counties to do something. We also have that mainframe migration. The one application that has the longest rewrite assigned to it...it is eligibility. As long as this application is here, the mainframe is here, that just added another piece. It would be on human services to do as this a priority #1 if Healthcare reform wasn't here. Just added another piece to it....complicated more.

Senator Christmann: If we said, yes, let's get at it to get the 90%. What do you need to do it?

Mike Ressler: That is a good incentive to do it now because there is the 90% federal funds. There's a lot of concern of jumping into another project when we didn't finish last one yet. We are held responsible. ITD is going to do this development. The MMIS project had a vendor and they drove the project. We are confident that we can do this application and will deliver it in 44 months....just another reason we are as confident and should start now.

Senator Christmann: Why would you do it rather than hiring a contractor?

Mike Ressler: We really understand this application. We wrote the current application that exists today and we can do it better.

Lisa Feldner: Just upgrading to new code. Not like you're starting from scratch.

Mike Ressler: What the new eligibility system would do, there 4 applications from DHS that use eligibility. We'd be taking the current eligibility system and upgrading it to be new code off the mainframe and interfacing for other applications so they are all using one eligibility system.

Senator Christmann: Let's say the whole federal Healthcare system gets thrown out. Do we save money if we have updated this?

Senator Fischer: It would as far as state and counties in hardware because they are using 4 & 5 screens or split screens.....equipment that would no longer be necessary. But with this provision of eligibility programmay have Medicaid applications and children's health insurance.

Senator Christmann: We need to do this regardless whether Obama Care stays in or out?

Lisa Feldner: We were #1 with SITAC

Mike Ressler: Estimate \$42M project (total of Human Services) of that total, \$32 M would be given to ITD over 44 months. We broke that down over the biennium 2011-2013, (3.7M to ITD) and 2013-2015 biennium (13M to ITD using those to find the contractors.) \$16M in total -of that \$16M, \$3.7M is for ITD staff and \$13M to ITD to find contractors.

Senator Robinson: How many FTEs authorization?

Mike Ressler: We have 6 staff we could use on the new project; we would add 10 new positions, and then 24 contractors. Estimating contract team of 40 developers. All on our site.

Senator Christmann: The other \$10M?

Mike Ressler: Human Service costs. I didn't see their breakdown.

Senator Christmann: Are you confident that is a good number and can get it done?

Mike Ressler: We were actively involved putting that process together with DHS?

Senator Christmann: If you hire 10 new people and 24 contractors 16M, does that include housing them or space for them comes in addition to this?

Mike Ressler: That includes them as how we calculate the cost; we do it on based on the rate.

Senator Christmann: Where get that space?

Mike Ressler: Find space locally....there is no vacancy in Northbrook Mall. Today, I don't know where I'd find space for 60 people.

Senator Christmann: Some special space or cubicles?

Mike Ressler: Cubicles – office space. Also nice for a conference room.

Senator Robinson: I appreciate discussion, big issue and 90% reimbursement is major – we will be doing this, but when is the best time to move? The 90% is the driving force.

Senator Christmann: If we provided money and authorization for this. How long would you plan it and hire people to start working?

Mike Ressler: When they put this process together, they laid out the whole plan out. I can get that information.

Senator Christmann: We're coming back this fall. Put in place and fully intending to do this. Everything moving forward except the actual hiring and rental, we have one time if things change dramatically in Washington, we could cut the project. No one would actually have been hired yet. As you prepare to bring in that timeline, think about answering that question as to how it will work out. It will give us 8 months to think of this.

Mike Ressler: Could have that information tomorrow.

Senator Christmann: Adjourned

2011 SENATE STANDING COMMITTEE MINUTES

Senate Appropriations Committee Harvest Room, State Capitol

HB 1021
April 4, 2011
Job # 16304

Conference Committee

Committee Clerk Signature

J.M. Rose Lansing

Explanation or reason for introduction of bill/resolution:

This is a subcommittee hearing on the ITD budget.

Minutes:

You may make reference to "attached testimony."

Senator Christmann called the subcommittee hearing to order on HB 1021.
Senators Fischer and Robinson present.

Roxanne Woeste, Legislative Council; **Tad H. Torgerson** – OMB.

Lisa Feldner, Chief Information Officer
Mike Ressler, Director and Deputy CIO, ITD

Senator Christmann: Answers on these changes:
The FTE on the planning position – you don't need that anymore?
The two FTEs regarding Power School -

Mike Ressler: There are 8 positions identified in there. There's 8 out and 8 in.

Senator Christmann: It's a wash. What is the point for these positions? Vacant position allocated. # H I program.

Lisa: This is for your information.

Senator Christmann 1.9 FTEs that the House removed, are you OK with that?

Mike Ressler: Yes

Senator Robinson: The budget is in great shape. There might be other developments that would affect the ITD budget; eligibility, health insurance exchange.

Senator Christmann: Question: What has happened in the last 10 days on the issue of HS eligibility and possible new FTE's and location and we can re-visit that in November. Pertinent to this budget as it will impact ITD

Roxanne Woeste: House appropriations HR division acted on budget bill for Dept of HS. Included in that amendment is an addition of \$225,000 total funds to begin the eligibility system re-write project. Money that will get the department from July until Novembergive the department some latitude to begin the project...no FTE, just money to begin the project.

Senator Christmann: Does this hinge on the Federal Healthcare Bill or let this keep until November and we will appropriate the money in November?

Senator Robinson: If we were to start it today to get it done, do we know exactly what that amendment would look like? The bulk of the spending start after November so we could nix it in November if it doesn't work, but if we didn't nix it, it could completely start?

Mike Ressler: Today we could tell you what it would look like. Met with Human Services got all the details. HS are ready to wait until November, but willing to go either. It is a 44 month contract if wait until November...after hiring we are looking at the March time frame.

Senator Christmann: How much time would we pick up if we put in place now, but try to avoid spending. We can cut off suddenly in November if it doesn't work? Hard time getting someone to move here with it being on the chopping block. Could we pick up a lot of speed?

Mike Ressler: It is a decision because of legislature delaying the position until November in event that Health Insurance Obama fails; our recommendation would be to wait until November. We need an eligibility system no matter what. Whether the Health Insurance exchange keeps on its course. We could start in July because there will be an eight month delay. If the legislature say eligibility contingency on Health insurance exchange, waiting is good.

Senator Fischer: Has there been any discussion with HS about eligibility separate from the healthcare reform....in the counties as vision and different programs? Some on 4 screens.

Mike Ressler: Human Services was going in with the health insurance exchange.

Senator Fischer: Start between July 1 and Nov., if it's no longer required in system, can you salvage what you have done and put it into another program?

Mike Ressler: The 44 month program was to do eligibility. We can add insurance exchange in that. When that 44 month was put together, Health Ins exchange was not part of that. We could start in July and go until Nov., positioning ourselves for the Medicaid portion eligibility which is what the health ins. exchange needs. And in event, the health initiative gets dropped. We wouldn't waste any dollars or time as long as you were saying it is still an eligibility system 44 month - \$42M project.

Senator Christmann: Program that Louisiana and FL did?

Lisa Feldner: (I agree). If we follow this, we still need eligibility. They are re-writing their eligibility and letting the feds write the eligibility exchange.

Senator Robinson: If we delay 8-9 months, are we subject to penalties.

Senator Fischer: It goes back to 50-50

Roxanne Woeste: 90-10 would be available for the life of the project. If started during that time, the 90-10 would be available for the life of the project.

Senator Christmann: The 90-10 is just on parts of itit indicates 1/3 or 2/3.

Roxanne Woeste: We have to get more details from department.

Senator Fischer: I was told that 90-10 would apply inside the deadline. It's whenever you started it.

Roxanne Woeste: This was the discussion with the department regarding the 90-10.

Mike Ressler: Deb McDermott, the expert, said if you start a project, you lock in at that percentage. She wasn't sure if they were going to change to this program.

Senator Robinson: We need to verify that. If we miss this thing, we don't want to go back to 40-60.....don't know what the fall back would be, but we are talking millions of dollars.

Mike Ressler: In the eligibility system there are multiple programs that will participate in eligibility..... each one has separate funding model. Some are 90-10, some are 50-50, some are 0-100. So when we put our original \$42M estimate together, it came to 63 federal- 37 general fund percentage, because the eligibility. If you look at health insurance exchange portion, mostly Medicare and TANIF....that was a fit 90-10....It is not of the whole \$42M, but a big number that would be additional fed funds we would lose. Take your concerns into consideration..

Senator Fischer: When you re-write this, are all the programs integrated into this?

Mike Ressler: Yes, the same eligibility system. Own applications. All incorporated so not to have a split screen.

Senator Christmann: Could we give Louisiana \$10M and buy theirs?

Mike Ressler: Eligibility from state to state is so different....your program has to take them to flexibility. If these vendors are trying to build one application that is configurable....they are really struggling with these types of apps. There is a balance between making a configurablerather than one that gets the job done for the state.

Senator Christmann: Not change who's eligible?

Mike Ressler: They will make that code configurable so can be modified in ND.

Senator Christmann: Louisiana must have the same issues. If we can change ours, why can't we buy theirs and change it.

Mike Ressler: What interfaces are they tying their system to? In theory, it sounds easy, but gets very complicated.

Senator Robinson: We're captive and subject to having glitches and updates before the system is available.

Senator Christmann: Lisa Feldner, could go to Louisiana and save. Need to work on eligibility system. Minimize the amount of commitments to spending.

Senator Christmann: We have to work on the eligibility system. Clarify who is paying what, time of it. However that is done, we would want to minimize the amount of commitment by November.....have that clear in the amendment. What we are going to do between now and then.....lay it out.

Roxanne Woeste: Are we going to clarify ...are you going to add a journal fund for the dept. human services in this bill? There is a trickle down effect to ITD. What we need to know is how much money do you want to give to ITD to start this project? Then we can coordinate the trickle down affect with ITD.

Mike Ressler: Total dollars?

Senator Christmann: Yes, in this biennium.

Mike Ressler: Based on conversation with HS, they would need \$25.3M in the 2011-13 biennium ...of that amount, \$9.2M would be general funds.

Senator Christmann: Who to talk to for confirmation of that number

Roxanne Woeste: Does the dept need any new FTEs.

Senator Christmann: Put this all together.

Roxanne Woeste: We have two bills dealing with the same issue. Appropriation bill for HS is in the House.....they have added some money to start the system. There are a few dollars in the House.

Senator Christmann: Senator Tom Fischer is on the committee.

Senator Robinson: We should have a one or two page summary...here are the implications if we move down this road. With the ability in November to back off or go ahead. The FTE impact and sort it out if going in that direction.

Senator Christmann: How many FTEs needed?

Mike Ressler: 10

Senator Christmann: (to Roxanne Woeste) Ask them and find if we can go ahead with this. How much money?

Roxanne Woeste: Intent language? Want to limit it?

Senator Christmann: How would you draw this up that it moves a little more slowly until November?

Mike Ressler: Would the caution be because in the event, help insurance exchange decision be as such that we are not going to build one here....deferring to the federal government Would the thought be that we are not going to pursue the eligibility system?

Senator Christmann: We want that discussion held again in November. If not full steam ahead..... would you have (Interruption)

Mike Ressler: My advice would beit would be full speed ahead in July. If you are not going to start with eligibility, then (Answer interrupted)

Senator Christmann How many contract people

Mike Ressler: 8 people in July and by September allContractors by November, have 16 FTE's.

Senator Christmann: What if these employees decided to cut it off?

Mike Ressler: That would be another thing.

Senator Fischer: If the healthcare form is changed between now and November, what happens with the 90-10....it may go with it.... And we have ½ of eligibility program and are needed in the state, no funding and 100% staked because they pulled the pin on contract.

Mike Ressler: Medicaid and CHIPs is 90-10. Even if the health insurance is changed, I would be surprised if they made that zero. Two systems here – eligibility and how important that we do the health insurance exchange. Unfortunate we had to combine the two in this discussion, but can't proceed with the health insurance exchange without the eligibility.

Senator Christmann: Let's not worrying about speed of program in conference committee. Also need info, Karlene Fine issues and Bob Humann (Banker)

Mike Ressler: If you remember the original bill drafted, dollars set aside for health institutions to borrow money and the way the original bill came out, it said it will take it from process of the Bank of ND. Eric Hardmeyer said he prefer not do that as he needs to maintain so much equity in the bank because of ratings. If they propose using the Flex PACE fund. We were fine with that, we weren't aware of anyone who opposed. That is the way the House passed the amendment and now local health facilities prefer we not use the flex money and go back and use the profits of the bank. It is a total of \$5M using those and this is the second \$5m appropriation.

Senator Robinson: We should have new found flexibility.

Lisa Feldner: There is. \$60M not transferring to the general fund. Not an upset to Ericthe problem finding the email. When they use the flex pay, they have to get 25% community funding. It wipes out their local community developing fund.....just for hospital. Asking, can we go back to last biennium where it was a straight loan from the bank.

Mike Ressler: He was concerned about the miss-capitalization. ...the \$60M

Senator Christmann: Is there anything from the House that I am not aware ofany kind of effort that the Senate did? The governor taking the \$60M and we said no....is that the last discussion?

Senator Robinson: I asked Chairman Holmberg if that issue is still up in the air and he said that's a done deal...it won't be touched. Industrial Commission today, figures out who canSenator Erbele had amendments at the desk. The bill is scheduled for action this afternoon.

(No audio)

Senator Christmann: As far as the agency, you're indifferent. This is an issue that the hospitals would like it done like the governor had it. It was changed by the House and you were getting....they have to pay a percentage. 3:30 meeting should be a short meeting.

Senator Christmann: I can't remember eligibility.

Senator Robinson: This budget is in good shape.

Senator Christmann: Closed the hearing on HB 1021

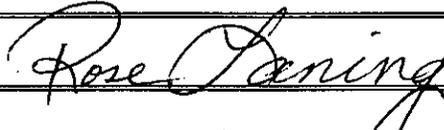
2011 SENATE STANDING COMMITTEE MINUTES

Senate Appropriations Committee Harvest Room, State Capitol

HB 1021 subcommittee
April 4, 2011
Job # 16321

Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

This is a subcommittee hearing regarding ITD.

Minutes:

You may make reference to "attached testimony."

Senator Christmann called the subcommittee to order on HB 1021.
Subcommittee members present were **Senator Fischer** and **Senator Robinson**.

Also attending:

Mike Ressler, CIO, Information Technology Department

Lisa Feldner, Chief Information Officer

Karlene Fine, Executive Director, ND Industrial Commission

Eric Hardmeyer, President, Bank of North Dakota

Sheldon Wolf, Health Information Technology (HIT) Director

Bob Humann – Sr. VP, Bank of ND

Senator Christmann: We want to talk to you about the Health Information Technology plan. As I understand it, and correct me if I'm wrong, we're going to have this money available directly from the Bank. The bank had concerns that we're getting too much capital from there so the plan got switched in the House to make it part of the FlexPACE (Partnership in Assisting Community Expansion) program. They had heartburn over that as some of these hospitals aren't sure if they can come up with what they need. The Legislature made the decision early on not to take the \$60M from the bank. I haven't heard of any efforts to turn that back around and get the money from there. So now we're thinking it might be ok to follow the original plan and it wouldn't put too much of a chink in your numbers.

Eric Hardmeyer: Our issue on this came just as you mentioned. We saw in the Governor's Budget that \$60M was coming out of our earnings for capital. Last biennium there was no transfer and last session, \$13M came out for this fund. It was proposed again that they need another \$5M and so as we look at that plus the \$60M coming out of the bank. We said that \$60M is plenty and so then came up with this idea that let's just use FlexPACE and we'll take the program and use it that way. That would take up about \$1M of PACE buy down dollars. If the \$60M stays off the table, I don't think we have a problem with going back to the way it was. But Bob and I were and we heard some rumblings that it may be coming back on the table. Right now, capital is the issue as we talked about in the Appropriations, and the Bank is

growing significantly. We're up to \$4.5M and we're sliding below where we need to be with capital. We need to retain as much as we can. If that's all that comes out of the Bank, it isn't a problem. If it's \$60M plus \$5M, then we have an issue. I would tell you that if the \$60M comes back on, we have an issue. If it doesn't, we don't have a problem.

Senator Christmann: Is this the only issue that we have with HIT? Is everything else in the process – or are you guys happy with where the money comes from and how it's done?

Sheldon Wolf: The other bill is 2037 and I think that's done.

Senator Christmann: Does the discussion of turning to you for more spending money revolve around a specific project or are we having trouble staying within our means?

Eric Hardmeyer: You've been following that number closer than I do in terms of where they're at right now in the spending bills. Last I heard, they were off \$130. That's why if this \$60 comes back on...

Senator Christmann: When I came in in the 90s, we use to struggle to get a \$10M ending balance. I remember Schafer thinking that should go up to \$40M one time. He got hammered in the press. People saying, "My, I'd like to have \$40M dollars laying around. Now we've come a long way and hopefully we're not down talking \$10M or \$15M ending fund balance again that we have to work with. But, at the same time, what we show as such a deficit, I think property tax relief is in there in two different places and those are like \$350 or \$340 some. You take out some duplication and we're not necessarily in as good a shape as we should be but I still don't see that we're at a point where we need to go to the banker in this biennium

Senator Robinson: In what context were they talking about the need to bring the \$60M back?

Eric Hardmeyer: Only in the context to balance the spending.

Senator Robinson: I haven't heard of anything specific in terms of the needs of the dollars because I've heard just the opposite from some folks that it's off the table for this session.

Eric Hardmeyer: We've heard that consistently all the way through until all of a sudden we are starting to hear some rumblings. It's not something we're contriving. We're hearing that.

Senator Christmann: If you can work with us, and be comfortable with doing this HIT money. It's not a big thing. There's another little small amendment that we're looking at for this bill so I'm pretty sure there will be a conference committee. I'm sure this will drag out long enough and you certainly have my intent that if something happens and we spend so darn much that we have to go to you for \$60M, I would certainly be quick to want to revisit this and look at this differently then.

Senator Christmann asked both **Senator Fischer** and **Senator Robinson** if they were comfortable with this and they both replied that they were.

Eric Hardmeyer: If I could just throw this out on the table, if that \$60M comes back and maybe it doesn't, but what I've often wondered is maybe there could be some trigger put into

place so it isn't an automatic absolute transfer – the \$60M. If something doesn't hit, then it wouldn't be to make a call for \$10, \$15, \$20 or \$30M. It doesn't necessarily have to bring the whole \$60M over. That as a last ditch effort, that may be helpful.

Senator Christmann: In our office, we were pretty firm on the intent to NOT be doing that at all.

Eric Hardmeyer: We like that even better.

Senator Christmann: If it does happen, I'll do my best to try and revisit this again. We appreciate your cooperation working with this. With that change, you're comfortable with this? Karlene? (She answered yes.)

Senator Christmann: Is there anything else to discuss?

Senator Robinson: I think we're fine.

Senator Christmann: (to **Roxanne Woeste**) Would you work on whatever it takes for an amendment to switch us back to the direct appropriation or transfer to BND? Make that a separate amendment for that one as one set. Then do that switch and this (amendment .02001) as another set.

Senator Christmann: Then we'll get together at some point tomorrow and decide for sure how we want to proceed.

Senator Christmann closed the hearing on HB 1021.

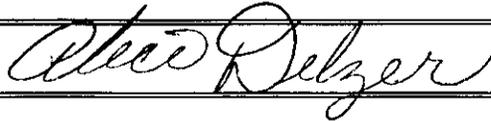
2011 SENATE STANDING COMMITTEE MINUTES

Senate Appropriations Committee
Harvest Room, State Capitol

HB 1021
04-05-2011
Job # 16354

Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A ROLL CALL VOTE FOR A DO PASS AS AMENDED FOR THE ITD BUDGET

Minutes:

You may make reference to "attached testimony."

Chairman Holmberg called the committee to order in reference to HB 1021. Roxanne Woeste, Legislative Council and Lori Laschkewitsch, OMB were also present.

Senator Christmann: presented amendment #.02003. There's really only two amendments to the bill as the House brought it over. Remember we were talking over \$200M in the agency but it is very little general funds in it. It's mostly pass-through and the costs are actually embedded in all the agency budgets. The two changes first with health information technology money. Two years ago we got some money from BND for low interest loans to help the hospitals, various people with health information technology upgrades. They've been very well received. Earlier in the session we intended to do the same thing, there was a lot of concern from the bank of ND about their capitalization rate because there was a plan at the time and the governor's budget to take \$60M from the bank to transfer to the general fund, and then this \$5M and the bank resisted that combination and so the House built this in that this money for HIT would be through the PACE program, which would mean that they have to have a pretty sizable down payment of their own. Since that time the Senate decided, and I've not heard that there is any strong push in the House to change this, but the Senate decided to not withdraw that money from the bank, and so with that \$60M not being taken from there, the bank seemed comfortable in doing this loan directly, so it's 1% loans that these places can get to upgrade their health information technology. So it would be a direct loan, not through the PACE program and that is in section 5 of the amendment. to get their health technology direct loan in section 5. on bottom of page 1. The other big change is if you look on page 1, section 2, that appropriation, and this is really the biggie and I don't know if I'm even 100% sure of what should be done but we're all familiar with the MMIS program that's drug on for years, and some of it because it is a very complex thing. I think some of it is because we are dealing with contractors that are overwhelmed with business opportunities and just aren't in a big hurry to finish anything. The next big program that Human Services needs is eligibility. The eligibility program, our ITD people feel they can built this program, and by the way, right now there are two things coming into play, 1. Normal business, # 2, The new federal health care mandates. The new federal health care mandates, Those eligibility programs be completed within 44 months. That's not going to happen but they would share in the costs, almost 1/3 of the costs.

The reality is the eligibility part of it is necessary, we will be doing that no matter what happens in Washington with the federal health care mandate. We felt we are going to do this anyway, right now there is cost sharing from Washington, why not just get started, ITD, it will not be done in 2 years, it would be a 2 biennium deal, the \$42M they are estimating, they would need just over 25 of it during the first biennium, of that 9.2 general funds, 16.1 would be federal; it includes 10 employees, 1 in Human Services and these 10 ITD employees, in the next 4 years, part of expense will be contract employees, about 16 contractors working here, all these people have to be here. High will be 26 contract people plus the 10 new FTE's. Right now there is some federal cost sharing available and we can be on our way. You maybe got an email, where Louisiana said "No, we're not doing it. The federal government wants it; they should build it". That is not the eligibility part of it. What they turned over to the feds, and what I think we should do the same thing could be built into this if we chose to do it, but this is separate from that. **Senator Christmann moved the amendment .2003. seconded by Senator Fischer.**

Senator Robinson: This is the system in the eligibility from our county service offices where they have multi-terminals, the hardware is getting so old, we will be going down this road whether we like it or not. The amendments are in good shape and I support them.

Senator Fischer: One of the things that encourages me to vote for this is the cost share the fed government is offering and they can sign the contracts in the near future. We know we can't finish it by the deadline, had we started the day the health care reform was signed, we still couldn't have made the deadline. Once they sign the contract and the federal government approves it that cost share stays with us according to ITD. They will honor that contract through out the project. It's the time to do it.

V. Chair Bowman: This has to do with the health care that was just passed?

Senator Robinson: The eligibility was coming whether or not we have health care. It's been on the table for a few years.

Senator Christmann made comments again about the federal mandate regarding eligibility, current outdated computer systems, and the MMIS system.

Senator Fischer agreed with Senator Christmann, and distinguished between MIIS and eligibility.

A roll call vote was taken on the amendment # 02003. Yea: 13. Motion carried.

Senator Robinson moved a Do Pass as Amended. Seconded by Senator Christmann.

A ROLL CALL VOTE WAS TAKEN FOR A DO PASS AS AMENDED ON 1021. YEA: 13. NAY: 0; ABSENT: 0. Senator Robinson will carry the bill. The hearing was closed on HB 1021.

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1021

Page 1, line 2, after the first semicolon insert "to provide for an appropriation to the department of human services;"

Page 1, line 2, remove "to provide legislative intent;"

Page 1, replace lines 15 through 17 with:

"Salaries and wages	\$42,564,943	\$7,094,443	\$49,659,386
Operating expenses	55,208,550	11,733,718	66,942,268
Capital assets	11,970,746	4,564,920	16,535,666"

Page 2, replace lines 4 and 5 with:

"Total all funds	\$221,825,725	(\$38,281,761)	\$183,543,964
Less estimated income	<u>206,907,171</u>	<u>(42,484,411)</u>	<u>164,422,760"</u>

Page 2, replace line 7 with:

"Full-time equivalent positions	328.20	8.10	336.30
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SECTION 2. APPROPRIATION. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$9,200,000, or so much of the sum as may be necessary, and from special funds derived from federal funds and other income, the sum of \$16,100,000, to the department of human services for the purpose of providing initial funding for an eligibility system replacement project, for the biennium beginning July 1, 2011, and ending June 30, 2013. The department of human services is authorized one new full-time equivalent position for this project."

Page 3, replace lines 1 through 5 with:

"SECTION 5. BANK OF NORTH DAKOTA TRANSFER. The industrial commission shall transfer, as requested by the health information technology office director, up to \$5,000,000 from the current earnings and accumulated profits of the Bank of North Dakota to the health information technology planning loan fund or to the health information technology loan fund, for the biennium beginning July 1, 2011, and ending June 30, 2013. The health information technology office director shall request transfers from the Bank only as necessary to meet cashflow needs of the fund and only upon certification by the health information technology office director of a demonstrated need for health information technology planning loans."

Re-number accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1021 - Summary of Senate Action

	Executive Budget	House Version	Senate Changes	Senate Version
Information Technology Department				
Total all funds	\$164,424,855	\$164,197,887	\$19,346,077	\$183,543,964
Less estimated income	145,303,651	145,076,683	19,346,077	164,422,760
General fund	\$19,121,204	\$19,121,204	\$0	\$19,121,204
Department of Human Services				
Total all funds	\$0	\$0	\$25,300,000	\$25,300,000
Less estimated income	0	0	16,100,000	16,100,000
General fund	\$0	\$0	\$9,200,000	\$9,200,000
Bill total				
Total all funds	\$164,424,855	\$164,197,887	\$44,646,077	\$208,843,964
Less estimated income	145,303,651	145,076,683	35,446,077	180,522,760
General fund	\$19,121,204	\$19,121,204	\$9,200,000	\$28,321,204

House Bill No. 1021 - Information Technology Department - Senate Action

	Executive Budget	House Version	Senate Changes	Senate Version
Salaries and wages	\$45,603,386	\$45,603,386	\$4,056,000	\$49,659,386
Operating expenses	53,152,191	53,152,191	13,790,077	66,942,268
Capital assets	15,035,666	15,035,666	1,500,000	16,535,666
Center for Distance Education	6,876,206	6,649,238		6,649,238
Statewide Longitudinal Data System	3,626,867	3,626,867		3,626,867
Educational Technology Council	1,075,403	1,075,403		1,075,403
EduTech	7,926,447	7,926,447		7,926,447
K-12 wide area network	5,075,992	5,075,992		5,075,992
Geographic Information System	1,112,065	1,112,065		1,112,065
Health Information Technology Office	13,959,238	13,959,238		13,959,238
Criminal Justice Information Sharing	2,981,394	2,981,394		2,981,394
Federal stimulus funds	8,000,000	8,000,000		8,000,000
Total all funds	\$164,424,855	\$164,197,887	\$19,346,077	\$183,543,964
Less estimated income	145,303,651	145,076,683	19,346,077	164,422,760
General fund	\$19,121,204	\$19,121,204	\$0	\$19,121,204
FTE	328.20	326.30	10.00	336.30

Department No. 112 - Information Technology Department - Detail of Senate Changes

	Adds Funding Associated With Eligibility System Replacement Project ¹	Total Senate Changes
Salaries and wages	\$4,056,000	\$4,056,000
Operating expenses	13,790,077	13,790,077
Capital assets	1,500,000	1,500,000
Center for Distance Education Statewide Longitudinal Data System		
Educational Technology Council EduTech		
K-12 wide area network		
Geographic Information System		
Health Information Technology Office		
Criminal Justice Information		

Sharing Federal stimulus funds		
Total all funds	\$19,346,077	\$19,346,077
Less estimated income	19,346,077	19,346,077
General fund	\$0	\$0
FTE	10.00	10.00

¹ Funding is added for expenses associated with the Department of Human Services' eligibility system replacement project. This includes 10 new FTE positions.

This amendment also removes the section of legislative intent added by the House to provide that the Bank of North Dakota PACE program is to be used to provide low-interest loans to finance health information technology projects and reinstates the section included in the bill as introduced which provides that the Industrial Commission transfer up to \$5 million from the current earnings and accumulated undivided profits of the Bank of North Dakota to the health information technology planning loan fund or to the health information technology loan fund for the 2011-13 biennium.

House Bill No. 1021 - Department of Human Services - Senate Action

	Executive Budget	House Version	Senate Changes	Senate Version
Eligibility system replacement project			\$25,300,000	\$25,300,000
Total all funds	\$0	\$0	\$25,300,000	\$25,300,000
Less estimated income	0	0	16,100,000	16,100,000
General fund	\$0	\$0	\$9,200,000	\$9,200,000
FTE	0.00	0.00	1.00	1.00

Department No. 325 - Department of Human Services - Detail of Senate Changes

	Adds Funding for Eligibility System Replacement Project ¹	Total Senate Changes
Eligibility system replacement project	\$25,300,000	\$25,300,000
Total all funds	\$25,300,000	\$25,300,000
Less estimated income	16,100,000	16,100,000
General fund	\$9,200,000	\$9,200,000
FTE	1.00	1.00

¹ Funding of \$25.3 million, of which \$9.2 million is from the general fund, is added for beginning the eligibility system replacement project. One new FTE position is also authorized.

Date: 4-5-11

Roll Call Vote # 1

2011 SENATE STANDING COMMITTEE ROLL CALL VOTES

BILL/RESOLUTION NO. 1021

Senate APPROPRIATIONS Committee

Check here for Conference Committee

Legislative Council Amendment Number 11.8153.02003

Action Taken: Do Pass Do Not Pass Amended Adopt Amendment
 Rerefer to Appropriations Reconsider

Motion Made By Christmann Seconded By Fischer

Senators	Yes	No	Senators	Yes	No
Chairman Holmberg	✓	✓	Senator Warner	✓	✓
Senator Bowman	✓	✓	Senator O'Connell	✓	✓
Senator Grindberg	✓	✓	Senator Robinson	✓	✓
Senator Christmann	✓	✓			
Senator Wardner	✓	✓			
Senator Kilzer	✓	✓			
Senator Fischer	✓	✓			
Senator Krebsbach	✓	✓			
Senator Erbele	✓	✓			
Senator Wanzek	✓	✓			

Total (Yes) 13 No 0

Absent 0

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:

Date: 4-5-11

Roll Call Vote # 2

2011 SENATE STANDING COMMITTEE ROLL CALL VOTES

BILL/RESOLUTION NO. 1021

Senate APPROPRIATIONS Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken: Do Pass Do Not Pass Amended Adopt Amendment

Rerefer to Appropriations Reconsider

Motion Made By Robinson Seconded By Christmann

Senators	Yes	No	Senators	Yes	No
Chairman Holmberg	✓		Senator Warner	✓	
Senator Bowman	✓		Senator O'Connell	✓	
Senator Grindberg	✓		Senator Robinson	✓	
Senator Christmann	✓				
Senator Wardner	✓				
Senator Kilzer	✓				
Senator Fischer	✓				
Senator Krebsbach	✓				
Senator Erbele	✓				
Senator Wanzek	✓				

Total (Yes) 13 No _____

Absent _____

Floor Assignment Robinson

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

HB 1021, as engrossed: Appropriations Committee (Sen. Holmberg, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (13 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). Engrossed HB 1021 was placed on the Sixth order on the calendar.

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Page 1, line 2, remove "to provide legislative intent;"

Page 1, replace lines 15 through 17 with:

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Re-number accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

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House Bill No. 1021 - Information Technology Department - Senate Action

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Salaries and wages	\$45,603,386	\$45,603,386	\$4,056,000	\$49,659,386
Operating expenses	53,152,191	53,152,191	13,790,077	66,942,268
Capital assets	15,035,666	15,035,666	1,500,000	16,535,666
Center for Distance Education	6,876,206	6,649,238		6,649,238
Statewide Longitudinal Data System	3,626,867	3,626,867		3,626,867
Educational Technology Council	1,075,403	1,075,403		1,075,403
EduTech	7,926,447	7,926,447		7,926,447
K-12 wide area network	5,075,992	5,075,992		5,075,992
Geographic Information System	1,112,065	1,112,065		1,112,065
Health Information Technology Office	13,959,238	13,959,238		13,959,238
Criminal Justice Information Sharing	2,981,394	2,981,394		2,981,394
Federal stimulus funds	8,000,000	8,000,000		8,000,000
Total all funds	\$164,424,855	\$164,197,887	\$19,346,077	\$183,543,964
Less estimated income	145,303,651	145,076,683	19,346,077	164,422,760
General fund	\$19,121,204	\$19,121,204	\$0	\$19,121,204
FTE	328.20	326.30	10.00	336.30

Department No. 112 - Information Technology Department - Detail of Senate Changes

	Adds Funding Associated With Eligibility System Replacement Project ¹	Total Senate Changes
Salaries and wages	\$4,056,000	\$4,056,000
Operating expenses	13,790,077	13,790,077
Capital assets	1,500,000	1,500,000
Center for Distance Education		
Statewide Longitudinal Data System		
Educational Technology Council		
EduTech		
K-12 wide area network		
Geographic Information System		
Health Information Technology Office		
Criminal Justice Information Sharing		
Federal stimulus funds		
Total all funds	\$19,346,077	\$19,346,077
Less estimated income	19,346,077	19,346,077
General fund	\$0	\$0
FTE	10.00	10.00

¹ Funding is added for expenses associated with the Department of Human Services' eligibility system replacement project. This includes 10 new FTE positions.

This amendment also removes the section of legislative intent added by the House to provide that the Bank of North Dakota PACE program is to be used to provide low-interest loans to finance health information technology projects and reinstates the section included in the bill as introduced which provides that the Industrial Commission transfer up to \$5 million from the current earnings and accumulated undivided profits of the Bank of North Dakota to the health information technology planning loan fund or to the health information technology loan fund for the 2011-13 biennium.

House Bill No. 1021 - Department of Human Services - Senate Action

	Executive Budget	House Version	Senate Changes	Senate Version
Eligibility system replacement project			\$25,300,000	\$25,300,000
Total all funds	\$0	\$0	\$25,300,000	\$25,300,000
Less estimated income	0	0	16,100,000	16,100,000
General fund	\$0	\$0	\$9,200,000	\$9,200,000
FTE	0.00	0.00	1.00	1.00

Department No. 325 - Department of Human Services - Detail of Senate Changes

	Adds Funding for Eligibility System Replacement Project ¹	Total Senate Changes
Eligibility system replacement project	\$25,300,000	\$25,300,000
Total all funds	\$25,300,000	\$25,300,000
Less estimated income	16,100,000	16,100,000
General fund	\$9,200,000	\$9,200,000
FTE	1.00	1.00

¹ Funding of \$25.3 million, of which \$9.2 million is from the general fund, is added for beginning the eligibility system replacement project. One new FTE position is also authorized.

2011 HOUSE APPROPRIATIONS

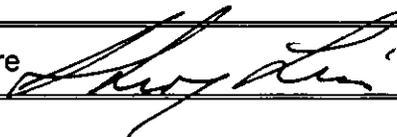
CONFERENCE COMMITTEE

HB 1021

2011 HOUSE STANDING COMMITTEE MINUTES
House Appropriations Government Operations Division
Medora Room, State Capitol
HB1021
April 13, 2011
Recorder Job# 16553

Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A Bill for an Act to provide an appropriation for defraying the expenses of the Information Technology Department; to provide for various transfers; and to amend and re-enact section 7 of chapter 49 and section 8 of chapter 519 of the 2009 Session Laws, relating to statewide longitudinal data system expenditures and health information technology.

Minutes:

Chairman Thoreson: Opened the discussion on the conference committee for HB1021.

The clerk took the roll and all members were present.

Senator Christmann: Changes are pretty limited. The health information technology loans; I believe the house has changed it that they can get it directly from the bank and we had some concerns with that about the amount of money that was being used out of the bank's profits. We talked to the Bank of North Dakota people and earlier in the governor's budget there was that transfer of funds from the bank to the general fund. Since that has been eliminated, they were fine with doing this health information technology as direct loans. Other than that just one change regarding the eligibility system. Our understanding was this is going to be in excess of a \$40 million project and will take more than a biennium to complete. It's going to be necessary at some point anyway. Right now, there's matching federal money that's available; but, with the status of the federal budget, maybe that will end and we'll wish we'd gotten started. It's also our understanding that this is not solely being mandated because of universal healthcare. We felt we might as well put this in and get started on it. It was just over \$25 million that we thought would be used in this initial biennium and of that \$16.1 million would be federal and \$9.2 million would be general funds. We'd be looking at adding 10 employees at ITD to that and one at human services. We felt that if it's going to be at some time it may as well be now; instead of 2 years from now. There was also discussion about waiting until the fall at the reorganizational session.

Chairman Thoreson: One of the reasons I had asked Representative Pollert to join us on this conference committee is because of his knowledge of what's going on in human services. Maybe to have a little bit of explanation from the house side as to what had happened with this project or from your section of the appropriations committee.

Representative Pollert: That probably will bring up some questions. What we currently have in the DHS budget, it wasn't in their budget or the executive budget. We received information from the department of human services and as far as IT wise to get the subject going and then address it in the special session, was to put in \$250,000.00 total plus

\$25,000.00 general funds and basically to start the IT planning. I had asked how much money it was going to take for it. My question of the \$25.3 million, I have a breakdown of the \$42.6 million and I was wondering of which you're funding from. I have Medicaid, Tanif, SNAP, Childcare, and LEHAP; and I was wondering where the \$25.3 million comes and the general funds breakdown, if that is part of the sheet I received.

Senator Robinson: I don't have that sheet in front of me. We did have discussions with human services and with ITD. There's reluctance to take on another project; we haven't completed MMIS yet. This project has been on the back burner for a long time. This system is the one if you go to your county social service offices you'll have 4 and 5 terminals that are outdated; they have been for some time. We need to update the technology. With visiting with ITD, if we delay it we lose a year; we're looking at a 44 month long project to complete it. So it's for those reasons, the match, the need to get going, the 44 month deadline; and even if we got going today, we wouldn't finish it in 44 months. We were told over and over again that this has little or nothing to do with health care reform. We'd have to do this regardless.

Senator Christmann: Out of the \$40 million what does this \$25 million do, I don't think we ever got to that. This is from ITD what we thought we needed to start.

Representative Pollert: The sheet I have and why I'm asking the question about the \$9.2 million; what I have for the \$42.6 million, Medicaid would be a 90/10 match and that's \$25.5 million; 10% would be \$2.5 million general funds. Tanif looks like it's all general funds. I'm curious where the breakdown is at and why and if it all needs to be done. Out of the 90//10 match, how much of this \$42 million needs to be done in conjunction with Medicaid?

Senator Christmann: We somehow had more of 63/37 match in general. Our discussions revolved around a couple of things, is it necessary or is it something we may never do. We concluded that it's probably something we're going to do. We decided we should get after it.

Chairman Thoreson: You're saying you're hearing a 63/37 match; but, there's also talk of 90/10.

Senator Robinson: I think different components have a different match requirement and that's what's confusing here.

Chairman Thoreson: If there is any breakdown that's available? If there is any information available we would ask to get that provided to us. What source has the federal funds come from? Was this part of healthcare reform or was it not? There's been questions about where the federal dollars would come from.

Senator Robinson: I think that would be good information and have it for our next meeting.

Chairman Thoreson: With the FTE count, what went into the determination of 10 for ITD and then the 1 for the department of human services? How did those numbers come out?

Senator Robinson: Based on what we heard after thorough analysis by the department and ITD communicating on a regular basis because of the importance of this system. I don't think they've stretched it at all; they feel they need that to get it done. With those numbers they will get it done. The advantage here is ITD will be spear heading the effort. They'll do some contracting but we're not going to farm it out to someone down the road.

Senator Christmann: We didn't think it was possible to spend \$25 million with less than many people.

Chairman Thoreson: I'm doing a little information gathering since this is something we haven't seen on our side with this number.

Representative Pollert: We didn't have that much discussion on our side either; because it wasn't in the executive budget. It came up more towards the end of the conversation in the second half of the legislative session; so I don't know if the information we're going to get from ITD is the same information that I was given. It's the allocation of eligibility system and staff and then it has all the different breakdowns.

Senator Robinson: We were concerned on our side that the package and implementation will require additional FTE's. ITD is going to have to work aggressively to find adequate space for these FTE's to work; that's going to take some time. At the time we visited, they weren't aware of any empty facilities that were in the proximity of the capital.

Chairman Thoreson: We're here gathering information, it's big dollars project wise and FTE wise. I'll trust that we'll have some information provided to us.

Representative Glassheim: If we could get an explanation of what the system does. Since the \$5 million loans are no longer required from the bank, perhaps we'd like to transfer, say \$10 million from the Bank of North Dakota to the general fund. I am concerned as usual about the general fund status.

Representative Pollert: There was some talk that maybe it should be contingent funding.

Senator Christmann: The eligibility system?

Representative Pollert: Yes.

Senator Christmann: The senate felt very strongly that this isn't something for an organizational session. We should decide what we're going to do for the next 2 years now.

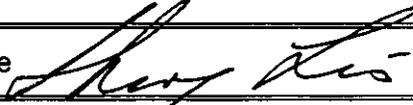
Chairman Thoreson: Closed the conference committee.

2011 HOUSE STANDING COMMITTEE MINUTES

House Appropriations Government Operations Division
Medora Room, State Capitol

HB1021
April 21, 2011
Recorder Job# 16819

Conference Committee

Committee Clerk Signature 

Explanation or reason for introduction of bill/resolution:

A Bill for an Act to provide an appropriation for defraying the expenses of the Information Technology Department; to provide for various transfers; and to amend and re-enact section 7 of chapter 49 and section 8 of chapter 519 of the 2009 Session Laws, relating to statewide longitudinal data system expenditures and health information technology.

Minutes:

Chairman Thoreson: Opened the conference committee on HB1021.

Chairman Thoreson: Explained attachment 1021.4.21.11A.

Lori Laschkewitsch, North Dakota Office of Management and Budget: That's according to the rule and the bulletins that we're receiving.

Chairman Thoreson: I know we've had questions about that more than anything in this; as to whether the money will be there.

Senator Christmann: I received this yesterday; but didn't get around to reading it either. When we talk about 2015, does that mean that that sharing would be available for the work that's done by then; or the work that's eventually done as long as it's started by the end of 2015

Chairman Thoreson: I'm not certain myself how that is.

Lori Laschkewitsch: I didn't see anything in here that gave that kind of detail. The question had been asked a few weeks prior; and Maggie had answered that typically with CMS funding; once you start the project, you get that funding for the completion of the project. Maybe there's someone from human services that could elaborate on that.

Paul Kramer, Dept Human Services: Typically once they've approved a project like that, you have to submit your plan for it and when the plan is approved, that's the funding you're going to get for it.

Chairman Thoreson: Once a project's in the pipeline, you turn it in and get funded.

Senator Christmann: The stability of the federal government is something we've been able to rely on for over 200 years. When you see the bonding companies starting to talk some instability and you see what's happened in some of the European countries; it makes you wonder if anything they haven't paid out is something they're going to follow through on.

Chairman Thoreson: Last week there was a report that the federal government has \$736 billion of money they've marked for use; but, has never been spent and over \$80 billion has been on the books for over 20 years.

Representative Glassheim: Assuming 90% for the hard costs and 75% for operating are real, how does that affect what's before us? Would that change any of the numbers that the senate passed to us?

Lori Laschkewitsch: The numbers that were included here already took into consideration the 90%/10% funding for the Medicaid and CHP portions of the program.

Senator Fischer: There are other programs we've discussed that are going to go into this system. What about those programs?

Lori Laschkewitsch: Explained attached 1021.4.21.11B.

Senator Robinson: When do we have to move and implement this system? If we don't do it now it's the intent that we revisit it in November. If we put it off until our next session that's a whole other issue. In these costs estimates, are we including the cost to continue to use the mainframe? If they're not included, what are the additional costs? They're getting to be very high costs because we're migrating agencies off that mainframe for a variety of reasons.

Representative Pollert: All I can talk about what was discussed in our conference committee and the amendments SB2012. What we were told is if we address the funding in the upcoming special session, the department and ITD will have time to implement the plan; but it would have to be done with the upcoming session. Because we're also going to be dealing with health care reform as well; so, with the amendment that was added to the DHS budget, I was told that was sufficient enough to start.

Senator Robinson: It does delay the project for a full year and doesn't get to the issue that I pointed out; what it does is delay further completion of the project and our ability to get off the mainframe and that is very expensive for us to use. If we wait until November we lose a whole year and that's a concern we have from the information technology side of things.

Representative Glassheim: Could one go forward with some of the components ; but not all of them?

Jennie Witham, Information Technology Director, North Dakota Department of Human Services: There are so many common components across these different programs that keeping them as a single system is the only thing that's really logical. Not

only from the county workers perspective or the people that have to use the system; but for the components that are reused in the system. It would be hard to separate them.

Senator Robinson: Are those costs included for the mainframe here? Many years ago we had hoped to be off the mainframe by now and we're not close. Could you speak to that issue?

Jennie Witham: No, the numbers that are in front of you are the cost to build the new system; they are not offset by any savings that we would have by moving off the mainframe. All four of those systems today are running on the mainframe. The vision is probably the heaviest hitter on the mainframe; it costs us close to \$8 million per biennium to run that system. We were cautious about not knowing what the costs would be of running a new system. We would be moving it off the mainframe and to a server based system.

Senator Robinson: I think this is a bit more far reaching than we originally thought. I have some concerns about those costs.

Chairman Thoreson: Closed the conference committee.

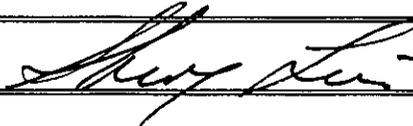
2011 HOUSE STANDING COMMITTEE MINUTES

House Appropriations Government Operations Division
Medora Room, State Capitol

HB1021
April 26, 2011
Recorder Job# 16907

Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A Bill for an Act to provide an appropriation for defraying the expenses of the Information Technology Department; to provide for various transfers; and to amend and re-enact section 7 of chapter 49 and section 8 of chapter 519 of the 2009 Session Laws, relating to statewide longitudinal data system expenditures and health information technology

Minutes:

Chairman Thoreson: Called the committee to order. All members were present. We've had discussion about the language and dollars added when this bill left the house.

Senator Christmann: I have a couple of ideas. Am I remembering correctly that there's basically 2 differences; the Senate added the eligibility program and changed the loan thing for HIT from the PACE fund to the Bank. I think those are the only 2 differences, right?

Chairman Thoreson: I believe that is correct.

Senator Christmann: I don't have this printed; it would take some careful thought to get it just right. I would move that the Senate recede from its amendments and further amend by maintaining the change we made on the HIT loan, I think we agree on that, and instead of doing the eligibility system as in the Senate version of the bill, that we would come up with a plan for a trigger whereby sometime after 1/1/12, if revenues exceed projections, then we would go ahead and get started on the eligibility system. If not, we're right back where we started.

Senator Fischer: Seconded the motion

Senator Christmann: To further elaborate, I certainly understand that if we move forward with this, that we want to take a close look at it and figure out exactly what the trigger and the timing should be. If the trigger concept is something the house doesn't agree with, there's no sense putting a lot of effort into it; then I'd have a motion without the eligibility system.

Chairman Thoreson: You said if it reached a certain dollar amount, did you have any number in mind?

Senator Christmann: No, I'm just thinking that it would have to be enough beyond projections that it's clearly enough to pay for it.

Representative Glassheim: At first glance, it sounds interesting to me. I imagine you'd want to have \$40 million or something like that. Would it be triggered by oil revenues, or general fund balance? The new way some of that money is flowing, we'd need to figure out the trigger.

Chairman Thoreson: Concept wise, fine, but at this time without the language that I'm interested in that. You said you had another idea, possibly?

Senator Christmann: If there's not a desire to proceed with the eligibility based on a trigger mechanism, then my other motion would then be to forget the eligibility system.

Chairman Thoreson: I would prefer the latter. While interesting, I'm not sure I know enough about the trigger idea that I can support at this time. This would be to go ahead and leave the change as is about the bank funding; but to put this trigger in. Is that correct?

Senator Christmann: Correct.

A roll call vote was 4 Yea's 2 Nay's 0 Absent.

Senator Christmann: Moved that the Senate recede from it's amendments and further amend by adding back what the senate did with that HIT funding.

Senator Fischer: Seconded the motion.

Representative Pollert: I need a little education.

Senator Christmann: When the house passed the bill, there was a provision elsewhere whereby the legislature was going to take \$60 million from the Bank of North Dakota to the general fund and just use it. In order to not be taking so much of the capital away from the Bank of North Dakota, either the executive budget or the house put in this provision. The health information technology people would get their loan through the PACE fund. By the time the Senate got ITD's budget, the provision for taking the \$60 million from the Bank of North Dakota was gone and so they weren't distressed by the amount we were taking out. In meeting with the health information technology people, ITD people, and the Bank of North Dakota people; we unanimously agreed upon it.

Chairman Thoreson: They were comfortable with the \$60 million not going out of the bank.

Senator Christmann: Yes.

Representative Glassheim: Could you explain how the funding goes again? Are we doing this \$25 million project?

Chairman Thoreson: No. This would removed that.

Senator Christmann: That health information technology that's the hospitals, clinics that had this loan fund for them to upgrade their technology equipment.

Representative Glassheim: And the total would be \$8 million?

Senator Christmann: I think it's up to \$5 million.

A roll call vote was made for the Senate to recede from it's amendments and further amend. 6 Yea's 0 Nay's 0 Absent.

Chairman Thoreson: Closed the conference committee.

2011 HOUSE CONFERENCE COMMITTEE ROLL CALL VOTES

Committee: Hart Ops

Bill/Resolution No. HB 1021 as (re) engrossed

Date: _____

Roll Call Vote #: _____

- Action Taken**
- HOUSE accede to Senate amendments
 - HOUSE accede to Senate amendments and further amend
 - SENATE recede from Senate amendments
 - SENATE recede from Senate amendments and amend as follows

House/Senate Amendments on HJ/SJ page(s) _____

- Unable to agree, recommends that the committee be discharged and a new committee be appointed

((Re) Engrossed) _____ was placed on the Seventh order of business on the calendar

Motion Made by: _____ Seconded by: _____

Representatives	4/13	4/12	Yes	No		Senators	4/13	4/12	Yes	No
<i>Billy Peterson</i>	✓	✓				<i>Randy Christman</i>	✓	✓		
<i>Chet Peltier</i>	✓	✓				<i>Tom Fuchs</i>	✓	✓		
<i>Clint Glassheim</i>	✓	✓				<i>Nancy Robinson</i>	✓	✓		

Vote Count Yes: _____ No: _____ Absent: _____

House Carrier _____ Senate Carrier _____

LC Number _____ of amendment

LC Number _____ of engrossment

Emergency clause added or deleted

Statement of purpose of amendment

VR
 4/26/11
 102

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1021

That the Senate recede from its amendments as printed on pages 1418-1420 of the House Journal and pages 1186-1188 of the Senate Journal and that Engrossed House Bill No. 1021 be amended as follows:

Page 1, line 2, remove "to provide legislative intent;"

Page 3, replace lines 1 through 5 with:

"SECTION 4. BANK OF NORTH DAKOTA TRANSFER. The industrial commission shall transfer, as requested by the health information technology office director, up to \$5,000,000 from the current earnings and accumulated profits of the Bank of North Dakota to the health information technology planning loan fund or to the health information technology loan fund, for the biennium beginning July 1, 2011, and ending June 30, 2013. The health information technology office director shall request transfers from the Bank only as necessary to meet cashflow needs of the fund and only upon certification by the health information technology office director of a demonstrated need for health information technology planning loans."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1021 - Summary of Conference Committee Action

	Executive Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
Information Technology Department						
Total all funds	\$164,424,855	\$164,197,887	\$0	\$164,197,887	\$183,543,964	(\$19,346,077)
Less estimated income	145,303,651	145,076,683	0	145,076,683	164,422,760	(19,346,077)
General fund	\$19,121,204	\$19,121,204	\$0	\$19,121,204	\$19,121,204	\$0
Department of Human Services						
Total all funds	\$0	\$0	\$0	\$0	\$25,300,000	(\$25,300,000)
Less estimated income	0	0	0	0	16,100,000	(16,100,000)
General fund	\$0	\$0	\$0	\$0	\$9,200,000	(\$9,200,000)
Bill total						
Total all funds	\$164,424,855	\$164,197,887	\$0	\$164,197,887	\$208,843,964	(\$44,646,077)
Less estimated income	145,303,651	145,076,683	0	145,076,683	180,522,760	(35,446,077)
General fund	\$19,121,204	\$19,121,204	\$0	\$19,121,204	\$28,321,204	(\$9,200,000)

House Bill No. 1021 - Information Technology Department - Conference Committee Action

The conference committee amendment does not include funding or FTE positions added by the Senate relating to the Department of Human Services' eligibility system replacement project.

The conference committee amendment does remove the section of legislative intent added by the House to provide that the Bank of North Dakota PACE program is to be used to provide low-interest loans to finance health information technology projects and reinstates the section included in the bill as introduced which provides that the Industrial Commission transfer up to \$5 million from the current earnings and accumulated undivided profits of the Bank of North Dakota to the health information technology planning loan fund or to the health information technology loan fund for the 2011-13

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biennium. This change was also made by the Senate.

House Bill No. 1021 - Department of Human Services - Conference Committee Action

The conference committee amendment does not include funding or the FTE position added by the Senate for the Department of Human Services' eligibility system replacement project.

2011 HOUSE CONFERENCE COMMITTEE ROLL CALL VOTES

Committee: House Appropriations - Government Operations

Bill/Resolution No. 1021 as (re) engrossed

Date: 4/26

Roll Call Vote #: 1

- Action Taken**
- HOUSE accede to Senate amendments
 - HOUSE accede to Senate amendments and further amend
 - SENATE recede from Senate amendments
 - SENATE recede from Senate amendments and amend as follows

House/Senate Amendments on HJ/SJ page(s) --

- Unable to agree, recommends that the committee be discharged and a new committee be appointed

((Re) Engrossed) _____ was placed on the Seventh order of business on the calendar

Motion Made by: Sen. Christmann Seconded by: Sen. Fischer

Representatives	Yes	No		Senators	Yes	No
Thoreson, Chair		X		Christmann	X	
Pollert		X		Fischer	X	
Glassheim	X			Robinson	X	

Vote Count Yes: 4 No: 2 Absent: _____

House Carrier _____ Senate Carrier _____

LC Number _____ of amendment

LC Number _____ of engrossment

Emergency clause added or deleted

Statement of purpose of amendment

REPORT OF CONFERENCE COMMITTEE

HB 1021, as engrossed: Your conference committee (Sens. Christmann, Fischer, Robinson and Reps. Thoreson, Pollert, Glassheim) recommends that the **SENATE RECEDE** from the Senate amendments as printed on HJ pages 1418-1420, adopt amendments as follows, and place HB 1021 on the Seventh order:

That the Senate recede from its amendments as printed on pages 1418-1420 of the House Journal and pages 1186-1188 of the Senate Journal and that Engrossed House Bill No. 1021 be amended as follows:

Page 1, line 2, remove "to provide legislative intent;"

Page 3, replace lines 1 through 5 with:

"SECTION 4. BANK OF NORTH DAKOTA TRANSFER. The industrial commission shall transfer, as requested by the health information technology office director, up to \$5,000,000 from the current earnings and accumulated profits of the Bank of North Dakota to the health information technology planning loan fund or to the health information technology loan fund, for the biennium beginning July 1, 2011, and ending June 30, 2013. The health information technology office director shall request transfers from the Bank only as necessary to meet cashflow needs of the fund and only upon certification by the health information technology office director of a demonstrated need for health information technology planning loans."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1021 - Summary of Conference Committee Action

	Executive Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
Information Technology Department						
Total all funds	\$164,424,855	\$164,197,887	\$0	\$164,197,887	\$183,543,964	(\$19,346,077)
Less estimated income	145,303,651	145,076,683	0	145,076,683	164,422,760	(19,346,077)
General fund	\$19,121,204	\$19,121,204	\$0	\$19,121,204	\$19,121,204	\$0
Department of Human Services						
Total all funds	\$0	\$0	\$0	\$0	\$25,300,000	(\$25,300,000)
Less estimated income	0	0	0	0	16,100,000	(16,100,000)
General fund	\$0	\$0	\$0	\$0	\$9,200,000	(\$9,200,000)
Bill total						
Total all funds	\$164,424,855	\$164,197,887	\$0	\$164,197,887	\$208,843,964	(\$44,646,077)
Less estimated income	145,303,651	145,076,683	0	145,076,683	180,522,760	(35,446,077)
General fund	\$19,121,204	\$19,121,204	\$0	\$19,121,204	\$28,321,204	(\$9,200,000)

House Bill No. 1021 - Information Technology Department - Conference Committee Action

The conference committee amendment does not include funding or FTE positions added by the Senate relating to the Department of Human Services' eligibility system replacement project.

The conference committee amendment does remove the section of legislative intent added by the House to provide that the Bank of North Dakota PACE program is to be used to provide low-interest loans to finance health information technology projects and reinstates the section included in the bill as introduced which provides that the Industrial Commission transfer up to \$5 million from the current earnings and accumulated undivided profits of the Bank of North Dakota to the health information technology planning loan fund or to the health information technology loan fund for the 2011-13 biennium. This change was also

made by the Senate.

House Bill No. 1021 - Department of Human Services - Conference Committee Action

The conference committee amendment does not include funding or the FTE position added by the Senate for the Department of Human Services' eligibility system replacement project.

Engrossed HB 1021 was placed on the Seventh order of business on the calendar.

2011 TESTIMONY

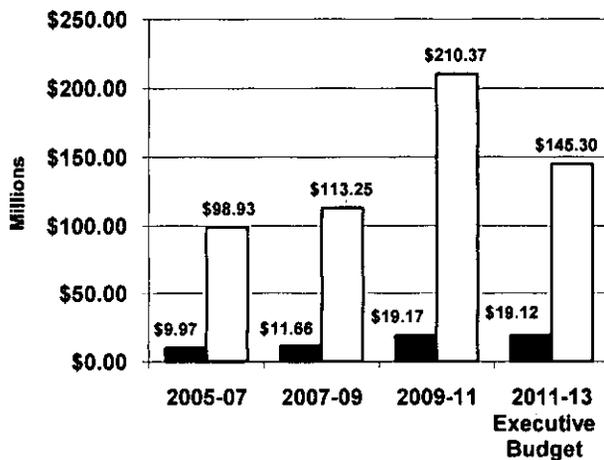
HB 1021

**Department 112 - Information Technology Department
 House Bill No. 1021**

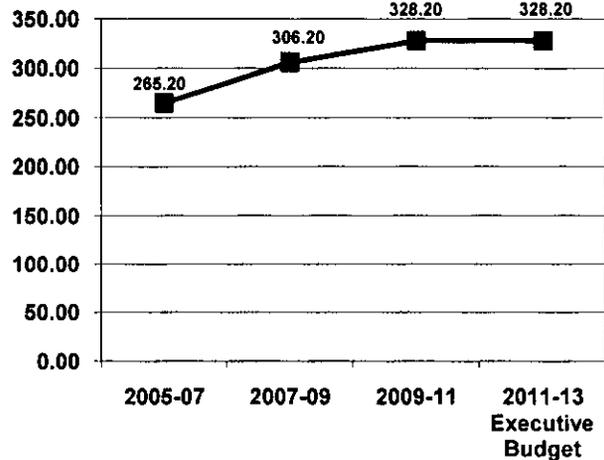
	FTE Positions	General Fund	Other Funds	Total
2011-13 Executive Budget	328.20	\$19,121,204	\$145,303,651	\$164,424,855
2009-11 Legislative Appropriations	328.20	19,170,785	210,371,054	229,541,839 ¹
Increase (Decrease)	0.00	(\$49,581)	(\$65,067,403)	(\$65,116,984)

¹The 2009-11 appropriation amounts include \$1,265,000, \$65,000 of which is from the general fund, for the agency's share of the \$16 million funding pool appropriated to the Office of Management and Budget for special market equity adjustments for executive branch employees. The 2009-11 appropriation amounts do not include \$497,718 of general fund carryover from the 2007-09 biennium and \$13,025,000 of additional special funds authority resulting from Emergency Commission action during the 2009-11 biennium.

Agency Funding



FTE Positions



■ General Fund □ Other Funds

Ongoing and One-Time General Fund Appropriations

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2011-13 Executive Budget	\$17,163,580	\$1,957,624	\$19,121,204
2009-11 Legislative Appropriations	14,983,554	4,187,231	19,170,785
Increase (Decrease)	\$2,180,026	(\$2,229,607)	(\$49,581)

Executive Budget Highlights

	General Fund	Other Funds	Total
Information Technology Department			
1. Deletes 1 FTE policy and planning position not requested by the agency			
2. Deletes 2 FTE positions which were moved to support the PowerSchool application		(\$250,850)	(\$250,850)
3. Transfers funding to the State Library to continue to provide Internet connectivity to public libraries	(\$128,440)		(\$128,440)
4. Adds ongoing funding, including 2 new FTE positions, for staffing, hosting, and operating costs associated with the Statewide Longitudinal Data System Initiative (includes \$329,627 for salaries and wages and \$988,309 for operating expenses)	\$1,317,936		\$1,317,936
5. Adds a new FTE research position relating to the Statewide Longitudinal Data System Initiative (funding provided for only the second year of the biennium) (includes \$111,441 for salaries and wages and \$38,053 for operating expenses)	\$149,494		\$149,494

6. Adds one-time funding for implementing the statewide longitudinal data system	\$1,757,624		\$1,757,624
7. Increases funding for the Geographic Information System Initiative	\$306,956		\$306,956
8. Adds one-time funding for Criminal Justice Information Sharing Initiative projects	\$200,000		\$200,000
9. Provides federal funding for continuation of the broadband mapping project		\$2,900,000	\$2,900,000
10. Provides federal funding for continuation of the federal E911 grant		\$1,500,000	\$1,500,000
11. Removes one-time funding appropriated for the 2009-11 biennium relating to the Statewide Longitudinal Data System Initiative, Criminal Justice Information Sharing Initiative projects, statewide deployment of PowerSchool, and the wide area network	(\$4,187,231)		(\$4,187,231)
12. Removes federal fiscal stimulus funding appropriated for the 2009-11 biennium relating to the Statewide Longitudinal Data System Initiative		(\$2,263,883)	(\$2,263,883)

Center for Distance Education

13. Adjusts funding for the Center for Distance Education by increasing funding from the general fund and decreasing funding from special funds, including the deletion of 6 FTE positions and \$457,359, of which \$395,242 is from the general fund, for a tuition subsidy initiative	\$1,375,891	(\$1,125,470)	\$250,421
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Educational Technology Council

14. Provides special funds spending authority for grants to schools from federal or private entities		\$75,000	\$75,000
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EduTech

15. Changes the funding source for implementing the PowerSchool application in school districts from 50 percent from the general fund and 50 percent from school districts to a data collection factor in the state school aid formula. This results in the costs being reflected as special funds. This was a recommendation by the North Dakota Commission on Education Improvement.	(\$485,006)	\$776,607	\$291,601
16. Adds 2 FTE positions relating to the PowerSchool application to provide a total of 31 FTE positions for the 2011-13 biennium		\$330,500	\$330,500

Health information technology

17. Provides health information technology funding of \$19,059,238, of which \$362,972 is from the general fund, \$5.1 million is from federal funds, \$8 million is from Bank of North Dakota profits, and \$5,596,266 is from health care providers for participating in the health information exchange (includes 3 FTE positions)	\$12,972	\$10,696,266	\$10,709,238
18. Removes federal fiscal stimulus funding appropriated for the 2009-11 biennium relating to health information technology		(\$80,000,000)	(\$80,000,000)

Other Sections in Bill

Line item transfers - Section 3 authorizes the Office of Management and Budget to make transfers of funds between the salaries and wages, operating expenses, and capital assets line items of the Information Technology Department as may be requested by the Chief Information Officer as necessary for the development and implementation of information technology projects.

Bank of North Dakota transfer - Section 4 provides that the Industrial Commission transfer up to \$5 million from the current earnings and accumulated undivided profits of the Bank of North Dakota to the health information technology planning loan fund or to the health information technology loan fund for the 2011-13 biennium.

Statewide longitudinal data system expenditures - Section 5 amends Section 7 of Chapter 49 of the 2009 Session Laws relating to approval by the Information Technology Department of Department of Public Instruction expenditures for costs associated with the statewide longitudinal data system.

Bank of North Dakota transfer - Section 6 amends Section 9 of Chapter 519 of the 2009 Session Laws relating to a transfer from the current earnings and the accumulated undivided profits of the Bank of North Dakota to the health information technology loan fund.

Continuing Appropriations

There are no continuing appropriations for this agency.

Significant Audit Findings

Noncompliance with appropriation laws - The State Auditor's office recommends the Information Technology Department develop control procedures for monitoring special appropriations and comply with North Dakota Century Code Section 54-16-03 by not overspending its special appropriation laws.

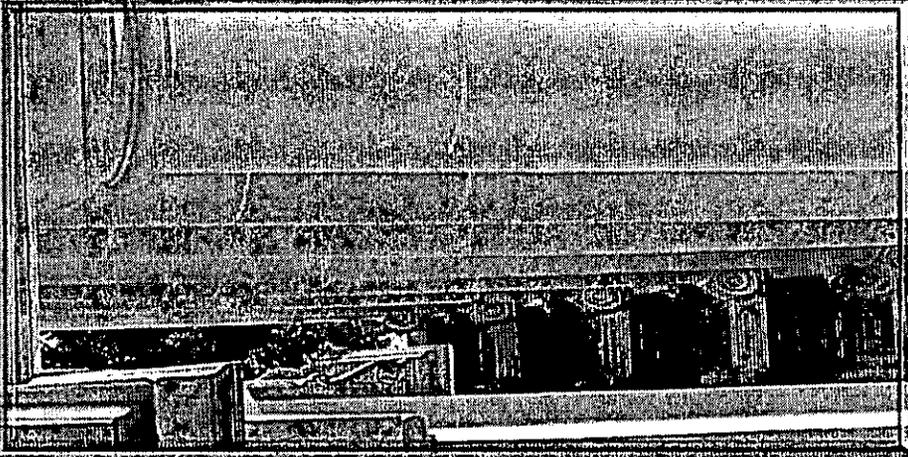
Major Related Legislation

Senate Bill No. 2036 - Exchange of information with the health information exchange - This bill provides that the Information Technology Department may connect to a wide area network service for health information exchange in accordance with federal requirement for the health information exchange.

Senate Bill No. 2037 - Establishment and participation in the health information exchange - This bill provides for the confidentiality of health information under the health information exchange, participation in the health information exchange, and responsibilities of the Health Information Office.

House Bill No. 1214 - Statewide longitudinal data system - This bill provides statutory changes relating to the Statewide Longitudinal Data System Committee and the powers and duties of the Information Technology Department relating to the statewide longitudinal data system.

1021.1.13.11A



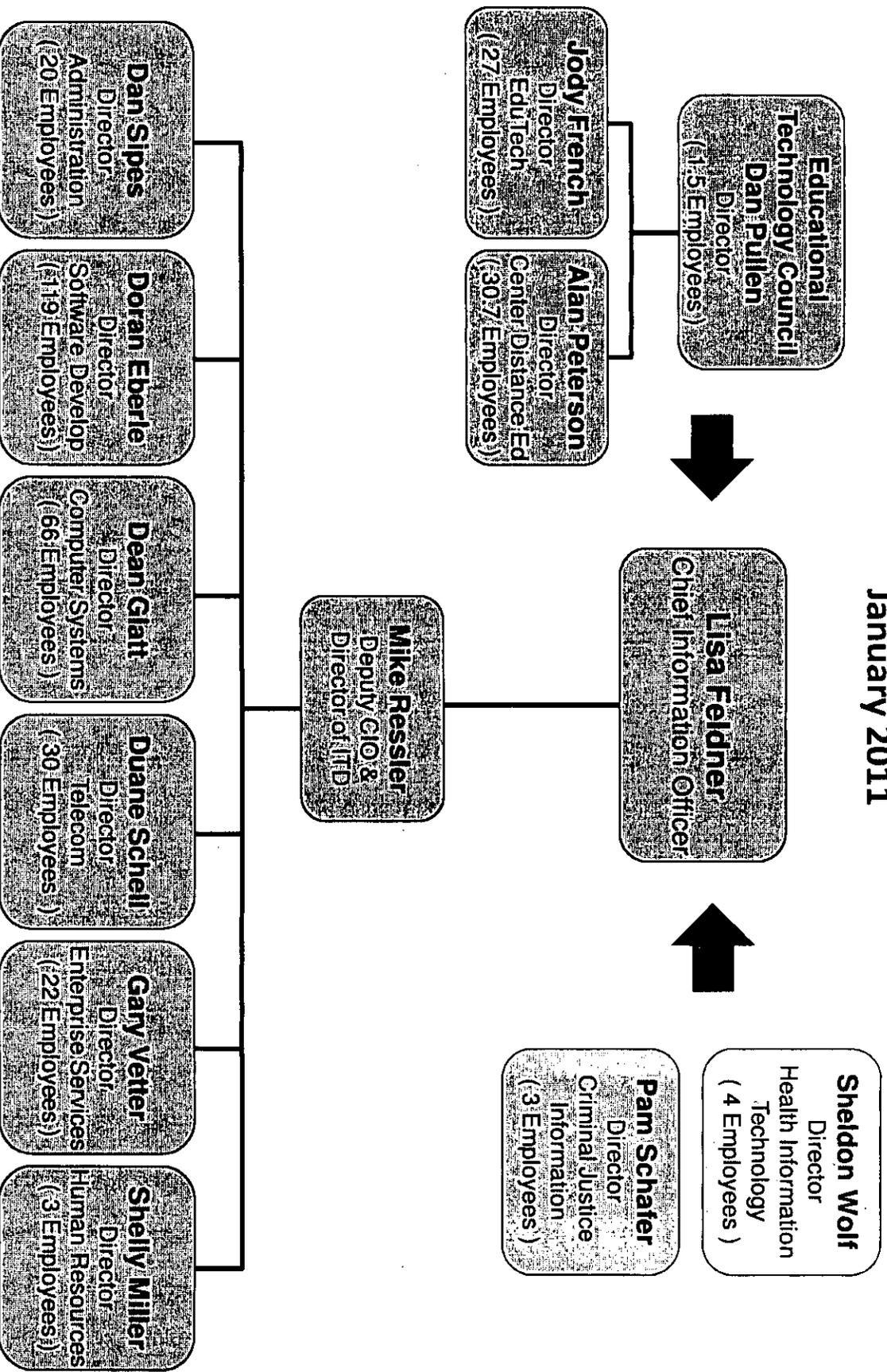
HB 1021
Information Technology
Department

Presentation to the
House Appropriations
Government Operations
Division

January 13, 2011
Medora Room

Information Technology Department

January 2011



ITD 2009-11 Budget

Program	General Funds	Special Funds	Federal Funds	Total
ITD Operations	673,025	109,998,346	3,000,000	113,671,371
K-12 Network	5,568,970	408,000		5,976,970
Geographic Information System	714,678		75,000	789,678
Longitudinal Data System	2,466,325		12,263,883	14,730,208
Educational Technology Council	974,986	50,000		1,024,986
Center for Distance Education	1,249,504	5,436,281		6,685,785
EduTech	5,104,699	2,648,903		7,753,602
Criminal Justice Information Sharing	2,566,316	180,000	1,360,641	4,106,957
Health Information Technology	350,000	8,000,000	80,000,000	88,350,000
Total	19,668,503	126,721,530	96,699,524	* 243,089,557

* Includes \$13,025,000 added to ITD's budget by Emergency Commission Request #1718 in December 2009

ITD 2011-13 Budget Request

Program	General Funds	Special Funds	Federal Funds	Total
ITD Operations	705,020	111,586,223	4,400,000	116,691,243
2009 - 11 Budget	673,025	109,998,346	3,000,000	113,671,371
Difference	31,995	1,587,877	1,400,000	3,019,872



ITD Operations

Federal Fund Appropriation

Next Generation 911 Federal Grant

From the National Highway Traffic Safety Admin

Requesting 2011-13 \$1,500,000 Authority

Awarded **\$912,722** – September 2009

Expires September 2012

Broadband Mapping Grant

From the Department of Commerce – ARRA

Requesting 2011-13 \$2,900,000 Authority

Awarded **\$3,664,087** – December 2009

Expires December 2014



K-12 Network

ITD provides bandwidth to the schools and Internet access services

In 2009–11 ITD Upgraded all K-12 schools from

ATM T-1 (1.5 MB) circuits to Ethernet (10 MB) circuits

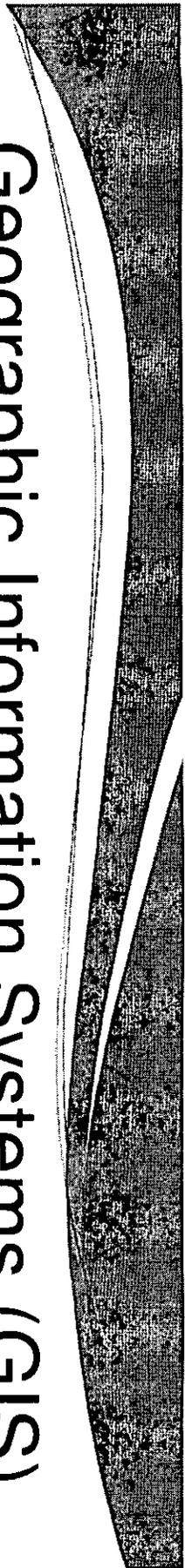
Approximately 64% or \$ 4,000,000 is paid by the Federal E-rate program each biennium

ITD purchases these services from Dakota Carrier Network (DCN) and the ND Telecom's

ITD 2011-13 Budget Request

Program	General Funds	Special Funds	Federal Funds	Total
K-12 Network	4,667,992	408,000		5,075,992
2009 - 11 Budget	5,568,970	408,000		5,976,970
Difference	- 900,978	0		- 900,978

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Geographic Information Systems (GIS)

- GIS is the use of computer systems for storing, assembling, manipulating, and displaying geographically referenced material.
- State government agencies were creating and storing data separately with numerous versions. Data sharing was problematic.
- 1995 Gov. Shafer issued an Executive Order creating a technical committee with representatives from 7 state agencies.
- 2001 ITD was given general fund dollars to implement a central hub for the sharing of data and the coordination of GIS activities.



GIS 2011-13 Budget Request

Staffing & Operations \$ 236,381

(staffing, supplies, training)

Data Hosting (Hub) \$ 800,684

(software / hardware / data)

Total General Funds \$ 1,037,065

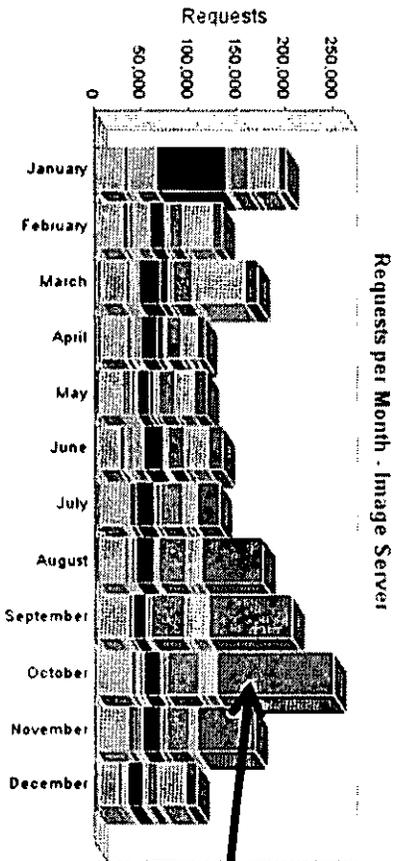
Federal Funds (spending authority) \$ 75,000

Total Budget Request \$ 1,112,065

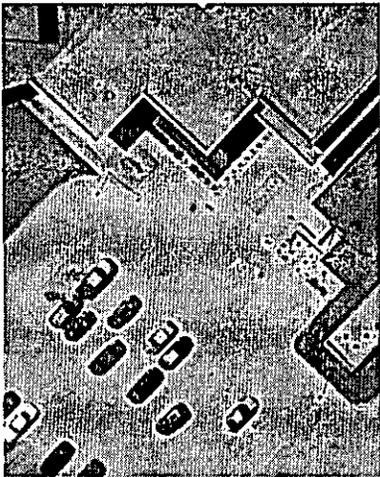
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GIS Program Value

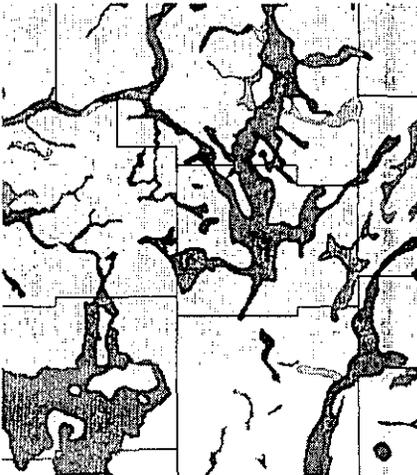
GIS Hub
map services



Game & Fish
service



High Resolution
Aerial Photography
(Grand Forks)



Surficial Aquifers
(Statewide)



High Resolution
Elevation (Red River)



State Longitudinal Data System (SLDS)

- 2007-09 Created the SLDS Committee

Committee Membership

- Higher Education
- Dept. of Public Instruction
- Chief Information Officer
- Career & Technical Education
- Job Service
- Commerce Dept.
- Human Services
- Educational Technology Council
- ND Council of Educational Leaders
- Workforce Development Council
- 2 Members of Legislative Assembly



State Longitudinal Data System (SLDS)

2007-09

- Create Plan and Recommend Roadmap for a SLDS
- Additionally build foundational data warehouses
 - Primary and Secondary (DPI K-12)
 - Post secondary (Higher-Ed)
 - Workforce and Training (JSND & Economic Development)

2009-11

- ITD received general funds of \$2,200,000 for initial phase of SLDS
- DPI received a NCEES grant for \$6,800,000 (K-12)
- Higher-Ed initiates the building of a postsecondary data warehouse
- OMB and DHS started the development of data warehouses



State Longitudinal Data System (SLDS)

American Recovery & Reinvestment Act (ARRA)

2009 State Fiscal Stabilization Funds - Phase I

- State Fiscal Stabilization Funds accepted by the state require the building of educational outcome and workforce LDS system (K12, Pre-K, post secondary, workforce linkages)

2010 State Fiscal Stabilization Funds - Phase II

- Further commits the state to ensuring the SLDS system contains P-16 data such as:
 - Provide HS graduate numbers & percentage to SEA, LEA, HS who enrolled in IHE within 16 months of receiving a regular HS diploma
 - Many demands requiring information on teacher & administrator performance
 - Report those students that have at least one year of college applicable to a degree within 2 years of enrollment in the IHE
 - Student growth is reported to teachers

ITD 2011-13 Budget Request

Program	General Funds	Special Funds	Federal Funds	Total
State Longitudinal Data System	3,626,867		0	3,626,867
2009-11 Budget	2,466,325		12,263,883	14,730,208
Difference	1,160,542		-12,263,883	-11,103,341

\$ 1,757,624 is one-time



State Longitudinal Data System (SLDS)

Staffing and Operations (Competency Center) \$ 2,017,743

(Program Coordinator, Business Intelligence Analyst,
Report Developer, Training Officer & Statistician)

Contractors \$ 1,504,124

Implementation of application / one-time dollars

Hardware / Software \$ 105,000

Hosting fees from ITD

Total 2011-13 Budget Request \$ 3,626,867



ND Educational Technology Council (ETC)

Mission

Develop technology systems and coordinate their use to enhance and support educational opportunities for elementary and secondary education.

ETC Membership

Voting Members

- ND Chief Information Officer
- NDUS-Chief Information Officer
- ND Assn. of Technical Leaders
- ND Career & Technical Education
- ND Council of Education Leaders
- ND School Board Assn.
- ND Special Education Directors
- State Assn. of Non-Public Schools
- Two School District Reprs (one teacher)
- Two Dept. of Public Instruction Representatives

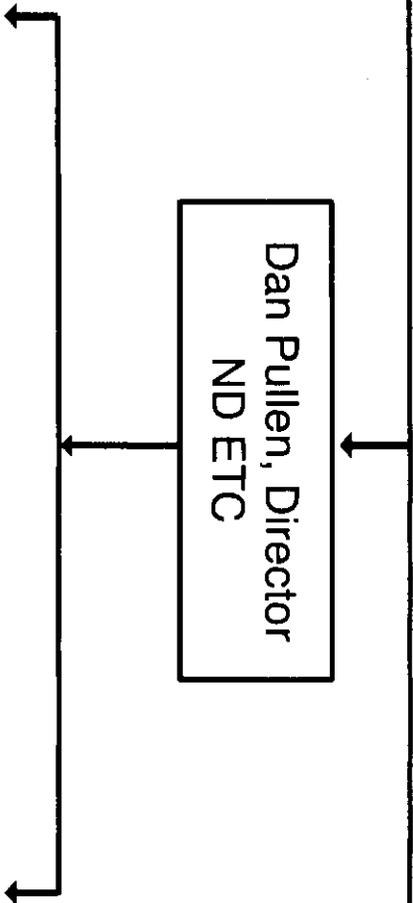
Non-Voting Members

- Director of ND ETC
- Director of the ND CDE
- Director of the EduTech

Dan Pullen, Director
ND ETC

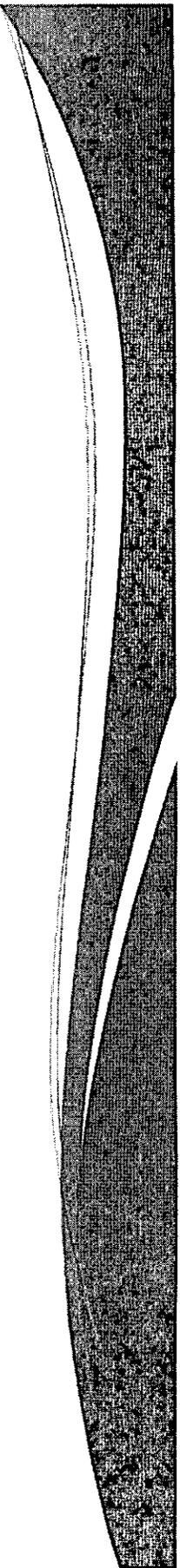
Dr. Alan Peterson, Director
ND Center for Distance Ed

Jody French, Director
EduTech



ITD 2011-13 Budget Request

Program	General Funds	Special Funds	Federal Funds	Total
Educational Technology Council	1,000,403	75,000		1,075,403
2009 - 11 Budget	974,986	50,000		1,024,986
Difference	25,417	25,000		50,417



ND Educational Technology Council (ETC)

\$ 1,000,403

- Staff: director and administrative assistant
- Council meetings and operating expenses
- Video Grants to schools to support building new video classrooms and upgrading existing video classrooms
- Classroom Transformation Grants to schools to support implementation of emerging teaching and learning technologies in schools



ndgc North Dakota
MIDDLE COLLEGE CENTER FOR DISTANCE EDUCATION

Mission

Ensure that all North Dakota middle and high school students, regardless of location, have access to educational opportunities that meet or exceed all expectations for quality.



ndcde North Dakota
CENTER FOR DISTANCE EDUCATION

ND Commission on Education Improvement Report

The Commission reported the following to the Governor, the ND Interim Committee on Education Finance, and the North Dakota Legislative Assembly, as ordered by House Bill 1400

- The ND CDE needs reorganization
- The ND CDE needs general fund budget enhancement
- The services provided by ND CDE are an essential element in K-12 education in a sparsely populated state with a large number of school districts
- The services provided by a ND CDE are especially critical at this time of increased need for courses in math, science, world languages, career and technical areas



ndcde North Dakota
CENTER FOR DISTANCE EDUCATION

Key results to be realized through reorganization are:

- Control online vendor quality via competition
- Make highly qualified teachers available to all ND schools
- Help ND schools make appropriate and sustainable choices
- Develop and share practical online and classroom education models with all ND schools
- Assist ND schools and students apply the best, online, learning practices to achieve maximum performance gains

ITD 2011-13 Budget Request

Program	General Funds	Special Funds	Federal Funds	Total
Center for Distance Education	2,625,395	4,250,811		6,876,206
2009 - 11 Budget	1,249,504	5,436,281		6,685,785
Difference	1,375,891	-1,185,470		190,421



EDU TECH
education technology services

Mission

Provide North Dakota educators and students with opportunities that extend learning in the classroom and beyond focusing on the use of technology to improve student achievement.



EDU TECH

education technology services

Services to Schools:

- **Professional Development** for PK-12 educators to use software/hardware and to integrate technology into classroom instruction
- **Regional IT Specialists** to deliver customized professional development to educators in their regions
- **Videoconference Enrichment Events** to offer students and teachers the opportunity to participate in national/international collaborations, content programs and professional development

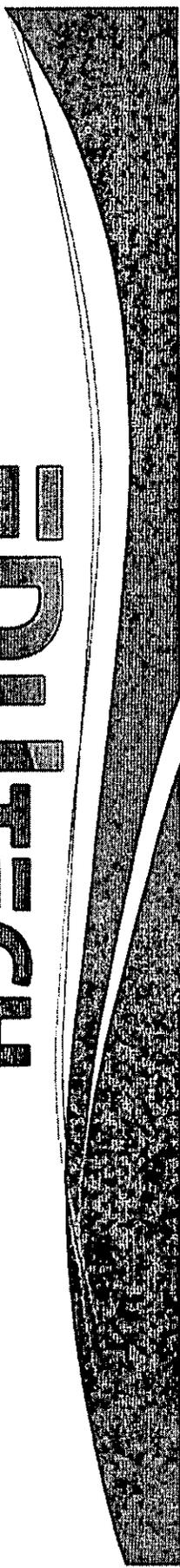


EDU TECH

education technology services

Services to Schools:

- **PowerSchool Services** to provide training, implementation and support to schools that use PowerSchool
- **IT Services** to provide e-mail, web hosting, internet filtering, desktop anti-virus and blogging/podcasting services
- **E-rate Support Services** to provide training and information for compliance with the E-rate program
- **Helpdesk Services** to support customers in the use of EduTech's services such as PowerSchool, EduSocial and internet filtering



EDU TECH

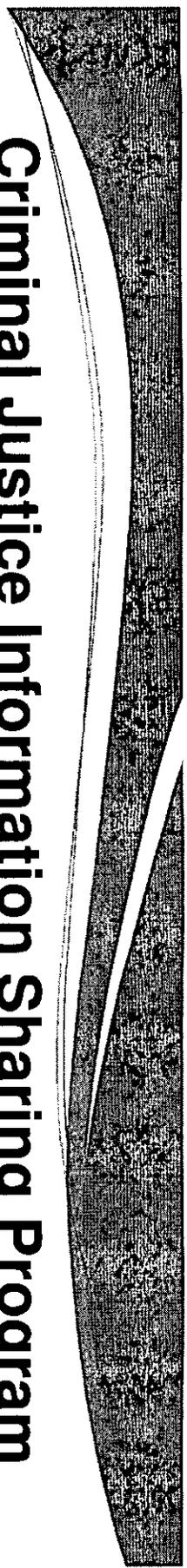
education technology services

Change in Funding Source

As Recommended by the ND Commission On Education Improvement Report

2009-11 Biennium ITD received general funds to pay for K-12 schools using PowerSchool

2011-13 Biennium DPI will receive money through the school funding formula and pay ITD (tracked as special funds to ITD) for the cost of K-12 schools using PowerSchool



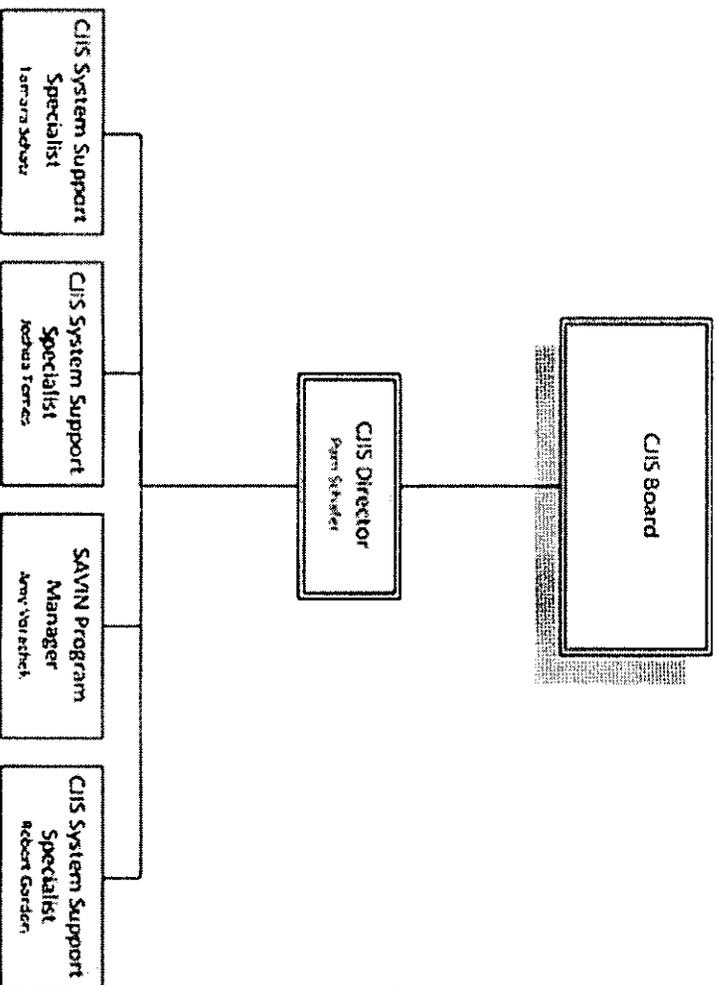
Criminal Justice Information Sharing Program (CJIS)

- **PORTAL:** is a statewide system where users are able to search information in a one stop system. Current information includes Criminal History records, Protection Orders, Parole and Probation information, DNA, Offender Registration, Concealed Weapons, CWIS, Motor Vehicle, Drivers License information, Watercraft Licenses, and various law enforcement incident records. In addition to the search functionality, the system includes notification capabilities that facilitates the tracking of an individual or event.
- **STARS:** is a statewide records management system offered to State's Attorneys to automate business process, enable work flows, and allow information sharing with other agencies.
- **LERMS:** is a statewide records management system offered to law enforcement to automate business process, enable workflows, and allow information sharing with other agencies.
- **SAVIN:** is the Statewide Automated Victim Information Notification system. Victims may register to receive important offender status notification.

Criminal Justice Information Sharing (CJIS) Governance

CJIS Board (sets policy and provides oversight)

- CIO of State of North Dakota
Lisa Feldner
- Office of Attorney General
Thomas Trenbeath
- Judicial Branch
Sally Holewa
- Chiefs of Police Association
Keith Witt
- Bureau of Criminal Investigation
Dallas Carlson
- Department of Corrections
Charles Placek
- Highway Patrol
Dave Kleppe
- ND State's Attorney Association
Kara Schmitz-Olson
- ND Sheriffs and Deputies Association
Glenn Ellingsberg
- Department of Transportation
Russ Buchholz
- Department of Emergency Services
Mike Lynk
- Member at Large
Kelly Janke



ITD 2011-13 Budget Request

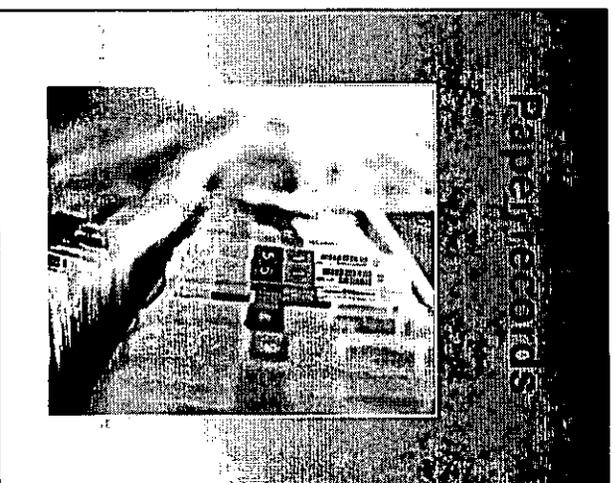
Program	General Funds	Special Funds	Federal Funds	Total
Criminal Justice Info Sharing (CJIS)	2,051,394	180,000	750,000	2,981,394
2009 - 11 Budget	2,566,316	180,000	1,360,641	4,106,957
Difference	- 514,922	0	- 610,641	- 1,125,563

\$ 200,000 is one-time

CJIS 2011-13 Projects

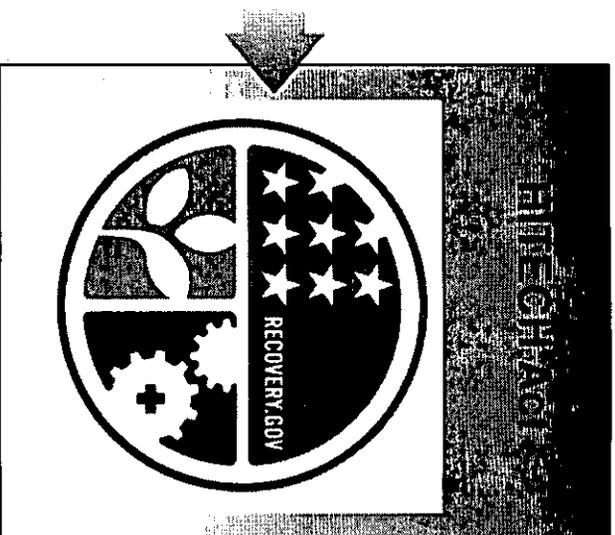
	General	Special	Federal	Total
Justice Information Foundation Study (JIFS)	\$113,908			\$113,908
Portal Enhancements	\$41,092			\$41,092
Federal Search Enhancements (NCIC)	\$45,000			\$45,000
CJIS Enhancements – Possible Grants			\$750,000	\$750,000
Total Project Dollars	\$200,000	\$0	\$750,000	\$950,000

Health Information Technology (HIT)



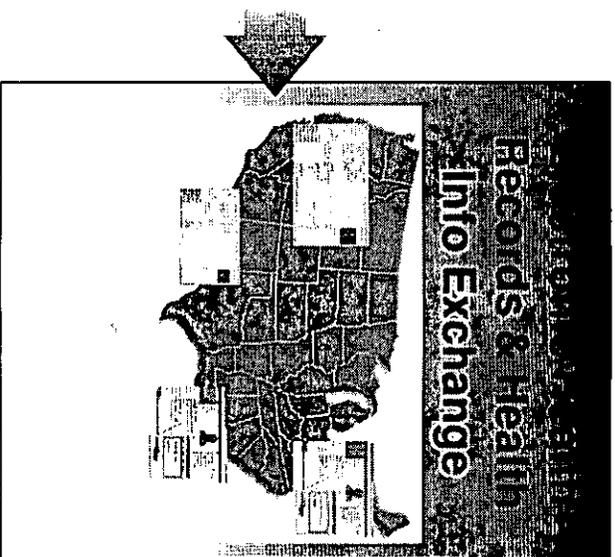
Pre 2009

A system plagued by inefficiencies. 2004-Exec. Order Calling for everyone to have an Electronic Health Record by 2014.



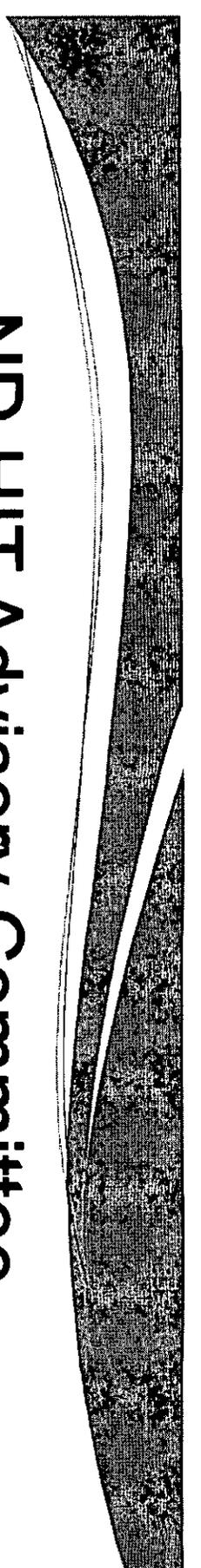
2009

Electronic Health Records Incentive Program, State HIEs developed, Regional Extension Centers, HIT Workforce Education and Training



2014

Widespread adoption and meaningful use of Electronic Health Records



ND HIT Advisory Committee

- **Governor's Office** – representing state government interests
- **North Dakota Legislature** – representing state legislature
- **Center for Rural Health** – representing rural healthcare facilities/communities & academic institutions
- **ND State CIO** – representing state government interests
- **ND Department of Health** – representing the Department of Health
- **ND Department of Human Services** – representing the Department of Human Services
- **North Dakota Health Care Review** - representing Quality Improvement Organization (QIO)
- **ND Medical Association** – representing physicians
- **ND Healthcare Association** – representing hospitals
- **ND BlueCross BlueShield** - representing third-party payer
- **ND Health Information Management Association (HIMA)** - representing health information management workforce
- **Local Public Health Unit** – representing local public health units
- **AARP** – representing consumers
- **Large tertiary and small rural hospitals** – representing hospitals
- **Long Term Care Association** – representing long term care
- **EMS Association** – representing EMS
- **ND Attorney General's Office** – representing government interest
- **Liaison to the Advisory Committee Senator Kent Conrad's office** – representing federal government

ITD 2011-13 Budget Request

Program	General Funds	Special Funds	Federal Funds	Total
Health Information Technology (HIT)	362,972	13,596,266	5,100,000	19,059,238
2009 - 11 Budget	350,000	8,000,000	80,000,000	88,350,000
Difference	12,972	5,596,266	-74,900,000	-69,290,762

\$ 8,000,000 is one-time



Health Information Technology (HIT)

Health Information Technology Office \$ 362,972

Operations \$ 13,596,266

(Provides authority for billing healthcare facilities)

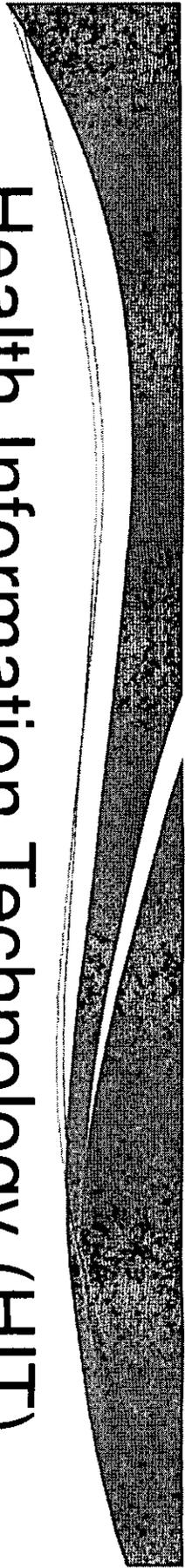
Federal Health Info Exchange Grant \$ 5,100,000

Total 2011-13 Budget Request \$ 19,059,238



State HIE Cooperative Agreement

- Establish a Statewide Health Information Exchange (HIE)
 - Governance, policies & network services
 - Improve the Coordination, Efficiency and Quality of Care
 - Ability to Connect to the National Health Information Network (NHIN)
- Implementation Strategy
 - Phase 1 - Develop HIE Strategic and Operational Plans
 - Phase 2 - HIE Implementation & Ongoing Operations
- Status of Project
 - Four Year Grant - ND was awarded \$5,343,733 Spent approximately \$250,000
 - Planning – 10%
 - Intrastate Implementation – 55%
 - Interstate Implementation – 35%
 - Award Announcement & Project Start Date – March 15, 2010
 - State Match Required by Federal Fiscal Year (Oct. 1 to Sep. 30)
 - Year 1 - \$0 State for every \$1 Federal
 - Year 2 - \$1 State for every \$10 Federal
 - Year 3 - \$1 State for every \$7 Federal
 - Year 4 - \$1 State for every \$3 Federal



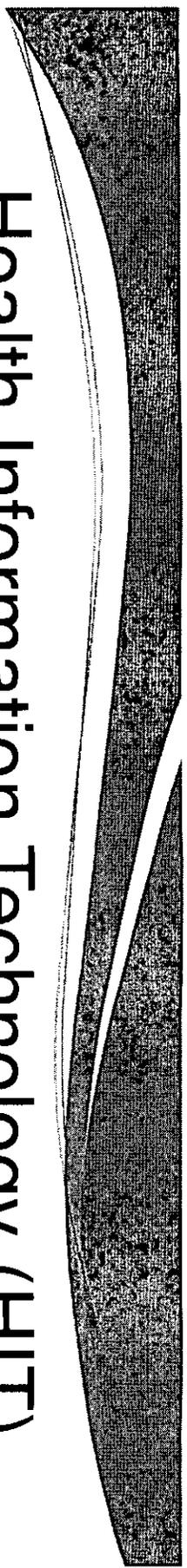
Health Information Technology (HIT)

HB 1021 – ITD Appropriation Bill

Section 8. Bank of ND Transfers

Industrial Commission shall transfer up to \$8,000,000 from the current earnings & accumulated profits to the health information technology loan fund to meet any required match for federal funds, or to the electronic health information exchange fund for match or for operations of the health information exchange.

These are not new (additional) dollars in 2011-13 but reflect the transfer of unspent dollars from the 2009-11 budget.



Health Information Technology (HIT)

HB 1021 – ITD Appropriation Bill

Section 4. Bank of ND Transfer

Industrial Commission shall transfer up to \$5,000,000 from the current earnings & accumulated profits to the health information technology loan fund in the 2011-13 biennium.

These dollars are not transferred to ITD's budget – they will be administered directly by the Bank of ND as loans to healthcare entities, similar to the \$5,000,000 authorized in 2009-11.

ITD 2011-13 Budget Request

Program	General Funds	Special Funds	Federal Funds	Total
ITD Operations	705,020	111,586,223	4,400,000	116,691,243
K-12 Network	4,667,992	408,000		5,075,992
Geographic Information System	1,037,065		75,000	1,112,065
Longitudinal Data System	3,626,867			3,626,867
Educational Technology Council	1,000,403	75,000		1,075,403
Center for Distance Education	2,625,395	4,250,811		6,876,206
EduTech	3,044,096	4,882,351		7,926,447
Criminal Justice Information Sharing	2,051,394	180,000	750,000	2,981,394
Health Information Technology	362,972	13,596,266	5,100,000	19,059,238
Total	19,121,204	134,978,651	10,325,000	164,424,855

ITD 2011-13 Budget Changes

Program	General Funds	Special Funds	Federal Funds	Total
ITD Operations	31,995	1,587,877	1,400,000	3,019,872
K-12 Network	- 900,978			- 900,978
Geographic Information System	322,387			322,387
Longitudinal Data System	1,160,542		- 12,263,883	- 11,103,341
Educational Technology Council	25,417	25,000		50,417
Center for Distance Education	1,375,891	- 1,185,470		190,421
Edu Tech	- 2,060,603	2,233,448		172,845
Criminal Justice Information Sharing	- 514,922		- 610,641	- 1,125,563
Health Information Technology	12,972	5,596,266	- 74,900,000	- 69,290,762
Difference	- 547,299	8,257,121	- 86,374,524	- 78,664,702

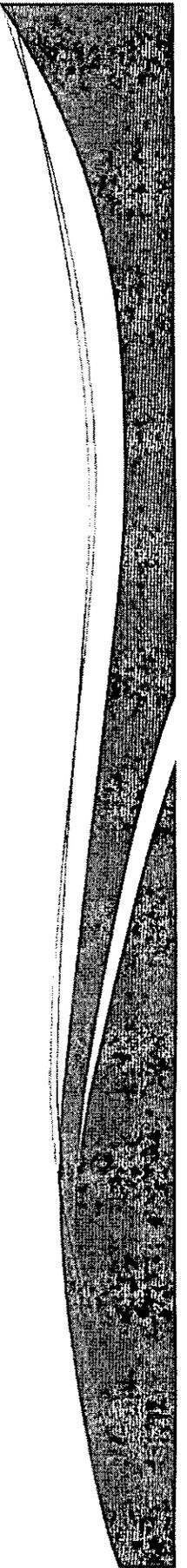
ITD 2011-13 Budget Request

Program	General Funds	Special Funds	Federal Funds	Total	FTE's
2011 - 13 Budget	19,121,204	134,978,651	10,325,000	164,424,855	328.2
2009 - 11 Budget	19,668,503	126,721,530	96,699,524	243,089,557	328.2
Difference	-547,299	8,257,121	86,374,524	78,664,702	0

\$ 1,957,624 is one-time

\$ 8,000,000 is one-time

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1021.1.13.11B

North Dakota University System

HB 1021 – House Appropriations - Government Operations

January 13, 2011

Randall Thursby

Mr. Chairman members of the House Appropriations Government Operations Division, good morning. For the record, my name is Randall Thursby, CIO for the North Dakota University System (NDUS). While there are many services provided by the Information Technology Division from which the NDUS benefits, I am here today in support of the appropriation for the Statewide Longitudinal Data System as shown on page 1 line 19.

This Statewide Longitudinal Data System project is critical for creation of a consolidated data warehouse to meet state cross agency information requirements. The SLDS will be the source of data for cross-agency information reporting as the state strives to improve educational efforts at all levels to provide for the future workforce needs of North Dakota.

The NDUS supports this effort and is prepared to do its part in making the Statewide Longitudinal Data System project a success if funding is provided by the legislature.

Thank you.

1021.1.13.11C

At the Request of the Office of Management and Budget

PROPOSED AMENDMENT TO HOUSE BILL 1021

Page 2, remove lines 30 and 31

Page 3, remove lines 1 through 7

Page 2, after line 29 insert

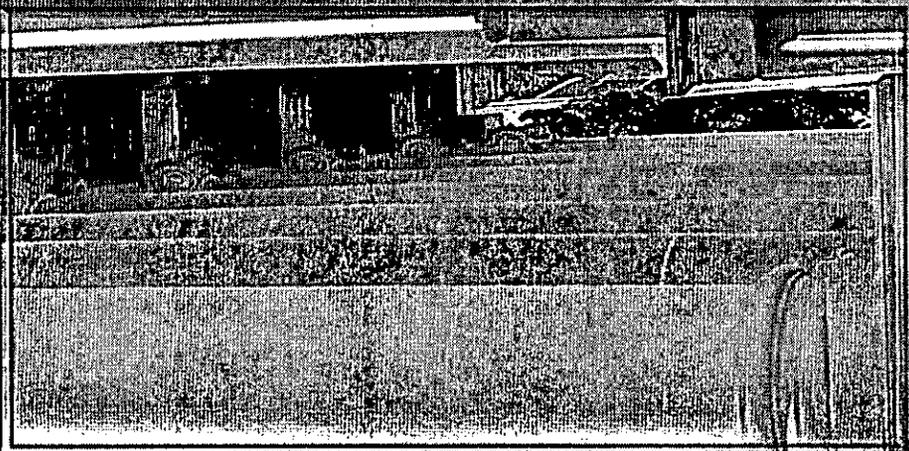
SECTION 4. LEGISLATIVE INTENT – BANK OF NORTH DAKOTA PACE PROGRAM. It is the intent of the sixty-second legislative assembly that the Bank of North Dakota PACE program be used to provide low interest loans to finance projects consistent with the mission of the health information technology fund. The amount of the projects to be financed shall not exceed five million dollars.

1021.1.28.11 A

HB 1021
Information Technology
Department

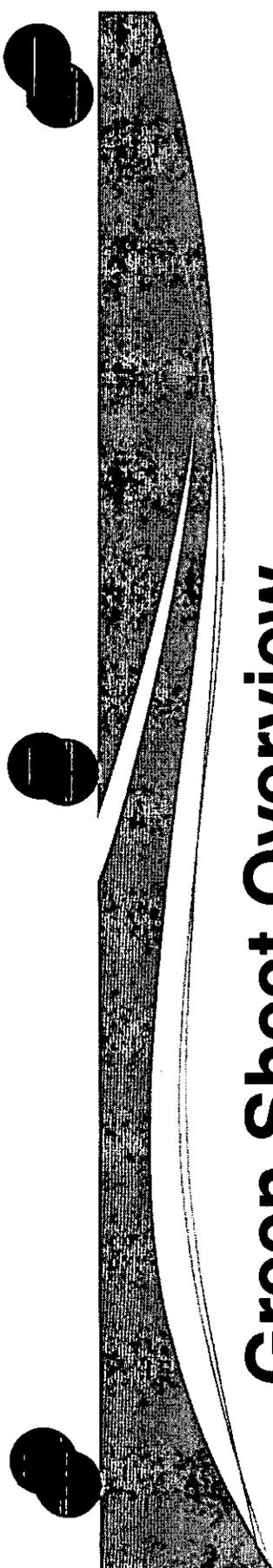
Presentation to the
House Appropriations
Government Operations
Division

January 28, 2011
Medora Room



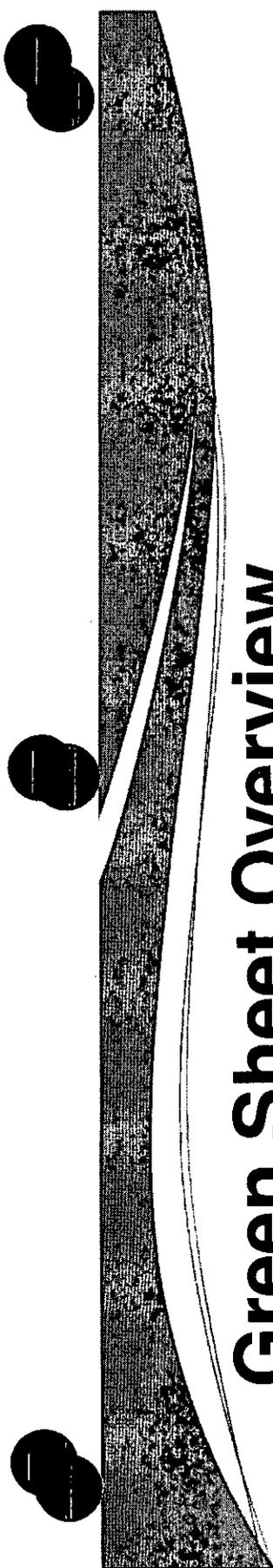
ITD 2011-13 Budget Request

Program	General Funds	Special Funds	Federal Funds	Total
ITD Operations	705,020	111,586,223	4,400,000	116,691,243
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Longitudinal Data System	3,626,867			3,626,867
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Center for Distance Education	2,625,395	4,250,811		6,876,206
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Total	19,121,204	134,978,651	10,325,000	164,424,855



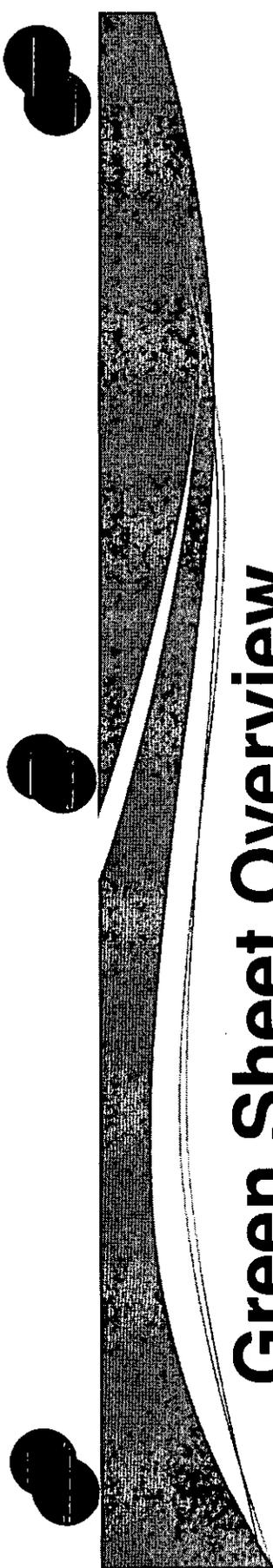
Green Sheet Overview

- 1) Removed 1 position from Operations
- 2) Removed 2 positions from Operations
Special Funds (\$250,850)
- 4) Adds 2 positions & increased funding for Longitudinal Data System General Funds \$1,317,936
- 5) Adds 1 position to Longitudinal Data System
General Funds \$149,494
- 13) Removes 5 positions from Center for Distance Education
- 16) Adds 2 positions to EduTech
Special Funds \$330,500
- 17) Adds 3 positions to Health Information Exchange



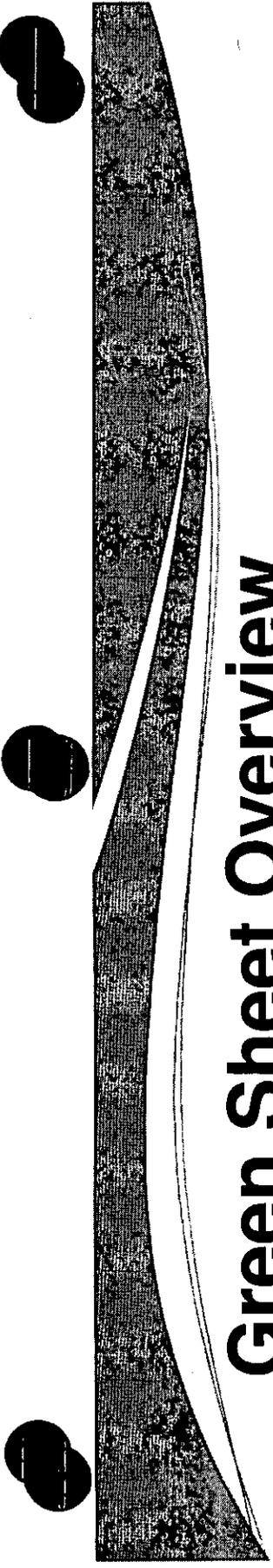
Green Sheet Overview

- 3) Transfer general funds to State Library
 General Funds (\$128,440)
- 6) One-time funding for State Longitudinal Data System
 General Funds \$1,757,624
- 7) Increased funding for Geographic Information System
 General Funds \$306,956
- 8) One-time funding for Criminal Justice Information Sharing
 General Funds \$200,000
- 9) Provide federal funding for broadband mapping project
 Federal Funds \$2,900,000
- 10) Provide federal funding for E911 project
 Federal Funds \$1,500,000



Green Sheet Overview

- 11) Removes one-time funding from 2009-11 budget
 General Funds (\$4,187,231)
- 12) Removes federal funding for Longitudinal Data System
 Federal Funds (\$2,263,883)
- 13) Changes funding source for Center for Distance Education
 General Funds \$1,375,891 Special Funds (\$1,125,470)
- 14) Provides special funding for Educational Technology Council
 Special Funds \$75,000
- 15) Changes funding source for EduTech (Powerschool)
 General Funds (\$485,006) Special Funds \$776,607



Green Sheet Overview

17) Increased funding for Health Information Exchange

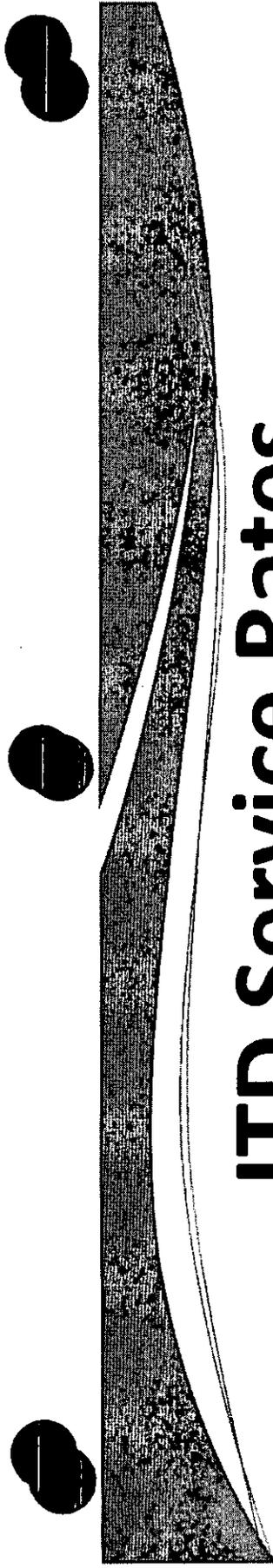
General Funds \$ 12,972

Special Funds \$5,596,266

Federal Funds \$5,100,000

18) Removes federal funding for Health Information Exchange

Federal Funds (\$80,000,000)



ITD Service Rates

- ITD is an Internal Service Fund
- Must comply with Federal OMB A-87 Circular
- Rate Setting Process
 - January of even-numbered year
 - Use agency history
 - Create rates
 - Meet with OMB, EA, Legislative Council Analysts, Agencies and Legislative IT Committee
- ITD has approximately 100 unique services
 - Each with rate and separate cost center
- ITD releases RFP's and uses state vendor pool
 - Approximately 58% of ITD's budget is spent with vendors

<u>CPU Rates (based per second)</u>	<u>North Dakota</u>	<u>South Dakota</u>	<u>Montana</u>	<u>Minnesota</u>
	ITD	BIT	ITSD	OET
Batch CPU	\$ 1.07	\$ 1.59	\$ 2.96	n/a
CICS CPU	\$ 1.07	\$ 1.59	\$.84	n/a
ADABAS CPU	\$ 1.17	\$ 1.59	\$ 1.73	n/a
TSO CPU	\$ 1.07	\$ 1.59	\$ 3.17	n/a

SD operates an IBM zSeries 800 2066-OC1 mainframe - approx. 3x slower-published rate is \$.53/CPU second. SD also charges \$.06/1,000 I/Os. MT operates an IBM zSeries z9 - approx. 43% slower. MT rate is adjusted above. MN uses service units to bill rather than CPU seconds. This is because they run three different processors.

<u>NETWORK FEES</u>	<u>North Dakota</u>	<u>South Dakota</u>	<u>Montana</u>	<u>Minnesota</u>
	ITD	BIT	ITSD	OET
Technology Fee	\$ 43.50	\$ 57.00	\$ 117.63	\$45.50
DSL Service Actual	(\$ 40 - \$ 199)	n/a	\$ 297.67	Cost + 15%
ETS-5 (5mbps bandwidth)	\$ 890.00	n/a	\$1,989.25	Cost + \$ 140 (access)
Access/Info/Enterprise Mgt. Fee	n/a	\$ 53.00	n/a	\$ 150/mbps (bandwidth)
				\$99.00

<u>TELEPHONE FEES</u>	<u>North Dakota</u>	<u>South Dakota</u>	<u>Montana</u>	<u>Minnesota</u>
	ITD	BIT	ITSD	OET
Telephone Line	\$ 24.00 - VoIP	\$13.00	\$55.93 - VoIP	\$ 54.00 - VoIP
Speaker	\$ 3.00	Actual Cost	Included	Actual Cost
Speaker/Display	\$ 5.00	Actual Cost	Included	Actual Cost
Voice Mail (unlimited)	\$ 5.00	\$6.00		\$ 6.00
3-minute limit	n/a	n/a	\$ 7.04	n/a
Additional Minutes	n/a	n/a	\$ 8.87	n/a

<u>LONG DISTANCE</u>	<u>North Dakota</u>	<u>South Dakota</u>	<u>Montana</u>	<u>Minnesota</u>
In-State	\$.075	\$.09	\$.06	\$.049
Out-of-State	\$.075	\$.10	\$.06	\$.070
800 Service	\$.07	\$.10	\$.08	\$.13

SOFTWARE DEVELOPMENT RATE COMPARISON

<u>ENTITY</u>	<u>LOCATION</u>	<u>BILLING RATE/HOUR OF SERVICE</u>
Information Technology Dept	State of North Dakota	\$ 63 - \$ 79
Applied Engineering	Bismarck, ND	\$ 75 - \$ 92
Eide Bailly	Bismarck, ND	\$ 95 - \$ 190
Enterprise Solutions	Bismarck, ND	\$ 95 - \$ 140
Nexus Innovations	Bismarck, ND	\$ 95 - \$ 125
Vision Technology	Bismarck, ND	\$ 70 - \$ 75
Everest Consultants	Beaverton, OR	\$ 63 - \$ 99
Ciber	Vancouver, WA	\$ 55 - \$ 180
Compuware	Plymouth, MN	\$ 80 - \$ 151
Maximus	Rancho Cordova, CA	\$ 145 - \$ 190

ITD SERVICE RATE TRENDS

SERVICE RATES July 2010 July 2009 July 2008 July 2007

Software Developer \$ 63 - \$ 79 \$ 63 - \$ 79 \$ 58 - \$ 63 \$ 58 - \$ 63

CENTRAL COMPUTER

Batch CPU	\$ 1.07	\$ 1.17	\$ 1.17	\$ 1.17
CICS CPU	\$ 1.07	\$ 1.17	\$ 1.17	\$ 1.17
ADABAS CPU	\$ 1.17	\$ 1.23	\$ 1.23	\$ 1.23
TSO CPU	\$ 1.07	\$ 1.17	\$ 1.17	\$ 1.17

NETWORK FEES

Technology Fee	\$ 43.50	\$ 43.50	\$ 41.27	\$ 41.27
ATM T-1	\$ 890.00	\$ 890.00	\$ 890.00	\$ 890.00

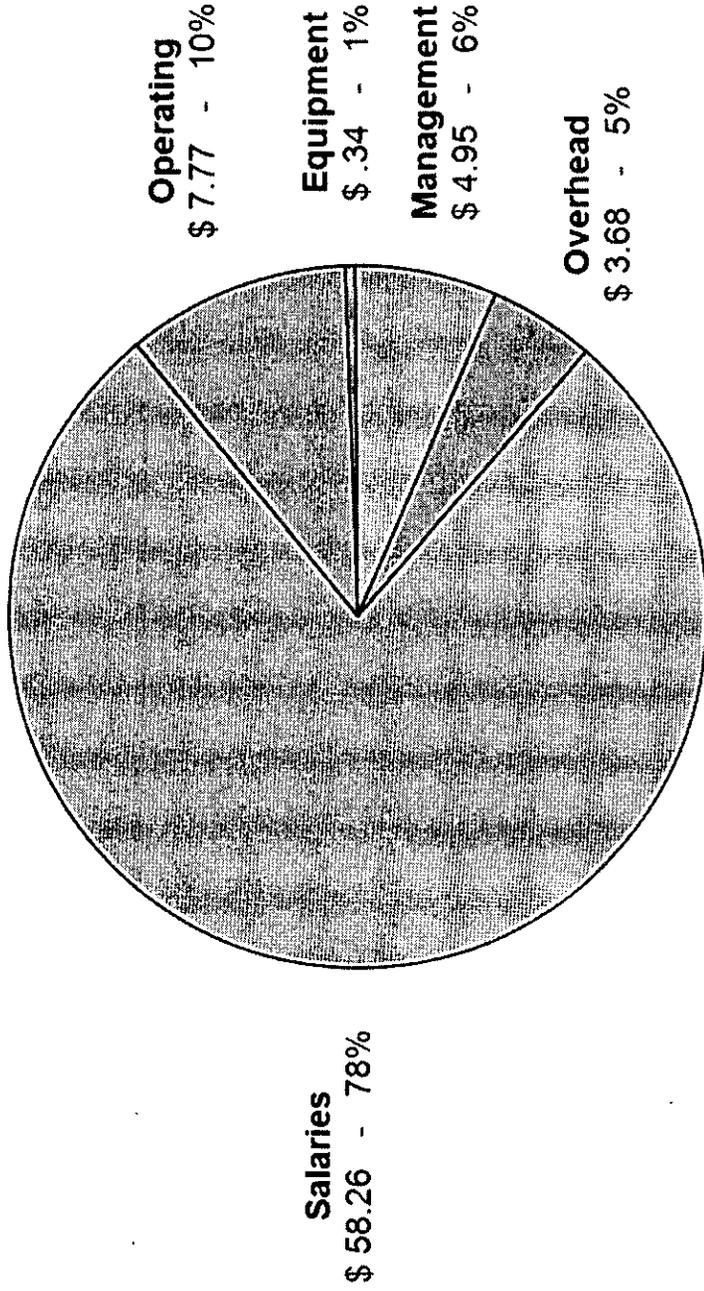
TELEPHONE FEES

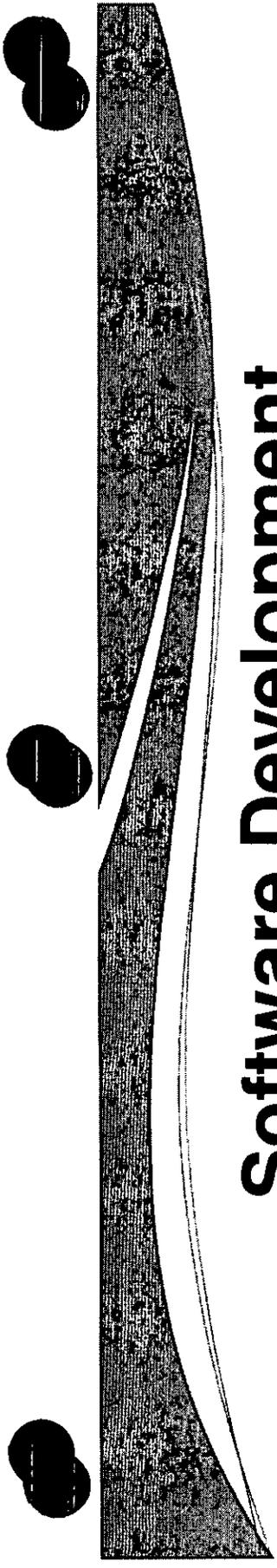
Telephone Line	\$ 24.00	\$ 24.00	\$ 24.00	\$ 24.00
Speaker	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00
Speaker/Display	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00
Voice Mail	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00
(Unlimited)	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00

LONG DISTANCE

In-State	\$.070	\$.075	\$.075	\$.09
Out-of-State	\$.075	\$.075	\$.075	\$.09
800 Service	\$.07	\$.07	\$.07	\$.07

**2011-13 Biennium
Analyst II / Analyst III / Project Manager
\$ 75.00 / Hour**

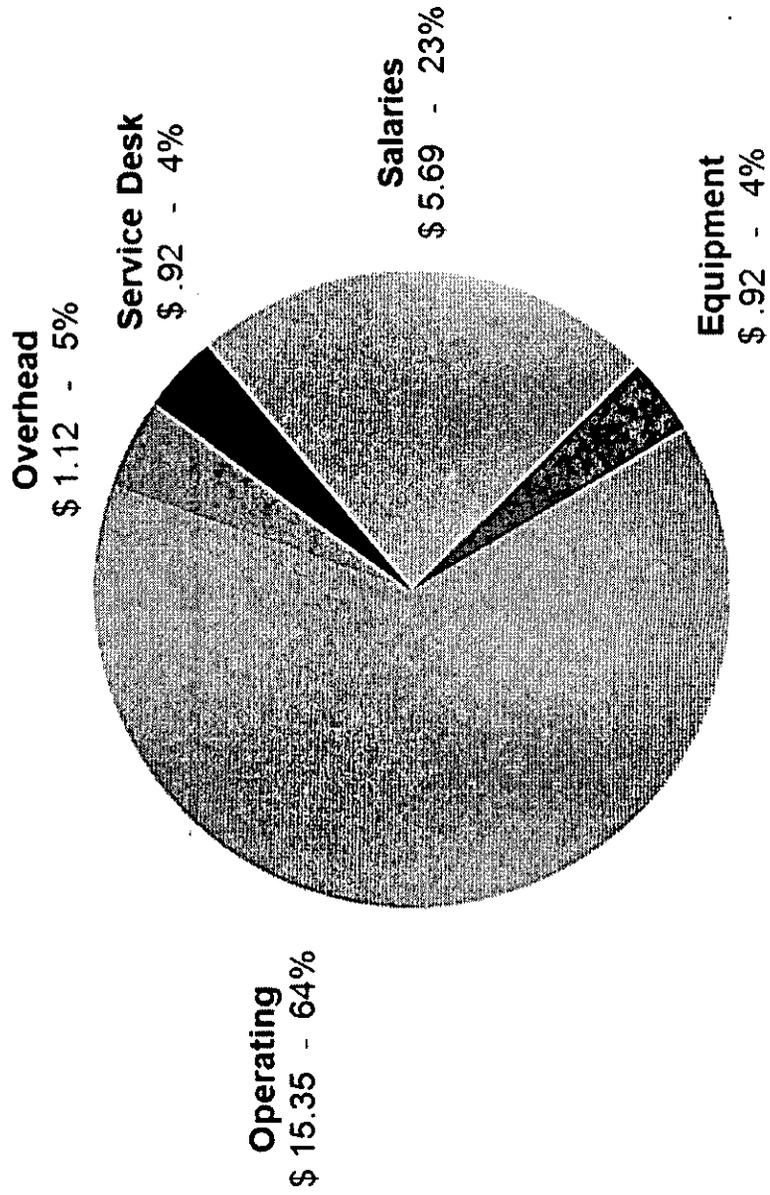




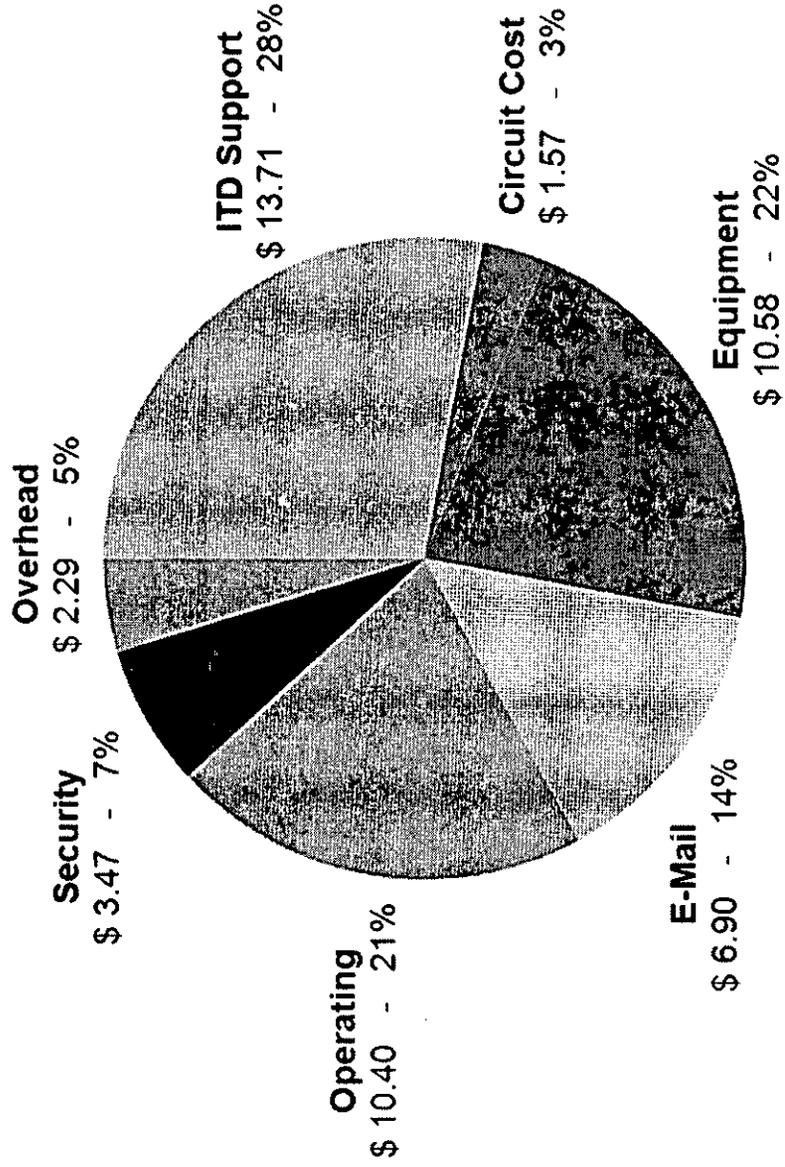
Software Development

- Business Analysis – know the agencies business
- Project Management
- Structured system development methodology
- Compliance with software and hardware architecture standards
- Load test the code before deployment
- Document software code
- All employees pass FBI background checks
- Work closely with ITD hardware architects – hosting
- Design for high availability / disaster recovery, if requested
- Provide on-going maintenance and support
- Staff located in Bismarck / next to the customer
- Won't go “out of business” – maintain State control

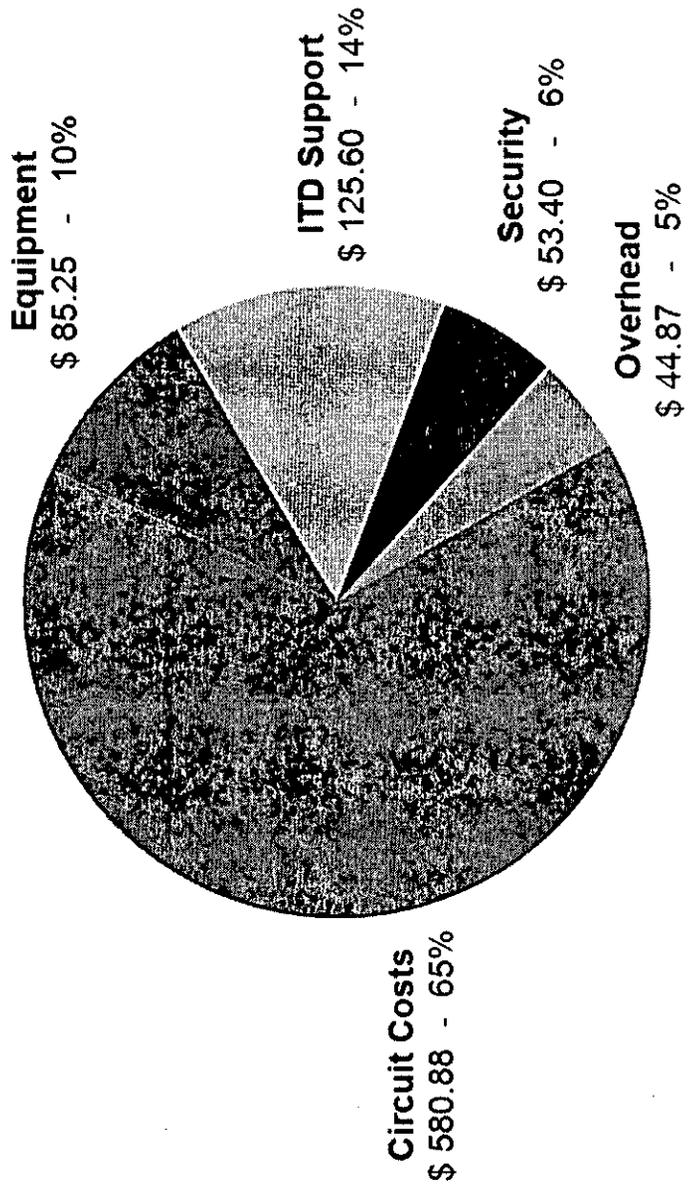
**2011-13 Biennium
Basic Telephone
\$ 24.00 / phone**



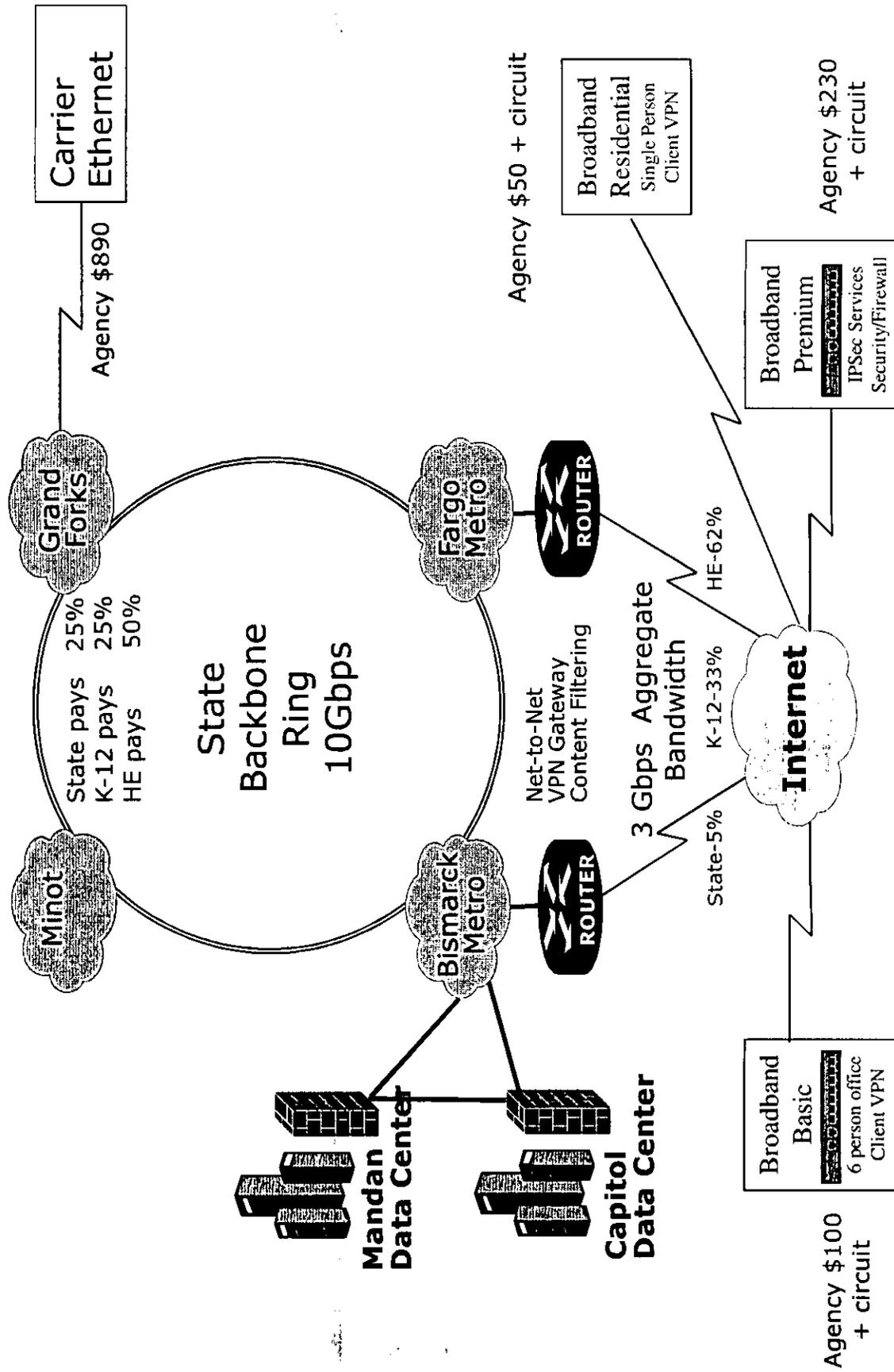
**2011-13 Biennium
FTE Connection
\$ 49.00 / FTE**

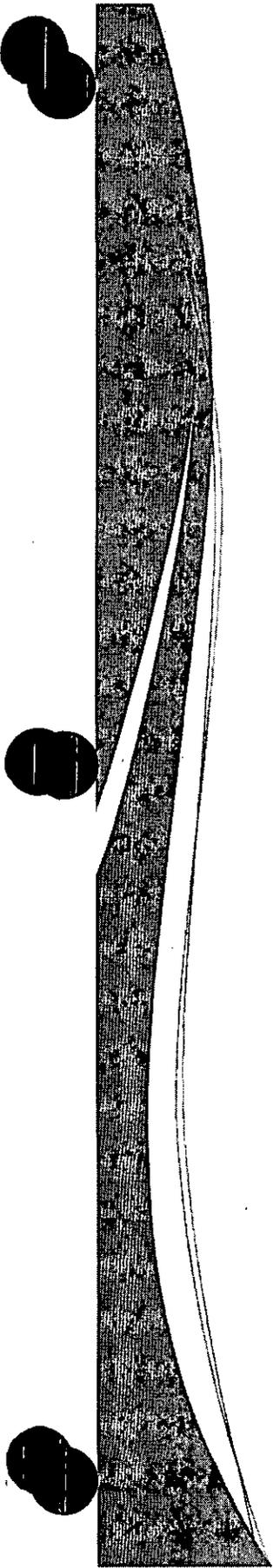


**2011-13 Biennium
ETS-5 State Agency Connection
\$ 890.00 / month**



STAGenet Broadband Access 2011-2013 Biennium





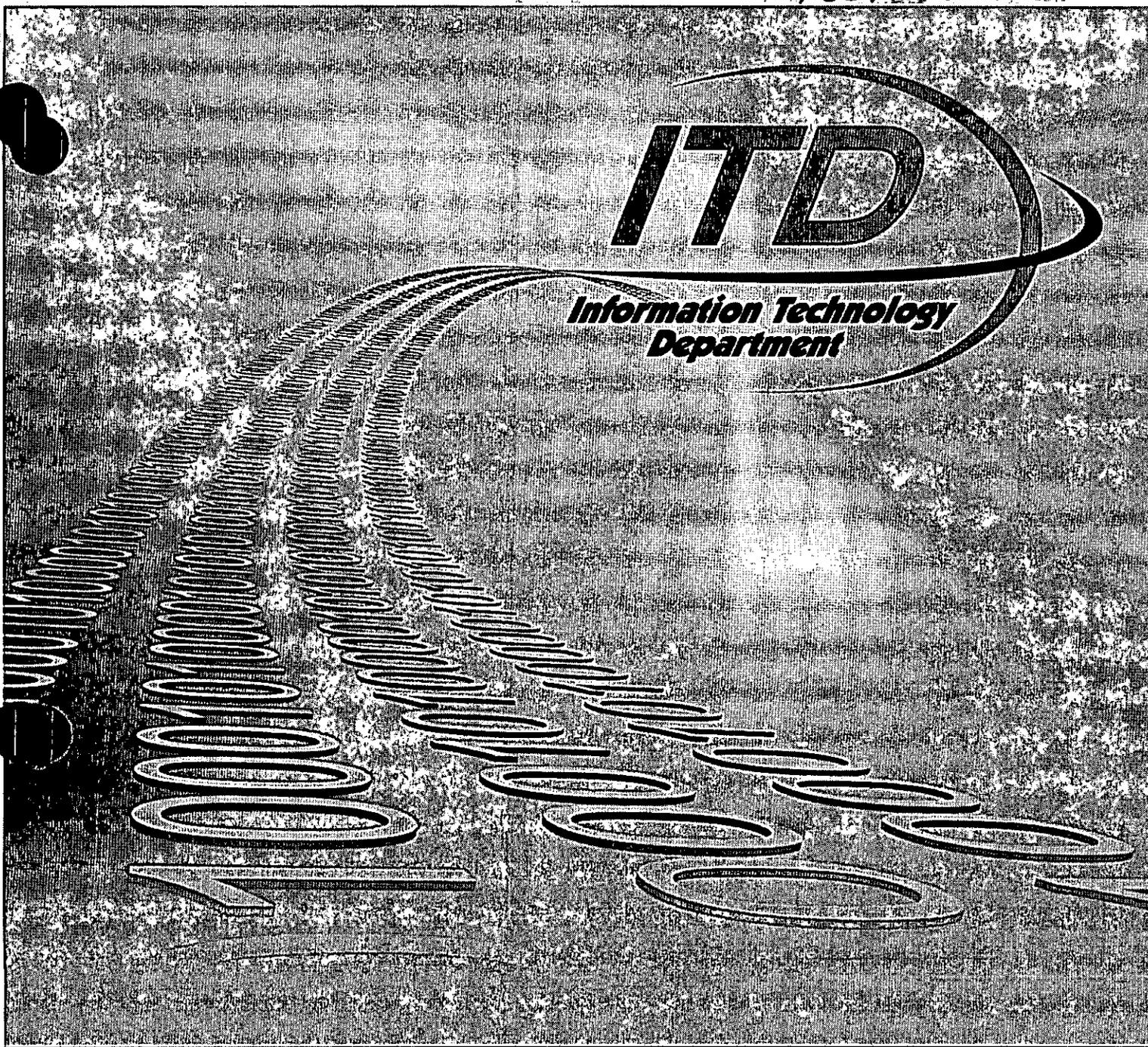
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ITD

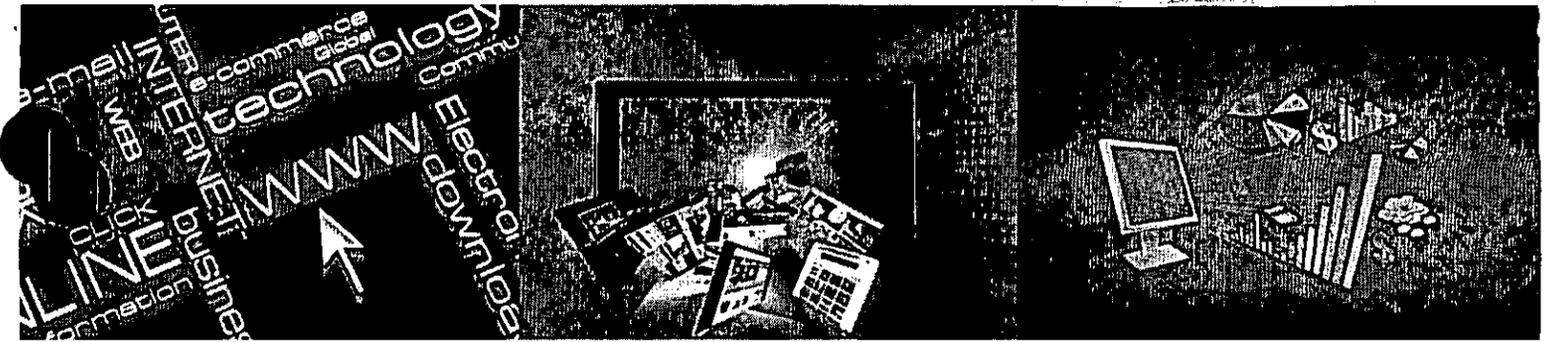
**Information Technology
Department**



**State of North Dakota
Information Technology Department**

Moving IT Forward

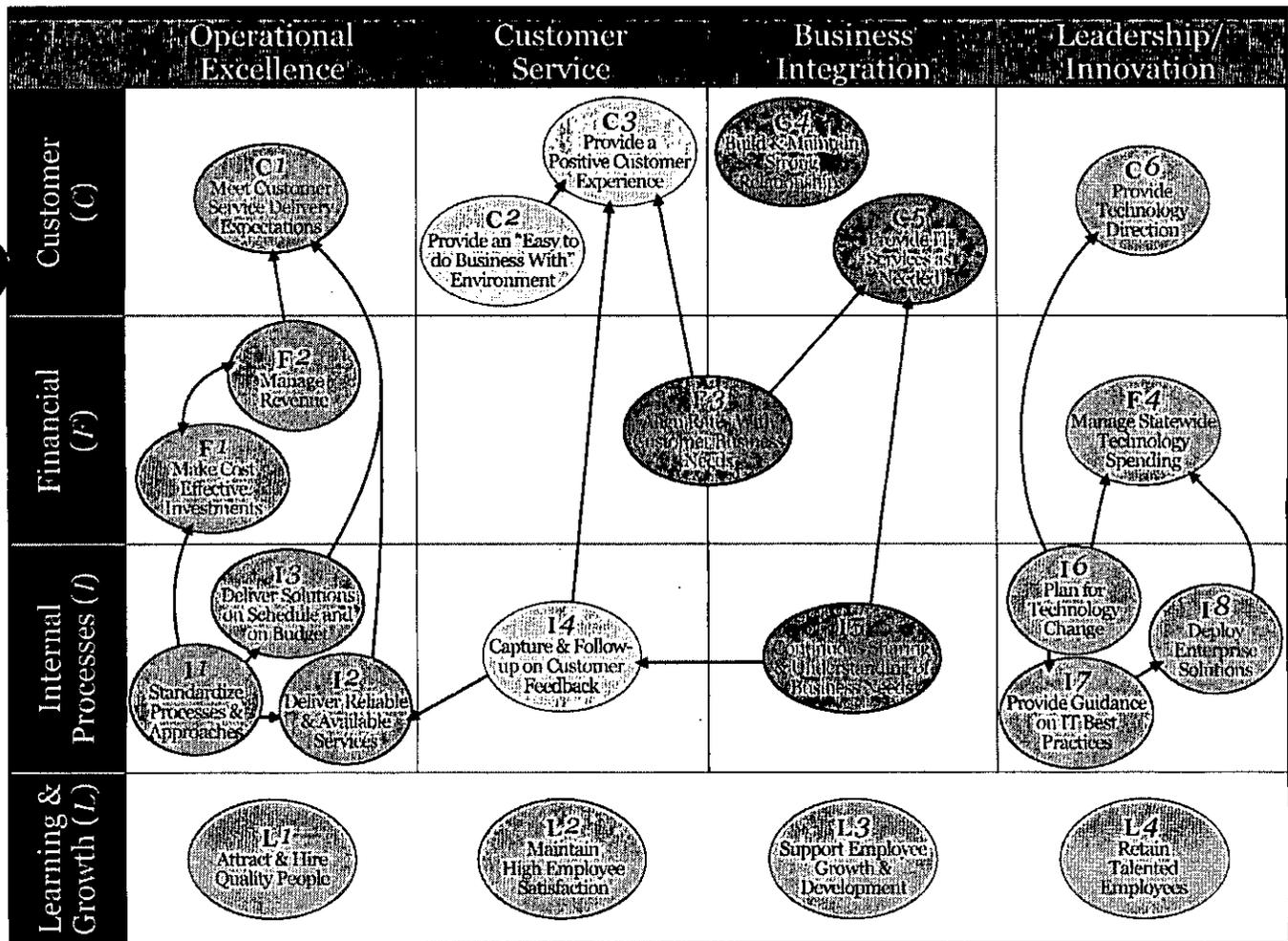
Annual Report | 2009-2010



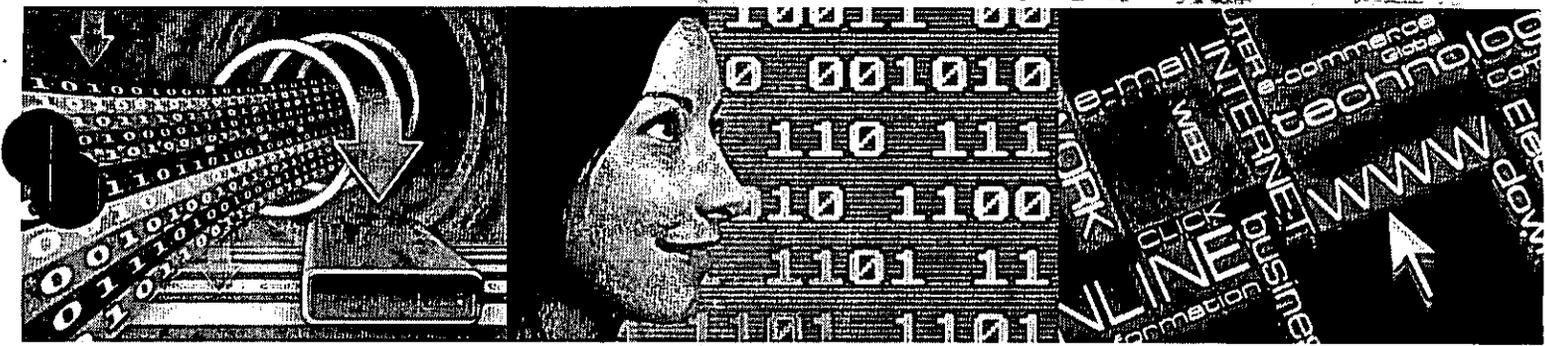
Our Vision

We see ITD as the trusted business partner and preferred IT provider for strategic services within government and education.

ITD's Balanced Scorecard [Strategy Map]



This strategic map shows the relationships among ITD's business perspectives, core strategies, and objectives. They're tied to tasks and performance measures designed to keep decision-making aligned with our mission, vision, and guiding principles. It's our pledge to be customer-centric, employee-focused, financially-responsible, and process-driven.



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John Hoeven
Governor, North Dakota



Lisa Feldner
Chief Information Officer, ITD

The 2009-2010 Annual Report *Moving IT Forward* was produced by the North Dakota Information Technology Department (ITD). It is a response to requirements outlined in Chapters 54-59-Section 19 of the North Dakota Century Code. The report provides an update on the information technology oversight process and major information technology investments.

EXECUTIVE SUMMARY



Lisa Feldner
Chief Information Officer

While many states across the nation are battling tough economic times, North Dakota has fared well overall, likely due to our conservative nature. Although we're not immune to the national economic highs and lows, we consistently operate conservatively and within our budget.

Our approach to managing IT has been one of partnerships. Our goal is to have agencies talking to each other, both in person and electronically. When agencies collaborate, better decisions are made, efficiencies are created, and technology dollars are maximized.

Consolidation efforts have allowed us to centralize hosting services and share applications when possible; and ultimately, reduce costs for licensing, hardware, and administrative staff. The statewide network, connecting state and local governments, K-12 education, and Higher Education, has provided numerous benefits from high speed internet connectivity to security.

While many states are now envisioning a private cloud for government and education, North Dakota has been doing that since 2000. One of ITD's first implementations was PowerSchool, a student information system used by North Dakota K-12 schools. PowerSchool data imports into ViewPoint and ndSLEDS (North Dakota State Longitudinal Education Data System), ITD hosted data warehouse applications, which provide educators with a data-driven decision-making environment used to improve instruction and student achievement statewide. Going forward, K-12 schools have now asked ITD to provide statewide directory services.

A new buzz word in IT is Business Intelligence. ITD is now working with several agencies to create data marts where agencies can share data with each other. Currently, a statewide longitudinal data system is being created to provide analytics on education and workforce data, which will help the State address education and training needs.

Last year, North Dakota Legislature passed Senate Bill 2332, which established a Health Information Technology Advisory Committee (HITAC), to help implement a comprehensive system to manage health information. Lawmakers also appropriated money for a Health IT Office, established loan funds, and provided an appropriation for anticipated federal funds and associated match.

Statewide initiatives like the Criminal Justice Information System (CJIS), Geographical Information Systems Hub (GIS), and ConnectND have proven to be valuable statewide resources, making government more efficient and saving tax dollars. With each passing year, they continue to capture more information and gain new users.

Our Balanced Scorecard approach to initiatives helps keep us aligned with our mission. Based on results from the 2010 Annual Survey, we're proud to say our customers continue to view us as a trusted and preferred business partner.

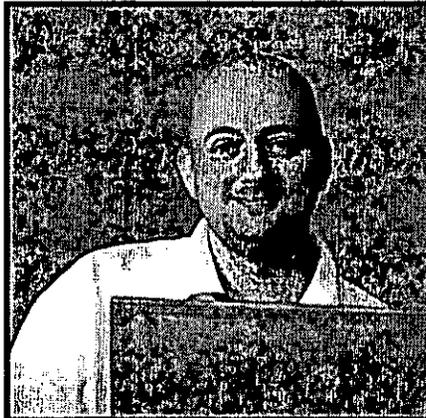
We remain strongly committed to providing a positive customer experience. Our first set of Service Levels Agreements (SLAs) were published earlier this year to help manage our expectations and our customers'.

We are committed to strengthening IT in state government and providing customer-centric services. I invite you to read on to learn more about ITD and how we're moving IT forward in North Dakota.

ITD's mission is to provide leadership and knowledge to assist our customers in achieving their mission through the innovative use of information technology. Through our annual customer survey, our customers tell us how well we deliver services to meet their expectations.

98.9%

view ITD as a trusted business partner



93.5%

agree that ITD's services meets their business needs



94.6%

say ITD is their preferred IT provider



88.9%

agree ITD is aligned with its mission



87.1%

believe ITD provides technology direction

ENTERPRISE COORDINATION & GOVERNANCE

The Information Technology Department (ITD) coordinates people, processes, and technologies across state government. Our goal is to create a collaborative environment among state agencies that maximizes technology investments, streamlines business processes, and improves IT activities. North Dakota's success is a credit to agencies participating in these ventures.

*Collaborating Together
to Move IT Forward*

IT Planning

ITD assists agencies in developing their IT plans and publishes a Statewide IT Plan each biennium. The process was revised for the 2011-13 IT planning cycle to give agencies more flexibility and time to prepare their plans. Going forward, ITD hopes to develop a process that encourages ongoing discussions and planning throughout the biennium.

Enterprise Architecture

Through the Enterprise Architecture (EA) process, state agencies collaborate to set the future direction of IT in the State of North Dakota. Last year, 133 people from 27 agencies were involved with:

- Introducing a Business Architecture component
- Planning for a Project Management Domain Team
- Creating a 24-member Social Media User Group
- Studying encryption of data-at-rest on mobile computing devices
- Studying directories for collaborative application development and resource sharing
- Selecting an enterprise Wiki solution
- Updating governance processes and diagrams

IT Procurement

ITD assists agencies with procuring information technology in order to maximize the value of the State's overall investment. During the past year:

- Sixty-two contracts and requests-for-proposals were submitted and reviewed within the expected five-day response time.
- New State Term Contracts were established for application security testing and data-warehousing.
- Interactive Voice Response (IVR) development services were added to the State's IT Professional Services Contract Pool.
- ITD led a multi-state consortium in developing standard PC configurations and special pricing that resulted in an average savings of 39 percent below the standard WSCA-NASPO contract pricing.

Project Management

During the past fiscal year, state agencies completed 12 IT projects with individual budgets in excess of \$250,000 and a total budget of \$7,208,499. Eight of the 12 projects were completed on or under budget with none of the projects exceeding the 20 percent negative variance threshold. Aggregated variance to total budget was -\$72,904 or one percent over budget. When removing the best and worst performing projects, the adjusted variance is +\$39,171 or one percent under budget. Five of the 12 projects were completed on schedule and two additional projects completed within the 20 percent negative variance threshold. Aggregated variance to schedule was -22.7 months or 14 percent over schedule. When removing the best and worst performing projects, the adjusted variance is -12.67 months or 10 percent over schedule.

The Enterprise Project Management and Project Management Offices were merged to create more efficient and effective services for customers. This office presently employs 13 project managers including nine who hold the Project Management Professional (PMP) credential and three who are preparing for the exam. The team is working to integrate project management as the first business service to be included in the Enterprise Architecture model.



Transforming Data into Information

ITD is committed to strategies that integrate data and share information across North Dakota state government. State agencies are leveraging information and forming partnerships in order to become more efficient and transparent.

Business Intelligence (BI)

ITD continues to mature its Business Intelligence Competency Center, an environment that will provide data warehousing services, a BI infrastructure, and analytics to government agencies. Our recent achievement includes the development of a data warehouse for the Office of Management and Budget, an operational reporting environment for the Treasurer's Office, and an enterprise data warehouse for the Department of Human Services.

Currently, a statewide K-12 data warehouse is being built that will deliver reporting to state educational agencies, school districts, school administrators, and teachers. A statewide longitudinal data system is also being designed to provide analytics on education and workforce data. Data is collected on 17 workforce programs and on student outcomes as they transition from secondary to postsecondary education and the workforce.

Master Client Index (MCI)

MCI provides an enterprise-based solution to store demographic information which presents a common view of clients based on feeds from contributing systems. ITD worked with the Department of Human Services (DHS) to implement a solution that matches client records from multiple programs within the agency. This solution not only improved data quality for client information but has created a comprehensive view of a client's involvement in different programs. The solution was also shared with the Department of Public Instruction (DPI) to match DHS' Temporary Assistance for Needy Families (TANF) and Supplemental Nutrition Assistance



Program (SNAP) clients with enrolled K-12 students. Matched students receiving benefits from TANF/SNAP are now directly certified and enrolled in the National School Lunch Program; thereby, eliminating the previously long wait time required to verify their status.

Electronic Document Management Systems (EDMS)

EDMS is a comprehensive collection of technologies for imaging, document management, forms processing, e-forms, enterprise report management, and workflow. North Dakota implemented the foundation of its EDMS about 10 years ago; it has grown to include 20 agencies with 2,000 users. Accomplishments last year include:

- Imaging and forms processing software was updated and a firm selected to assist with upgrading the document repository.
- The document repository was integrated with the State's financial and human capital management system.
- Over 600 new users were added.



CUSTOMER SERVICES

Enterprise Service Desk

Trying to find the right person, with the right answer, at the right time can be frustrating. That's why ITD has designed its Service Desk to be the "Single Point of Contact" for providing customers with advice, guidance, and rapid restoration of service. All incidents are documented and managed consistently in order to identify trends, reduce recurring issues, utilize staff efficiently, and provide a positive customer experience.

Service Level Agreements (SLAs)

SLAs are designed to manage and improve upon the established levels of service between ITD and its customers. Ideally, SLAs will generate constructive discussions on better ways of meeting customer needs.

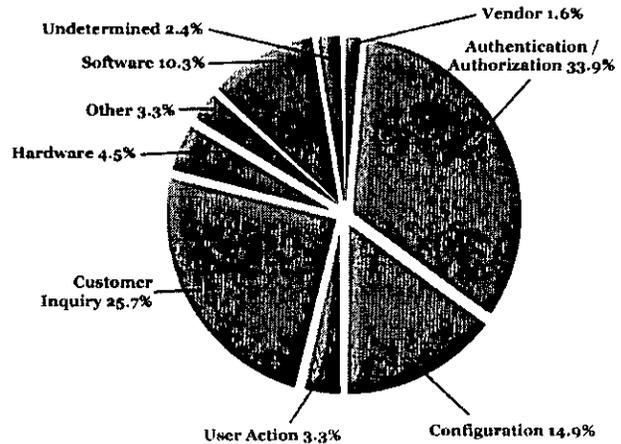
During the past year, ITD worked with the State's Architecture Review Board to begin publishing SLAs. At the highest tier, Enterprise Service Levels exist for elements that most of ITD's services have in common. Next, a Hosting Service Level was produced to describe basic functions of application and data hosting. Ultimately, a subsequent agreement will exist for every enterprise service.



Gary J. Vetter
Director of Enterprise Services

Underlying Causes of Incidents

Fiscal Year 2010
60,835 total incidents



Keeping Customers Informed

ITD's primary communication channels include a mix of meetings, publications, and electronic avenues including:

- Service Desk Announcements
- IT Directional Meetings
- Incident, Service Request, and Change Notifications
- *Information Link* Newsletters
- Annual Report, Strategic Plan, and Statewide IT Plan
- ITD Website

During the past year, a workgroup was created to specifically focus on internal and external communications. Going forward, a strategy and roadmap will be developed to drive continuous improvement.

Listening to Our Customers

North Dakota Century Code (NDCC) requires ITD to document information related to service support and delivery, which includes formal complaints regarding dependability, responsiveness, and cost. From July 2009 through June 2010, no formal complaints were filed. However, ITD is asking for, listening to, and acting on customer feedback each and every day.

STATEWIDE INITIATIVES

Criminal Justice Information System (CJIS)

The CJIS Portal, created to improve public safety, includes information systems that are used to capture and share complete, accurate, and timely information so law enforcement entities can make better informed decisions across jurisdictional and organizational boundaries statewide. Following are some key accomplishments:

- The portal has grown to more than 500 authorized users processing more than a million transactions.
- Forty-five agencies use the Law Enforcement Records Management System (NetRMS), totaling 311 users with 200 full-time officers.
- Six counties now use the State's Attorney Reporting System (Justware), which is currently being upgraded.
- The Statewide Automated Victim Information and Notification System (SAVIN) went live in January 2009. This system informs victims about an offender's movement throughout the criminal justice system.
- More information and record types continue to be added to the CJIS Portal, which now includes Bismarck-Burleigh and Minot-Ward data, Highway Patrol citations, and custodial records from jails and the Department of Corrections.

ConnectND

ConnectND is the State's PeopleSoft implementation of Financial, Human Capital Management, Campus Solutions, and Portal applications. Along with regular maintenance and production support, several initiatives were completed last year:

- Oracle's User Productivity Kit (UPK) was implemented so that application navigation could be recorded and used to produce online play-back features, help links, and training guides. This year, the ConnectND Procurement group used UPK to create help topics for 1099 forms in Finance.
- The Business Intelligence PeopleSoft Project (BIPP) utilized Cognos, a reporting tool, to enable users to create reports and display dashboards of data in a quick and practical fashion. The architecture and data marts are currently being leveraged to build a searchable public database requested by the State Legislature.
- Enterprise Learning Management (ELM) was implemented so state agencies could post, share, and schedule training courses.
- Planning is underway to deploy PeopleSoft upgrades, Recruiting Solutions, and Data Archiving.

Health Information Technology (Health IT)

In 2009, the North Dakota Legislature passed Senate Bill 2332, which established a Health Information Technology Advisory Committee (HITAC), to help implement a comprehensive system to manage health information. Lawmakers also appropriated money for a Health IT Office, established loan funds, and provided an appropriation for anticipated federal funds and associated match. They additionally appropriated \$5 million dollars for a low interest revolving loan fund to help providers acquire certified electronic health record systems. The HITAC committee selected 12 providers to participate in this program.

The legislative action facilitated the 2009 American Recovery and Reinvestment Act, which includes a section on Health Information Technology for Economic and Clinic Health (HITECH). Health IT will allow for comprehensive management of medical information and its private and secure exchange between health care providers and consumers.

HITAC consists of representatives from the Governor's Office, ITD, Department of Health, and Department of Human Services, as well as 19 stakeholders appointed by the Governor, who represent providers, consumers, and trade associations. Additionally, HITAC hired a Health IT Director, who serves at the pleasure of the committee.

GIS Hub

Through the collaborative efforts of North Dakota state agencies, local government, and private enterprise, the Geographical Information Systems (GIS) Hub continues to grow and provide value. Since its inception in 2004, each passing year provides more interactive maps and information to users.

The GIS database infrastructure was upgraded in 2009, becoming the first database system at ITD to utilize Oracle's Real Application Clusters (RAC) for increased uptime, improved throughput, and database failover. This new Linux-based solution also reduced upfront and ongoing costs. Once an upgrade to the hub's web services is complete, users will enjoy quicker interactive web mapping – comparable to Google Maps.

GIS Hub – Usage



SOFTWARE DEVELOPMENT

ITD's custom enterprise applications are designed and built using industry standards following current best practices in accessibility, security, and scalability; ultimately, creating a more efficient government as agencies work together to share applications. Our projects follow the State's enterprise project management standards, a methodology allowing us to consistently manage projects to achieve success in terms of on-time and within budget.

In addition, State of North Dakota agencies along with ITD participate strongly in the State's enterprise architecture program, which involves cross-agency domain teams and a governance structure that facilitates communication and partnerships among state agencies. These partnerships allow the State to run IT systems within a shared enterprise environment that helps state agencies reduce costs for software licensing, hardware, and administrative staff.

3,639 Service Requests Completed
97% on-budget & 92% on-time



Marlys Axtman
Director of Software Development

New Tools

Website Development & Quality

Software Development understands the easier we make it to update websites the more likely information will remain current. With that in mind, we have incorporated the use of two tools which are aimed directly to agencies:

- A new server-based site quality tool was implemented in April 2010 that provides state agencies a consistent method to identify accessibility and site quality issues on their own websites. Following minor setup configurations by ITD, agencies can enjoy the flexibility of scanning and creating reports for managing their own websites.
- An open source web content management tool was implemented earlier this year that allows agency users to easily publish, manage, and organize a variety of website content. After user roles have been identified, agencies can control who has authority to update and release content to their websites. This tool supports multiple content types such as pages, press releases, newsletters, and RSS feeds. Seven sites are now using this tool with many more on the way.

Voice Integration Tool

A new Integrated Voice Recognition (IVR) system went live earlier this year. North Dakota's Game and Fish Department become the first state agency to embrace the new tool. Following the development of this application, ITD made the decision to outsource this service. In February a Request for Proposal (RFP) was issued with the intent to add vendors for this service to the State's Vendor Pool. Contracts with the vendors were in place by April.

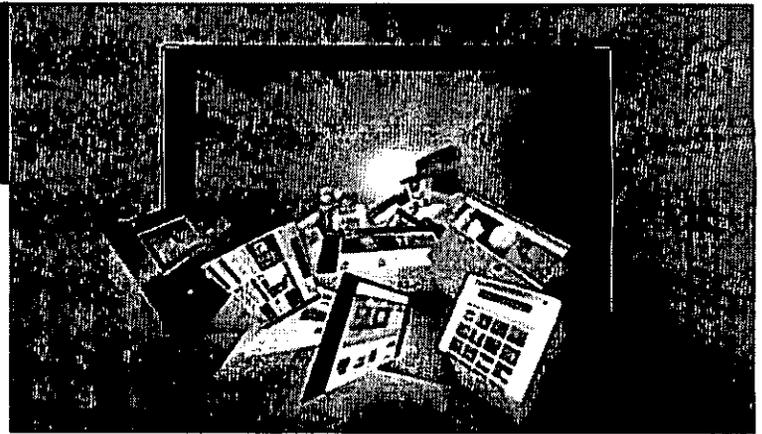
New & Improved Services

Quality Assurance Forges Onward

Quality has always been foremost in our software development goals, so we continue to refine our processes to become even more structured. Six months ago, we began working under the guidance of our new Quality Assurance (QA) manager. We are now conducting formal quality testing with agencies for both ITD- and vendor-written applications.

Business Analysts as a Service

The Software Development Division began training and reclassifying staff members to become Business Analysts. These individuals work closely with assigned agencies to understand their business. This provides the individuals the opportunity to assist the agency and ITD in determining how technology and process change could better enable the agency to provide its services. Although ITD is limited in the number of FTE's available for this type of work, the new service is off to a good start.



Providing Better Estimates

Due to the expansion of ITD services, providing accurate cost estimates is an important component of our service delivery. We are refining our estimating forms and processes in an attempt to provide more accurate estimates.

Each year, ITD reviews on-going costs associated with currently hosted web applications. Through this process, we discovered it has been difficult for customers to determine these costs for vendor-written applications. Our soon-to-be released process will include a form to guide agencies and vendors through related questions to determine a more accurate on-going cost. This form will be required prior to load testing and application hosting.

Agency Success Stories

Computer Aided Dispatch (CAD)

ITD provided project management services to both the North Dakota Department of Emergency Services (DES) and the North Dakota State Highway Patrol (HP) to manage a joint project to procure and install a new Computer Aided Dispatch (CAD) and Mobile Data System. The new system streamlines emergency dispatch processes used to respond to incoming 911 calls throughout state and county jurisdictions. This project leveraged a vendor solution to consolidate multiple information systems into a unified communication platform that now answers calls, maps locations, retrieves criminal records information, and dispatches responders.

Emergency Registration System (ERS)

The Health Department's Emergency Preparedness Division approached ITD for assistance in purchasing a distributed scanning solution for the H1N1 Flu Vaccination Project. ITD's Electronic Document Management Systems (EDMS) group assisted the agency in working with outside vendors to find a solution that would meet the technical and financial requirements of the project. Through a joint effort of the agency, vendor, software development, and server support, this project was implemented on time in October of 2009.

LEGEND

The Software Development Division is very involved with the Legislative Council's rewrite of legacy systems. Project components include Bill Drafting, Post Session Publication, Journal, Bill Status, and LAWS. The new system goes live for the 2011-2013 biennium. Although the application is being written by a vendor, many of ITD's analysts and developers are working directly as the vendor's counterparts to assist with analysis, design, development, interfaces, and testing. ITD is also providing oversight services, including project management, architecture review, and deliverables review for Legislative Council.

Child Support Intercept (CSI)

The Department of Human Services (DHS) Child Support Intercept (CSI) application is a .NET web application that gives gaming organizations the ability to determine whether child support arrears are owed by a winning client. CSI alerts the gaming organization of the amount that should be deducted from the winnings and subsequently sends to DHS to be applied to past due child support.

Application Security Vulnerability Testing

Software Development architects along with several teams within ITD helped procure a tool to test State web applications for cyber vulnerabilities.

HOSTING

The Information Technology Department provides centralized hosting services for all of North Dakota state government. This hosting environment is diverse, encompassing platforms that include Unix, mainframe, Windows, and Linux systems.

The Computer Systems Division is continuing to build private cloud computing systems that are positioning us to move into public cloud offerings. We hold the responsibility to ensure that ITD and other state agencies adopt private and public cloud offerings in a secure manner. We accomplish this through staff education and enterprise architecture reviews.

We keep IT architecture aligned with the consolidation intentions that were set by the legislature several years ago. We understand that consolidation can be bigger than ITD and that elements of ITD itself will be consolidated and virtualized through external providers when feasible.

Our computer services are provided through a shared services model wherever possible in which multiple agencies share infrastructure (e.g., e-mail, .NET,

J2EE, and database services). The use of shared services and virtualization has deferred data center expansion and software licensing with an estimated cost savings in the millions of dollars.

Strategies for the Future

Storage

Computer storage in North Dakota is following global trends with transactional data growing by 21 percent and unstructured data increasing by 60 percent annually. To help manage this growth, ITD implemented 25 terabytes (TB) of data de-duplication equipment last year and is investing in storage management tools and education.

In the coming year, ITD will implement Storage Area Network (SAN) equipment refreshes that include 8 gigabyte (GB) SAN backplanes and LTO-5 tape systems. Upcoming projects include analyzing tapeless backup environments, which will ultimately allow ITD to move to a tapeless environment. ITD will continue to increase the utilization of its secondary data center for data replication and backup to accomplish this goal.

Virtualization, Building the Cloud

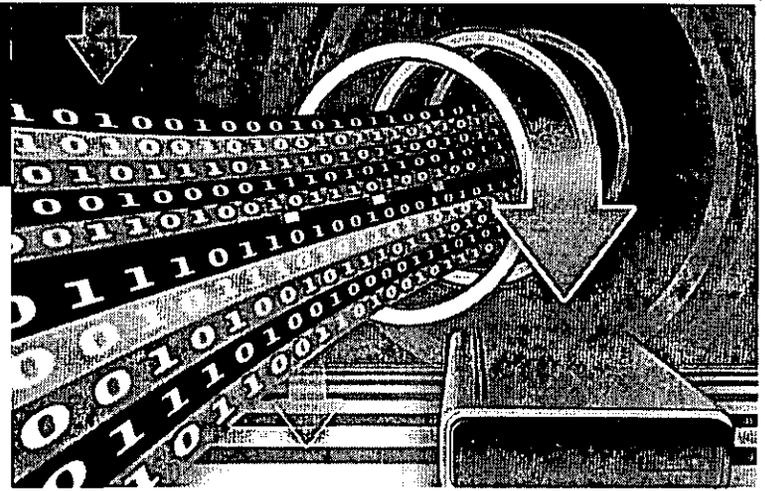
Server virtualization is the practice that is allowing ITD to create a private cloud for State entities. This private cloud currently provides state agencies and K-16 education sectors with "Software as a Service" offerings, such as ConnectND's PeopleSoft application, PowerSchool, and email.

Roughly 50 percent of the State's consolidated server farm is now virtualized. ITD's current virtualization project is reducing server hardware at a ratio of 12 physical servers to one blade server. ITD is increasing its staff training to effectively manage this complex environment just as we actively engage our vendors' engineers for design and review. ITD intends to have more than 80 percent Intel virtualization by July 2011.



L. Dean Glatt
Director of Computer Systems

Completed 17,027
Service Requests



Server Operating Systems

	Physical	w/Virtualization
Windows	248	776
Linux	67	166
AIX/Solaris	22	126
MF/z-series	2	5
AS400/i-series	3	7
Totals	342	1,080
69% Virtualization		

Active Directory
Objects
228,356 users
9,486 groups
12,835 computers

Daily Email
Activity
(Averages)

Inbound
Messages

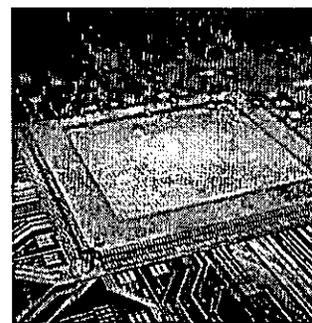
2.1 million

Percent of
Messages
Removed by
SPAM Filter

95.1%

Inbound "Clean"
Messages

86,192



Consolidated
File & Print
Support
1,500 Printers
1,421 Shares
24.5 Terabytes

Enterprise Databases

	Applications	Tables	GB
SQL Server	418	262,361	4,625
Oracle	273	67,615	3,625
ADABAS	119	547	137
DB2	398	8,398	361
Totals	1,208	338,921	8,748

TELECOMMUNICATIONS

The recent surge in mobile communications, expanding broadband services, and cloud computing architecture has created a significant shift in the direction of the State's network infrastructure. Today, many government networks exist as an internalized corporate infrastructure where users work from a private office with dedicated connections to their computing resources. While most computing resources and applications have been centralized for North Dakota government, the State's underlying network infrastructure is still one of a corporate model.

During the next year, the State of North Dakota will roll out a new statewide network which will transform it from corporate architecture to an ISP design. In addition, the State will be reengineering access methods to computing resources within the State's data center in an effort to provide secure, flexible, and scalable access to hosted applications. These changes will align the State network in a direction that supports cloud computing by providing access to State applications from any internet location across the state, public or private.

The new network architecture will connect all State offices as if connected by broadband ISPs whether

or not they are connected with Fiber, ATM, Carrier Ethernet, wireless, etc. Each endpoint will employ a VPN firewall that builds a split tunnel to the State's service center. This design will permit the underlying network transport to be fluid and will permit the State to entertain many types of network transport services from one or any number of providers for all 800 customer locations.

In addition, the State of North Dakota will be renewing its contract for cellular communications in the upcoming year. This will give the State new access opportunities, not just for voice services, but for new mobile applications that continue to challenge traditional methods of delivering services. Like many organizations, North Dakota is continually addressing various business issues such as disaster recovery, pandemic planning, and the expansion of telecommuting which continue to challenge traditional government network architecture. We believe the new network architecture prepares North Dakota to continue to grow and expand in sync with the rapid change of technology.

Creating Broadband Awareness

The State of North Dakota has been working with the National Telecommunications and Information Agency (NTIA) to help the Federal Communications Commission build the national broadband availability map. In conjunction with that effort, ITD has been gathering North Dakota provider data and collecting citizen input to produce a public map for North Dakota, scheduled for delivery this fall.



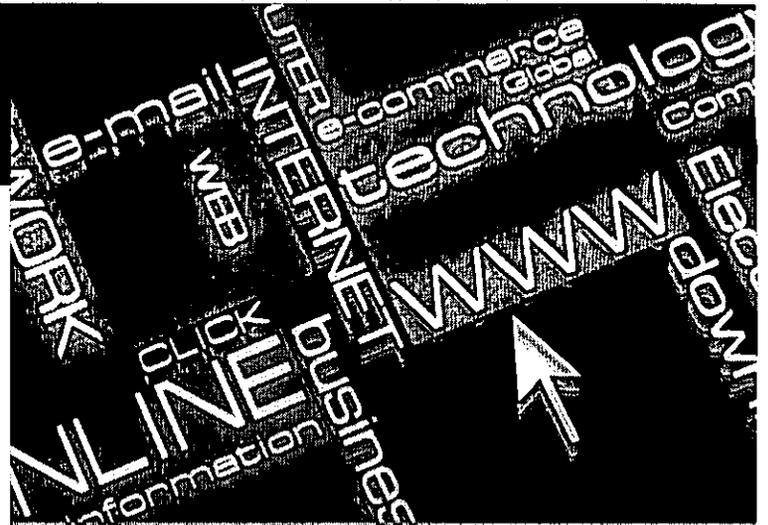
Duane Schell
Director of Telecommunications

[Completed 3,580
Service Requests]

STAGenet 2009 Education Upgrade

This project delivered a much needed equipment refresh to K-12 schools and also refreshed equipment used in Higher Education entities and the State's core network. Many endpoints used in K-12 schools were running out of capacity due to growing IT needs, primarily due to video and Voice over Internet Protocol (VoIP). Negotiations with local telecommunications providers opened up an opportunity to increase bandwidth with only a slight increase to the overall monthly cost of upgrading to an Ethernet infrastructure. This effort involved collaboration with over 18 local telecommunication companies, 175 K-12 facilities, 25 Higher Education facilities, nine State libraries, and six tribal facilities.

This equipment allows the State to significantly increase bandwidth to both K-12 and Higher Education facilities. Previously, most K-12 facilities had one T1 servicing them for a bandwidth of 1.5 Mbps. Today, most have a 10 Mbps Ethernet connection. During the 2009-10 school year, average bandwidth usage was increased by more than 200 percent. A number of schools (23) increased their usage by more than 500 percent. The old system could not have supported this growth.



STATEWIDE NETWORK

a.k.a

STAGenet

(Statewide Technology Access for Government and Education Network)

Quick Facts

1,025

Network Endpoint Locations

100,000

Devices Supported

10,000

Phones Supported

21,000

**Scheduled Video Conferences
Delivered Yearly**

10,000,000

Minutes of Long Distance

OUR WORKFORCE

Bringing IT systems and applications to life is no daunting task, but ITD's staff is dedicated, trained, and poised to take on the challenges brought forth by the industry and North Dakota state government. ITD's team-based organizational structure helps to support our six core service areas: Enterprise Services and Customer Support, Administrative Services, Software Development, Computer Systems, Telecommunications, and Human Resources. In addition to the divisional team structure, ITD often builds cross functional teams that span divisions to enhance internal communications. Our goal is to inspire trust, knowledge, and partnerships with our employees across all divisions.

Workforce Transformations

In an effort to provide the best service possible, ITD restructured teams within several service areas. Based on the necessity of interactions among several divisions within ITD, a new cross functional team was designed to provide input for Business Intelligence (BI). This team consists of Business Intelligence personnel, software developers, database analysts, systems administrators, and architects.

ITD's project management and large project oversight teams were transformed to a single team within the

Software Development Division. This allows ITD to expand the resource pool for Project Management and Large Project Oversight by sharing the duties among team members with similar experience and training. It also enables a more unified project management vision and direction for our customers and staff.

ITD's Policy and Planning Division merged with its Customer Services Division to form the new Enterprise Services Division. This team consists of the Service Desk, the Business Intelligence Competency Center, and program administrators for SharePoint, Master Client Indexing, Electronic Document Management Systems, ConnectND, Geographical Information Systems, IT Procurement, IT Planning, Enterprise Architecture, and other special projects. The convergence trimmed ITD's management hierarchy and positioned product managers to effectively bridge ITD services with customer needs.

Employee Satisfaction, an Important Measure of Success

While creating a positive experience for ITD's customers is our goal, it is just as important for us to stay in tune with employee morale. To check the barometer on employee satisfaction, ITD surveys employees every two years to gauge the Department's health internally. Employee focus groups and action planning are core outputs of the survey, where employees provide input for change and implementation processes. Consistently, employee satisfaction remains high; and overall, employees feel they have gained respect from managerial teams and coworkers. Most feel they belong to a supportive and competent team. While the demands of an IT career can be challenging, employees continue to express they appreciate the flexible work environment ITD provides, knowing they can balance time between family and work.



Shelly Miller
Director of Human Resources

Health, Safety, & Wellness are Priority Initiatives

ITD promotes health, safety, and wellness in the workplace through many different programs, including annual training for ergonomics, safety, and security. In addition, ITD held its first Wellness Week last July inviting staff to take advantage of wellness activities offered at ITD, from its Walking Works program to making healthier lifestyle choices.

ITD utilizes Risk Management's Fund Contribution Discounts and Worker's Compensation Premium Discount Programs to monitor safety inspections, disaster recovery efforts, incident reporting, as well as the communication of safety and security guidelines and policies.

Time, Labor, and Performance Transformations

ITD plans to implement a new time and labor tracking system that will streamline several administrative functions and assist with workload allocation. It will:

- Eliminate paper leave requests
- Create electronic approvals
- Automate FMLA tracking and reporting
- Provide real-time leave balances
- Enhance time reporting on work assigned to staff

Electronic performance evaluations will be the next wave to streamline internal management practices. This will have a number of benefits including but not limited to:

- A more consistent performance evaluation process
- Improved workflow processes
- Improved alignment between employee goals and development activities and business priorities

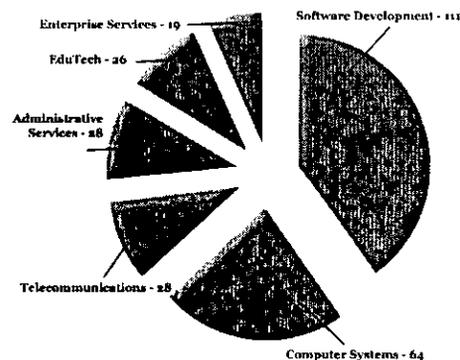
I enjoy working at ITD because of the people I work with. They make coming to work easy and fun. We can count on each other no matter what.

ITD employee



ITD's HR team is committed to fostering a work environment that attracts and inspires excellence in employees. By serving as a strategic business partner within ITD, HR helps align people, strategy, and performance to ITD's mission and vision.

ITD Employee Count By Division
Fiscal Year 2010



FINANCIAL REPORTING & ACCOUNTABILITY

The Information Technology Department operates as an internal service fund. ITD tracks and monitors the cost and revenue of each service in cost centers to ensure that one service is not subsidizing another. The federal government does not allow state central service agencies to accumulate an excess fund balance. Regulations establish specific standards for determining allowable costs for services in federally funded projects. ITD monitors the cost centers and adjusts rates accordingly.

Actual funding for IT operations and projects is appropriated to each agency which in turn pays ITD for the hosting and/or development services. General funded IT projects are reviewed by the State Information Technology Advisory Committee (SITAC). This group of senior level executives prioritizes the IT projects to assist the legislature and other budget stakeholders as they address the budget requests during the legislative session. The State of North Dakota has historically been a conservative state with regard to funding IT projects and requires a projection of ongoing operating costs for any new IT projects before approval is granted.



Dan Sipes
Director of Administrative Services

ITD plays an important role in centrally managing the State's computer system, standardizing IT systems, reducing duplication, and ensuring that state agencies can communicate electronically, quickly and securely. Our core service areas include the following:

Hosting Services

The Information Technology Department is designated to host applications for state agencies. Additionally, we host several statewide applications which support core business functions in state agencies, such as HR & Financials (ConnectND), Email (Exchange), Active Directory (statewide authentication directory), and Electronic Document Management Systems (EDMS). We strive to provide our customers with a secure environment, reasonable data center costs, and optimal levels of uptime. ITD's data center operates 24 x 7 x 365, and currently houses more than 1,050 servers, one mainframe, and related IT equipment.

Software Development

ITD provides a wide range of software development services. Our development projects follow the State's enterprise project management standards, which helps control projects to achieve success in terms of on-time and within budget.

Networking Services

North Dakota's statewide network, known as STAGEnet (Statewide Technology Access for Government and Education Network), provides fast, reliable, and secure connectivity to all four corners of the state connecting state, county, and local government agencies, K-12 education, and higher education.

Telecommunications Services

ITD provides a variety of telephony services to state agencies, including digital, analog, and Voice over Internet Protocol (VoIP). ITD provides provisioning, inventory maintenance, and billing for statewide voice services such as calling cards and other long distance products, cellular equipment and service, Interactive Voice Response (IVR), and toll free numbers.

Security

ITD's security section is responsible for the governance and management of security across the enterprise as well as providing cyber security awareness activities. ITD works closely with federal, state, local, and private industry partners to collect and analyze information on cyber threats and vulnerabilities that pose a threat to the State's information systems and critical information managed within those systems.

Efforts to ensure security and awareness include a biennial SAS70 audit conducted by the Office of the State Auditor with specialized security testing conducted by an external security consultant. This audit provides assurance to our customers and their auditors that ITD has appropriate controls in place. The latest audit was completed in December 2007. A copy of the SAS70 report can be found at http://www.nd.gov/auditor/reports/SAI11200_07.pdf. Additionally, a security audit was completed in December of 2009.

Records Management

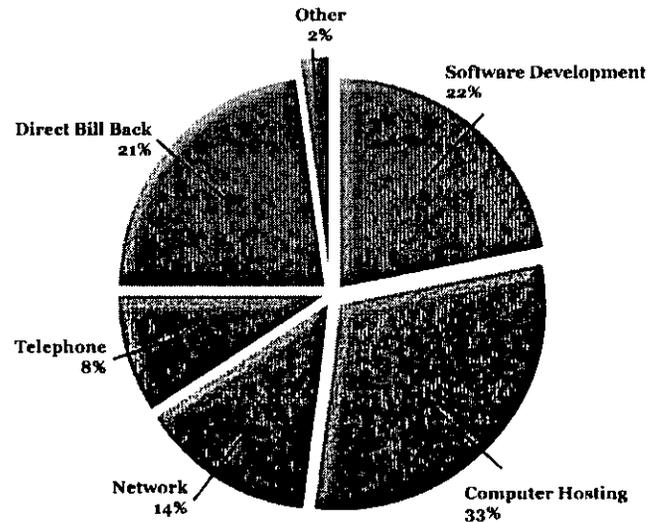
North Dakota Century Code (NDCC) 54-46-11 requires ITD to report on Records Management practices and programs in state government. This program includes records retention schedules, annual disposal of reports, forms inventories, and consulting.

ITD has implemented records management programs in 60 state agencies and 34 boards, commissions, and councils. Additionally, North Dakota State University worked closely with ITD throughout the year to implement a new records management program.

Last year, state agencies and local government offices disposed of 2,098 cubic feet of records to satisfy retention requirements. This savings in storage space, equipment, and related salaries resulted in a cost avoidance of \$563,146.

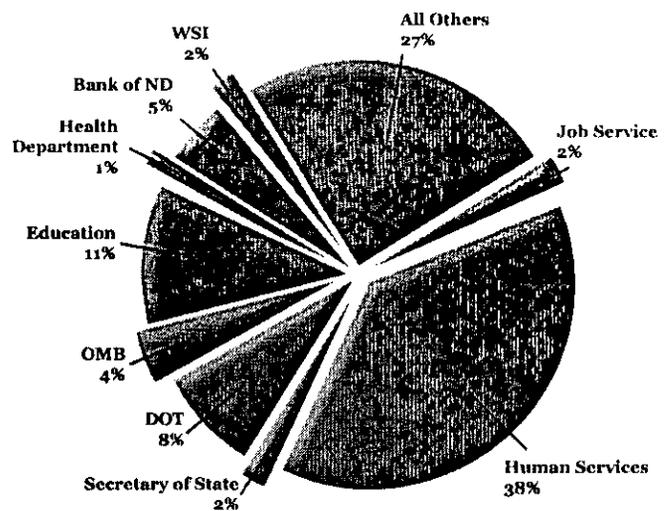
ITD Revenue By Service

Fiscal Year 2010
Total Billing: \$49,550,216



ITD Revenue By Department

Fiscal Year 2010
Total Billing: \$49,550,216



Rate Comparisons & Trends

The Information Technology Department (ITD) generates revenues by providing 105 services, each with its own rate. Customers are billed monthly for services provided the previous month. Federal regulations do not allow state central service agencies to accumulate an excess of cash. Therefore, ITD closely monitors the cost and revenue for each service and adjusts its rates accordingly.

In April of every even numbered year, ITD establishes budget rates for the upcoming biennium. These rates generally do not increase during the two-year period because agencies do not have the ability to request additional funds. However, if the cost for providing a service decreases, ITD will reduce the rate. ITD also monitors what other entities are charging for similar services in an effort to maintain quality services at a fair price. The following tables reflect ITD's comparisons and history. In summary, service rates are the result of higher labor rates along with the need to upgrade old equipment to deploy new technologies.

CPU Rates

(based per second)

	North Dakota	South Dakota	Montana	Minnesota
	ITD	BIT	ITSD	OET
Batch CPU	\$ 1.07	\$ 1.59	\$ 2.96	n/a
CICS CPU	\$ 1.07	\$ 1.59	\$.84	n/a
ADABAS CPU	\$ 1.17	\$ 1.59	\$ 1.73	n/a
TSO CPU	\$ 1.07	\$ 1.59	\$ 3.17	n/a

SD operates an IBM zSeries 800 2066-OC1 mainframe - approx. 3x slower-published rate is \$.53/CPU second. SD also charges \$.06/1,000 I/Os. MT operates an IBM zSeries z9 - approx. 43% slower. MT rate is adjusted above. MN uses service units to bill rather than CPU seconds. This is because they run three different processors.

NETWORK FEES

	North Dakota	South Dakota	Montana	Minnesota
	ITD	BIT	ITSD	OET
Technology Fee	\$ 43.50	\$ 57.00	\$ 117.63	\$ 45.50
DSL Service	Actual (\$ 40 - \$ 199)	n/a	\$ 297.67	Cost + 15%
ETS-5 (5mbps bandwidth)	\$ 890.00	n/a	\$ 1,989.25	Cost + \$ 140 (access) \$ 150/mbps (bandwidth)
Access/Information/ Enterprise Mgt. Fee	n/a	\$ 53.00	n/a	\$ 99.00

TELEPHONE FEES

	North Dakota	South Dakota	Montana	Minnesota
	ITD	BIT	ITSD	OET
Telephone Line	\$ 24.00 - VoIP	\$ 13.00	\$ 55.93 - VoIP	\$ 54.00 - VoIP
Speaker	\$ 3.00	Actual Cost	Included	Actual Cost
Speaker/Display	\$ 5.00	Actual Cost	Included	Actual Cost
Voice Mail (unlimited)	\$ 5.00	\$ 6.00		\$ 6.00
3-minute limit	n/a	n/a	\$ 7.04	n/a
Additional Minutes	n/a	n/a	\$ 8.87	n/a

LONG DISTANCE

	North Dakota (ITD)	South Dakota (BIT)	Montana (ITSD)	Minnesota (OET)
In-State	\$.07	\$.09	\$.06	\$.049
Out-of-State	\$.07	\$.10	\$.06	\$.07
800 Service	\$.07	\$.10	\$.08	\$.13

SOFTWARE DEVELOPMENT RATE COMPARISON

ENTITY	LOCATION	BILLING RATE/HOUR OF SERVICE
Information Technology Department	State of North Dakota	\$ 63 - \$ 79
Applied Engineering	Bismarck, ND	\$ 75 - \$ 92
Eide Bailly	Bismarck, ND	\$ 95 - \$ 190
Enterprise Solutions	Bismarck, ND	\$ 95 - \$ 140
Nexus Innovations	Bismarck, ND	\$ 95 - \$ 125
Vision Technology	Bismarck, ND	\$ 70 - \$ 75
Everest Consultants	Beaverton, OR	\$ 63 - \$ 99
Ciber	Vancouver, WA	\$ 55 - \$ 180
Compuware	Plymouth, MN	\$ 80 - \$ 151
Maximus	Rancho Cordova, CA	\$ 145 - \$ 190

ITD SERVICE RATE TRENDS

SERVICE RATES	July 2010	July 2009	July 2008	July 2007
Software Developer	\$ 63 - \$ 79	\$ 63 - \$ 79	\$ 58 - \$ 63	\$ 58 - \$ 63

CENTRAL COMPUTER CPU

	July 2010	July 2009	July 2008	July 2007
Batch CPU	\$ 1.07	\$ 1.17	\$ 1.17	\$ 1.17
CICS CPU	\$ 1.07	\$ 1.17	\$ 1.17	\$ 1.17
ADABAS CPU	\$ 1.17	\$ 1.23	\$ 1.23	\$ 1.23
TSO CPU	\$ 1.07	\$ 1.17	\$ 1.17	\$ 1.17

CPU rates for July 2007 through July 2008 were adjusted to be comparable to the faster computer purchased in 2009.

NETWORK FEES

	July 2010	July 2009	July 2008	July 2007
Technology Fee	\$ 43.50	\$ 43.50	\$ 41.27	\$ 41.27
ATM T-1	\$ 890.00	\$ 890.00	\$ 890.00	\$ 890.00

Device fees for July 2007 through July 2008 were adjusted to be comparable to the new technology fee method used in 2009.

TELEPHONE FEES

	July 2010	July 2009	July 2008	July 2007
Telephone Line	\$ 24.00	\$ 24.00	\$ 24.00	\$ 24.00
Speaker	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00
Speaker/Display	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00
Voice Mail (Unlimited)	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00

LONG DISTANCE

	July 2010	July 2009	July 2008	July 2007
In-State	\$.07	\$.075	\$.075	\$.09
Out-of-State	\$.07	\$.075	\$.075	\$.09
800 Service	\$.07	\$.07	\$.07	\$.07

Statement of Net Assets June 30, 2009 & 2008

	FY 2009	FY 2008
ASSETS		
CURRENT ASSETS:		
Cash Deposits at BND	4,204,336	3,182,256
Restricted Cash	191,977	8,294,424
Intergovernmental Receivables	155,547	152,226
Accounts Receivable	235,146	106,341
Due From Other Funds	4,805,759	3,639,730
Prepaid Items	<u>1,524,408</u>	<u>2,252,705</u>
TOTAL CURRENT ASSETS	11,117,173	17,627,682
NON-CURRENT ASSETS:		
Unamortized Bond Issuance Costs	39,897	46,546
Capital Assets:		
Building & Equipment - Net	<u>13,623,626</u>	<u>12,248,796</u>
Total Non-current Assets	13,663,523	12,295,342
TOTAL ASSETS	<u>24,780,696</u>	<u>29,923,024</u>
LIABILITIES		
CURRENT LIABILITIES:		
Accrued Payroll	1,573,932	1,433,655
Accounts Payable	920,261	665,988
Interest Payable	302,959	520,793
Intergovernmental Payable	35	4,809
Due to Other Funds	18,062	28,441
Compensated Absences Payable	79,768	76,548
Notes Payable	1,049,917	0
Bonds Payable	<u>654,108</u>	<u>629,458</u>
TOTAL CURRENT LIABILITIES	4,599,042	3,359,692
NON-CURRENT LIABILITIES:		
Compensated Absences Payable	1,386,551	1,330,576
Notes Payable	4,950,083	12,000,000
Bonds Payable	<u>2,922,538</u>	<u>3,576,645</u>
TOTAL NON-CURRENT LIABILITIES	9,259,172	16,907,221
TOTAL LIABILITIES	13,858,214	20,266,913
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	7,623,626	6,248,796
Unrestricted	<u>3,298,856</u>	<u>3,407,315</u>
TOTAL NET ASSETS	10,922,482	9,656,111
TOTAL LIABILITIES & NET ASSETS	<u>24,780,696</u>	<u>29,923,024</u>

Statement of revenues, expenses, and changes in fund net assets for years ending June 30, 2009 & 2008

	FY 2009	FY 2008
OPERATING REVENUE:		
Sales and Services	44,992,103	40,592,466
OPERATING EXPENSES:		
Salaries and Benefits	18,154,771	16,499,257
Operating	20,881,523	22,229,584
Depreciation	<u>4,206,325</u>	<u>2,956,238</u>
TOTAL OPERATING EXPENSES	<u>43,242,619</u>	<u>41,685,079</u>
OPERATING INCOME (LOSS)	1,749,484	(1,092,613)
NON-OPERATING REVENUES (EXPENSES):		
Interest and Investment Income	233,038	114,424
Interest Expense	(717,817)	(192,203)
Loss on Sale of Capital Assets	(14,442)	(33,112)
Other	<u>16,108</u>	<u>16,107</u>
TOTAL NON-OPERATING REVENUE (EXPENSES)	<u>(483,113)</u>	<u>(97,784)</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	1,266,371	1,187,397
TOTAL NET ASSETS-BEGINNING OF YEAR	<u>9,656,111</u>	<u>10,843,508</u>
TOTAL NET ASSETS-END OF YEAR	<u>10,922,482</u>	<u>9,656,111</u>

Financing Agreements: ITD has a note for \$6,000,000 from SunTrust Leasing at 3.469% for the Dept. of Human Services (DHS) Medicaid Systems Project. DHS will obtain federal & general funds in the 2009-11 & 2011-13 bienniums to reimburse ITD to pay off note in November 2012. ITD also borrowed \$4,950,000 from Midwest Leasing at 3.9% for the State telephone & network upgrade. ITD will collect funds to pay off note from its service billings with final payment in June 2014

Strategic Planning & Performance Measures

Measurement	Baseline (Previous Years)	Current (June 2010)	Target
ACCEPTABLE LEVEL OF TOTAL NET ASSETS	2007 - 1.7 2008 - 1.4 2009 - 1.7	2010 - 2.4	< OR = 2.0

SCORECARD PERSPECTIVE: FINANCIAL. Based on financial end of year "Statement of Net Assets," Total Net Assets does not exceed two (2) times the average monthly expenditures.

PERCENTAGE OF ITD RATES REPORTED IN ANNUAL REPORT THAT ARE COMPETITIVE	2007 - 100% 2008 - 100% 2009 - 100%	2010 - 100%	100%
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SCORECARD PERSPECTIVE: FINANCIAL. Based on 22 service rates representing 75% of ITD's revenue as reported in the Annual Report. "Competitive" is defined as a rate not exceeding 10% higher than the average comparable service rates provided by other government and private entities.

TOTAL NUMBER OF SERVICE REQUESTS AND INCIDENTS COMPLETED	2008	2009	2010	
SERVICE REQUESTS	32,105	33,243	34,247	MONITOR
INCIDENTS	53,738	55,421	60,835	

SCORECARD PERSPECTIVE: FINANCIAL. Although this measure is largely dependent on client budget appropriations and spending, it provides an indicator reflecting the amount of work volume or output produced by ITD. This measure reflects a 12-month timeframe.

CUSTOMER SATISFACTION INDEXES	% SATISFIED / VERY SATISFIED		% SATISFIED / VERY SATISFIED	
	2008	2009	2010	
Value	86.9%	83.9%	87.0%	92%
Timeliness	86.9%	92.2%	91.6%	97%
Quality	93.0%	95.3%	95.7%	97%
Knowledge	97.0%	96.8%	95.8%	98%
Professionalism & Courtesy	99.0%	100%	98.9%	100%

SCORECARD PERSPECTIVE: CUSTOMER. Customer Surveys are collected annually. This year, executives and business professionals were invited to join IT coordinators in completing ITD's Annual Customer Survey. As a result, 98 people provided feedback on these attributes. Customers are encouraged to offer candid feedback regarding ITD's ability to meet their business needs.

Measurement	Baseline (Previous Years)	Current (June 2010)	Target
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EMPLOYEE SATISFACTION INDEX	2006 & 2007 - 2.13 2008 & 2009 - 2.14	2010 - 2.21	2.0
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SCORECARD PERSPECTIVE: LEARNING & GROWTH. Every other year, ITD assesses its employee satisfaction. Employees are asked to rate ITD as a place to work. The above survey indexes reflect the overall average score of all employee survey rankings. The grading range is from 0-3 (dissatisfied to very satisfied). Ninety-eight percent of employees participated in the survey process.

CONTROLLABLE EMPLOYEE TURNOVER	2008 - 6.8% 2009 - 3.6%	2010 - 5.0%	BELOW 6%
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SCORECARD PERSPECTIVE: LEARNING & GROWTH. ITD tracks employee turnover on a quarterly basis. Employee turnover is a critical measure of organizational success. Technology skills will remain in high demand and in short supply through the next decade.

PERCENTAGE OF SERVICE LEVELS MET	2009 - 100%	2010 - TBD	100%
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SCORECARD PERSPECTIVE: INTERNAL PROCESS. ITD is currently developing service level objectives (SLO) for its primary services. Once this process has been completed, this measure will indicate ITD's ability to meet its service objectives.

PERCENT OF STRATEGIC BUSINESS PLAN OBJECTIVES COMPLETED OR ON SCHEDULE	2008 - 43% 2009 - 61%	2010 - 47%	75%
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SCORECARD PERSPECTIVE: INTERNAL PROCESS. ITD creates a strategic business plan that defines business improvement goals and objectives which are achieved through initiatives created at the department and division levels. All initiatives are prioritized and defined as projects through an internal project definition process that describes the scope, cost, timeframe, and expected outcomes. This measure assesses management's ability to plan effectively and put business strategy into action.

GUIDING PRINCIPLES

Respect

We treat everyone with dignity and respect.

Teamwork

We recognize ITD's success depends on partnerships and collaboration.

Achievement

We develop quality solutions that best address the needs of our state. We are committed to delivering results – on time and within budget.

Integrity

We build long-term, lasting relationships through mutual trust. We value open, honest, two-way communication.

Leadership

We encourage initiative and creativity. We are committed to investing in knowledge and expertise.

Service

We hold ourselves accountable for a positive customer experience.



Websites & Additional Information

North Dakota State Portal
www.nd.gov

State of North Dakota Information Technology Department
www.nd.gov/itd

For more information or to request additional copies of this report, please contact the Service Desk at servicedesk@nd.gov

An electronic copy of the Information Technology Department's Annual Report can be viewed by visiting www.nd.gov/itd/pubs



**State of North Dakota
Information Technology Department**

1021.1.28.11C

SITAC Prioritized Projects

The State Information Technology Advisory Committee (SITAC) ranks projects requesting funds of more than \$250,000 each biennium. SITAC ranks the projects by funding sources including General, Special and Federal funds. The prioritization of large projects assists legislators during the appropriation process.

General Funds

- Department of Human Services - Eligibility System
- Adjutant General - Dispatch Console System
- Highway Patrol - Cview
- Information Technology Department - Longitudinal Data System
- Highway Patrol - Automated Routing
- Adjutant General - Baseline Map Phase II

Special Funds

- Attorney General - Criminal History Planning
- Department of Transportation - Drivers License Redesign
- Bank of North Dakota - Servicing Direct Student Loans
- Department of Transportation - Estimating System Rewrite
- Information Technology Department - Billing System Rewrite

Federal Funds

- Department of Human Services - Vocational Rehabilitation Information System (VRIS)
- Job Service North Dakota - Data Quality Initiative

**Information Technology Department
Agencies with Greatest Impact from the Broadband Add-on Fee
For 2011-13 Biennium**

In the 2011-13 biennium agencies with DSL and cable circuits will now be required to pay for a portion of the state's backbone network and the state's data center. Prior to this biennium only the higher bandwidth circuits (T-1 and DS3) were charged this fee. This add-on fee is a more consistent approach to recover the costs incurred to provide these services. It should be noted that the increased revenue to ITD from this new fee has allowed the cost of the higher bandwidth circuits to remain the same as the 2009-11 biennium.

The following are the eight agencies with the largest projected cost increase:

Department of Transportation	\$260,000
Department of Human Services	\$105,000
Department of Corrections	\$ 67,000
Parks & Recreation	\$ 67,000
Historical Society	\$ 39,000
Department of Health	\$ 30,000
Game & Fish	\$ 28,000
Protection & Advocacy	\$ 17,000

These amounts are estimates and may not match the agency's budget request exactly. They are based on the number of DSL and cable circuits in place on December 2009. Agencies add and delete circuits based on need.

HB 1021.
Feb. 18, 2011
Attachment 1

**Information Technology Department
Agencies with Greatest Impact from the Broadband Add-on Fee
For 2011-13 Biennium**

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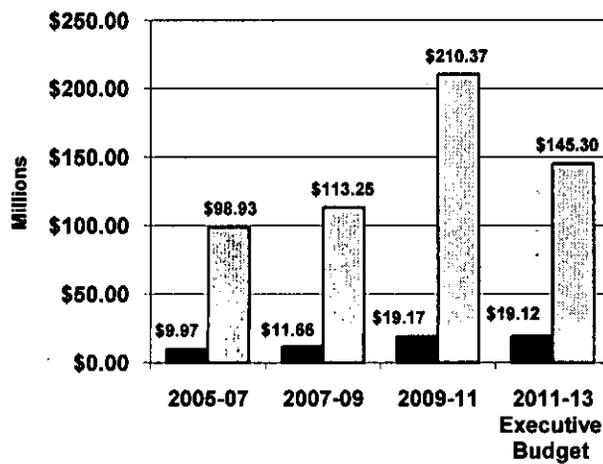
These amounts are estimates and may not match the agency's budget request exactly. They are based on the number of DSL and cable circuits in place on December 2009. Agencies add and delete circuits based on need.

**Department 112 - Information Technology Department
 House Bill No. 1021**

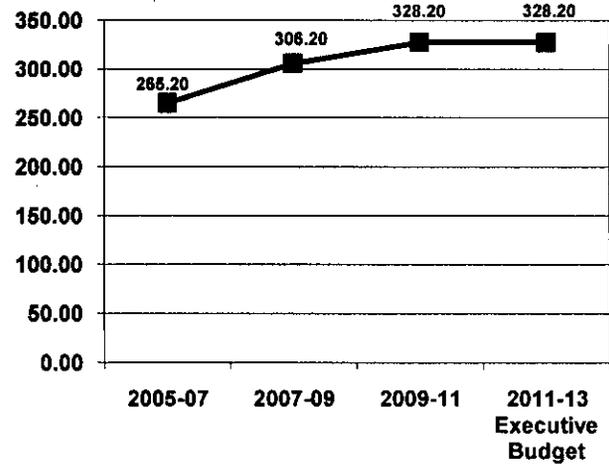
	FTE Positions	General Fund	Other Funds	Total
2011-13 Executive Budget	328.20	\$19,121,204	\$145,303,651	\$164,424,855
2009-11 Legislative Appropriations	328.20	19,170,785	210,371,054	229,541,839 ¹
Increase (Decrease)	0.00	(\$49,581)	(\$65,067,403)	(\$65,116,984)

¹The 2009-11 appropriation amounts include \$1,265,000, \$65,000 of which is from the general fund, for the agency's share of the \$16 million funding pool appropriated to the Office of Management and Budget for special market equity adjustments for executive branch employees. The 2009-11 appropriation amounts do not include \$497,718 of general fund carryover from the 2007-09 biennium and \$13,025,000 of additional special funds authority resulting from Emergency Commission action during the 2009-11 biennium.

Agency Funding



FTE Positions



■ General Fund □ Other Funds

Ongoing and One-Time General Fund Appropriations

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2011-13 Executive Budget	\$17,163,580	\$1,957,624	\$19,121,204
2009-11 Legislative Appropriations	14,983,554	4,187,231	19,170,785
Increase (Decrease)	\$2,180,026	(\$2,229,607)	(\$49,581)

First House Action

Attached is a summary of first house changes.

**Executive Budget Highlights
 (With First House Changes in Bold)**

Information Technology Department

	General Fund	Other Funds	Total
1. Deletes 1 FTE policy and planning position not requested by the agency			
2. Deletes 2 FTE positions, which were moved to support the PowerSchool application		(\$250,850)	(\$250,850)
3. Transfers funding to the State Library to continue to provide Internet connectivity to public libraries	(\$128,440)		(\$128,440)
4. Adds ongoing funding, including 2 new FTE positions, for staffing, hosting, and operating costs associated with the Statewide Longitudinal Data System Initiative (includes \$329,627 for salaries and wages and \$988,309 for operating expenses)	\$1,317,936		\$1,317,936

5. Adds a new FTE research position relating to the Statewide Longitudinal Data System Initiative (funding provided for only the second year of the biennium) (includes \$111,441 for salaries and wages and \$38,053 for operating expenses)	\$149,494		\$149,494
6. Adds one-time funding for implementing the statewide longitudinal data system	\$1,757,624		\$1,757,624
7. Increases funding for the Geographic Information System Initiative	\$306,956		\$306,956
8. Adds one-time funding for Criminal Justice Information Sharing Initiative projects	\$200,000		\$200,000
9. Provides federal funding for continuation of the broadband mapping project		\$2,900,000	\$2,900,000
10. Provides federal funding for continuation of the federal E911 grant		\$1,500,000	\$1,500,000
11. Removes one-time funding appropriated for the 2009-11 biennium relating to the Statewide Longitudinal Data System Initiative, Criminal Justice Information Sharing Initiative projects, statewide deployment of PowerSchool, and the wide area network	(\$4,187,231)		(\$4,187,231)
12. Removes federal fiscal stimulus funding appropriated for the 2009-11 biennium relating to the Statewide Longitudinal Data System Initiative		(\$2,263,883)	(\$2,263,883)
Center for Distance Education			
13. Adjusts funding for the Center for Distance Education by increasing funding from the general fund and decreasing funding from special funds, including the deletion of 5 FTE positions and \$457,359, of which \$395,242 is from the general fund, for a tuition subsidy initiative. The House removed 1.9 vacant FTE positions and related funding totaling \$228,968 of special funds.	\$1,375,891	(\$1,125,470)	\$250,421
Educational Technology Council			
14. Provides special funds spending authority for grants to schools from federal or private entities		\$75,000	\$75,000
EduTech			
15. Adjusts funding for EduTech, including changing the funding source for implementing the PowerSchool application in school districts from 50 percent from the general fund and 50 percent from school districts to a data collection factor in the state school aid formula. This results in the costs being reflected as special funds. This was a recommendation by the North Dakota Commission on Education Improvement.	(\$2,060,603)	\$1,898,604	(\$161,999)
16. Adds 2 FTE positions, including related operating expenses, relating to the PowerSchool application to provide a total of 31 FTE positions for the 2011-13 biennium		\$334,844	\$334,844
Health information technology			
17. Provides health information technology funding of \$19,059,238, of which \$362,972 is from the general fund, \$5.1 million is from federal funds, \$8 million is from Bank of North Dakota profits, and \$5,596,266 is from health care providers for participating in the health information exchange (includes 3 FTE positions)	\$12,972	\$10,696,266	\$10,709,238
18. Removes federal fiscal stimulus funding appropriated for the 2009-11 biennium relating to health information technology		(\$80,000,000)	(\$80,000,000)

Other Sections in Bill

Line item transfers - Section 3 authorizes the Office of Management and Budget to make transfers of funds between the salaries and wages, operating expenses, and capital assets line items of the Information Technology Department as may be requested by the Chief Information Officer as necessary for the development and implementation of information technology projects.

Bank of North Dakota PACE program - Section 4 provides legislative intent that the Bank of North Dakota PACE program be used to provide low-interest loans to finance projects of up to a total of \$5 million consistent with the mission of the health information technology planning loan fund and the health information technology loan fund.

Statewide longitudinal data system expenditures - Section 5 amends Section 7 of Chapter 49 of the 2009 Session Laws relating to approval by the Information Technology Department of Department of Public Instruction expenditures for costs associated with the statewide longitudinal data system.

Bank of North Dakota transfer - Section 6 amends Section 9 of Chapter 519 of the 2009 Session Laws relating to a transfer from the current earnings and the accumulated undivided profits of the Bank of North Dakota to the health information technology loan fund.

Continuing Appropriations

There are no continuing appropriations for this agency.

Significant Audit Findings

Noncompliance with appropriation laws - The State Auditor's office recommends the Information Technology Department develop control procedures for monitoring special appropriations and comply with North Dakota Century Code Section 54-16-03 by not overspending its special appropriation laws.

Major Related Legislation

House Bill No. 1214 - Statewide longitudinal data system - Provides statutory changes relating to the Statewide Longitudinal Data System Committee and the powers and duties of the Information Technology Department relating to the statewide longitudinal data system.

Senate Bill No. 2037 - Establishment and participation in the health information exchange - Provides for the confidentiality of health information under the health information exchange, participation in the health information exchange, and responsibilities of the Health Information Technology Office.

ATTACH:1

House Bill No. 1021 - Information Technology Department - House Action

	Executive Budget	House Changes	House Version
Salaries and wages	\$45,603,386		\$45,603,386
Operating expenses	53,152,191		53,152,191
Capital assets	15,035,666		15,035,666
Center for Distance Education	6,876,206	(226,968)	6,649,238
Statewide Longitudinal Data System	3,626,867		3,626,867
Educational Technology Council	1,075,403		1,075,403
EduTech	7,926,447		7,926,447
K-12 wide area network	5,075,992		5,075,992
Geographic Information System	1,112,065		1,112,065
Health Information Technology Office	13,959,238		13,959,238
Criminal Justice Information Sharing	2,981,394		2,981,394
Federal stimulus funds	8,000,000		8,000,000
Total all funds	\$164,424,855	(\$226,968)	\$164,197,887
Less estimated income	145,303,651	(226,968)	145,076,683
General fund	\$19,121,204	\$0	\$19,121,204
FTE	328.20	(1.90)	326.30

Department 112 - Information Technology Department - Detail of House Changes

	Removes Vacant FTE Positions¹	Total House Changes
Salaries and wages		
Operating expenses		
Capital assets		
Center for Distance Education	(226,968)	(226,968)
Statewide Longitudinal Data System		
Educational Technology Council		
EduTech		
K-12 wide area network		
Geographic Information System		
Health Information Technology Office		
Criminal Justice Information Sharing		
Federal stimulus funds		
Total all funds	(\$226,968)	(\$226,968)
Less estimated income	(226,968)	(226,968)
General fund	\$0	\$0
FTE	(1.90)	(1.90)

¹ This amendment removes the following vacant FTE positions from the Center for Distance Education:

	FTE	General Fund	Special Funds
Teacher I	0.90		\$111,918
Teacher III	0.50		72,797
Custodian	0.50		42,253
Total	1.90	\$0	\$226,968

This amendment also removes Section 4 of the bill as introduced which provided the Industrial Commission transfer up to \$5 million from the current earnings and accumulated undivided profits of the Bank of North Dakota to the health information technology planning loan fund or to the health information technology loan fund for the 2011-13 biennium. The amendment adds a section of legislative intent to provide that the Bank of North Dakota partnership in assisting community expansion (PACE) program is to be

used to provide low-interest loans to finance projects consistent with the mission of the health information technology planning loan fund and the health information technology loan fund.

House Bill No. 1021 - Information Technology Department - Senate Action

	Executive Budget	House Version	Senate Changes	Senate Version
Salaries and wages	\$45,603,386	\$45,603,386	\$4,056,000	\$49,659,386
Operating expenses	53,152,191	53,152,191	13,790,077	66,942,268
Capital assets	15,035,666	15,035,666	1,500,000	16,535,666
Center for Distance Education	6,876,206	6,649,238		6,649,238
Statewide Longitudinal Data System	3,626,867	3,626,867		3,626,867
Educational Technology Council	1,075,403	1,075,403		1,075,403
EduTech	7,926,447	7,926,447		7,926,447
K-12 wide area network	5,075,992	5,075,992		5,075,992
Geographic Information System	1,112,065	1,112,065		1,112,065
Health Information Technology Office	13,959,238	13,959,238		13,959,238
Criminal Justice Information Sharing	2,981,394	2,981,394		2,981,394
Federal stimulus funds	8,000,000	8,000,000		8,000,000
Total all funds	\$164,424,855	\$164,197,887	\$19,346,077	\$183,543,964
Less estimated income	145,303,651	145,076,683	19,346,077	164,422,760
General fund	\$19,121,204	\$19,121,204	\$0	\$19,121,204
FTE	328.20	326.30	10.00	336.30

Department 112 - Information Technology Department - Detail of Senate Changes

	Adds Funding Associated With Eligibility System Replacement Project¹	Total Senate Changes
Salaries and wages	4,056,000	4,056,000
Operating expenses	13,790,077	13,790,077
Capital assets	1,500,000	1,500,000
Center for Distance Education		
Statewide Longitudinal Data System		
Educational Technology Council		
EduTech		
K-12 wide area network		
Geographic Information System		
Health Information Technology Office		
Criminal Justice Information Sharing		
Federal stimulus funds		
Total all funds	\$19,346,077	\$19,346,077
Less estimated income	19,346,077	19,346,077
General fund	\$0	\$0
FTE	10.00	10.00

¹ Funding is added for expenses associated with the Department of Human Services' eligibility system replacement project. This includes 10 new FTE positions.

This amendment also removes the section of legislative intent added by the House to provide that the Bank of North Dakota PACE program is to be used to provide low-interest loans to finance health information technology projects and reinstates the section included in the bill as introduced which provides that the Industrial Commission transfer up to \$5 million from the current earnings

and accumulated undivided profits of the Bank of North Dakota to the health information technology planning loan fund or to the health information technology loan fund for the 2011-13 biennium.

House Bill No. 1021 - Department of Human Services - Senate Action

	Executive Budget	House Version	Senate Changes	Senate Version
Eligibility system replacement project			\$25,300,000	\$25,300,000
Total all funds	\$0	\$0	\$25,300,000	\$25,300,000
Less estimated income	0	0	16,100,000	16,100,000
General fund	\$0	\$0	\$9,200,000	\$9,200,000
FTE	0.00	0.00	1.00	1.00

Department 325 - Department of Human Services - Detail of Senate Changes

	Adds Funding for Eligibility System Replacement Project¹	Total Senate Changes
Eligibility system replacement project	25,300,000	25,300,000
Total all funds	\$25,300,000	\$25,300,000
Less estimated income	16,100,000	16,100,000
General fund	\$9,200,000	\$9,200,000
FTE	1.00	1.00

Funding of \$25.3 million, of which \$9.2 million is from the general fund, is added for beginning the eligibility system replacement project. One new FTE position is also authorized.

Information Technology Department Update

March 7, 2011

Information Technology Department (ITD) is requesting funding for nine different programs in its 2011-13 budget request. These programs are independent of each other and the funding for them consists of a combination of general funds, special funds and federal funds. In summary, ITD's overall budget will decrease by \$78,664,702, with a decrease in general funds of \$547,299 and 1.9 less FTE.

1) ITD Services

This is the largest (and oldest) program from an FTE and dollar standpoint. The 2011-13 budget request consists of \$705,020 general funds, \$111,586,223 special funds, and \$4,400,000 federal funds. ITD provides technology services for a fee to state agencies, higher education, city and county governments. Service rates are established and these entities pay ITD for the services they receive. ITD's special fund request is not an appropriation of actual dollars given to the department, but the authority to bill and collect other agency's dollars. The agencies request dollars from the legislature, and when approved, give them to ITD for IT services. Of the \$111,586,223 special fund authority authorized to ITD, when dollars are collected from agencies, approximately 1/3 of these dollars are general funds, 1/3 is special funds, and 1/3 is federal funds in the agency's budgets.

2) K-12 Network Services

This program is responsible for providing network connectivity and Internet services to each K-12 school across ND. The 2011-13 budget request consists of \$4,667,992 general funds and \$408,000 special funds. The state participates in the federal E-rate program which is based on the number of children enrolled in the free and reduced lunch program. As a result, approximately \$4,000,000 is collected from the E-rate program and used to pay for these network services.

3) Geographic Information System (GIS)

ITD coordinates the GIS activities of the various state agencies by providing a central hub of computers and disk storage. The hub reduces the duplication of data stored by these state agencies and tracks the versions of data stored. The 2011-13 budget request consists of \$1,037,065 general funds and \$75,000 federal funds.

4) State Longitudinal Data System (SLDS)

ITD is responsible for coordinating the building of a data warehouse that will track elementary, secondary, post-secondary, and workforce data. The system will also make this data accessible to authorized parties. When the State accepted the federal American Recovery and Reinvestment Act (ARRA) - State Fiscal Stabilization dollars, we agreed to measure certain outcomes which will be generated by this system. The 2011-13 budget request consists of \$3,626,867 general funds.

5) Educational Technology Council (ETC)

This council consists of members from various school and government agency organizations. They are committed to develop technology systems and coordinate their use to enhance and support educational opportunities for elementary and secondary education. The 2011-13 budget request consists of \$1,000,403 general funds and \$75,000 special funds. A majority of these dollars are used for grants given to schools for video classrooms and classroom transformation projects. Matching of local school dollars are required and awarded based on need.

6) Center for Distance Education (CDE)

CDE is committed to ensuring all middle and high school students have access to educational opportunities that meet or exceed quality expectations. The ND Commission on Education Improvement recommended this program right size its operations by forming more partnerships with vendors who provide distance based educational material. This will be accomplished by hiring fewer teachers and collaborating more with experts in the field. The 2011-13 budget request consists of \$2,625,395 general funds and \$4,023,843 special funds. The department will decrease its FTE count by 6.9 positions.

7) EduTech

This program assists educators and students in improving student achievement by utilizing technology. One of the big program success stories is the deployment of PowerSchool, a student information system, in most ND schools. Today, over 87,000 students are using this system and the parents are a primary benefactor of the output – giving them the ability to sign on and verify their student's grades and attendance. The 2011-13 budget request consists of \$3,044,096 general funds and \$4,882,351 special funds.

8) Criminal Justice Information Sharing (CJIS)

This program provides a statewide system where authorized users are able to search information in a one stop system. Current information includes Criminal History records, Protection Orders, Parole and Probation information, DNA, Offender Registration, Concealed Weapons, CWIS, Motor Vehicle, Driver's License information, Watercraft Licenses, and various law enforcement incident records. The 2011-13 budget request consists of \$2,051,394 general funds, \$180,000 special funds, and \$750,000 federal funds.

9) Health Information Technology (HIT)

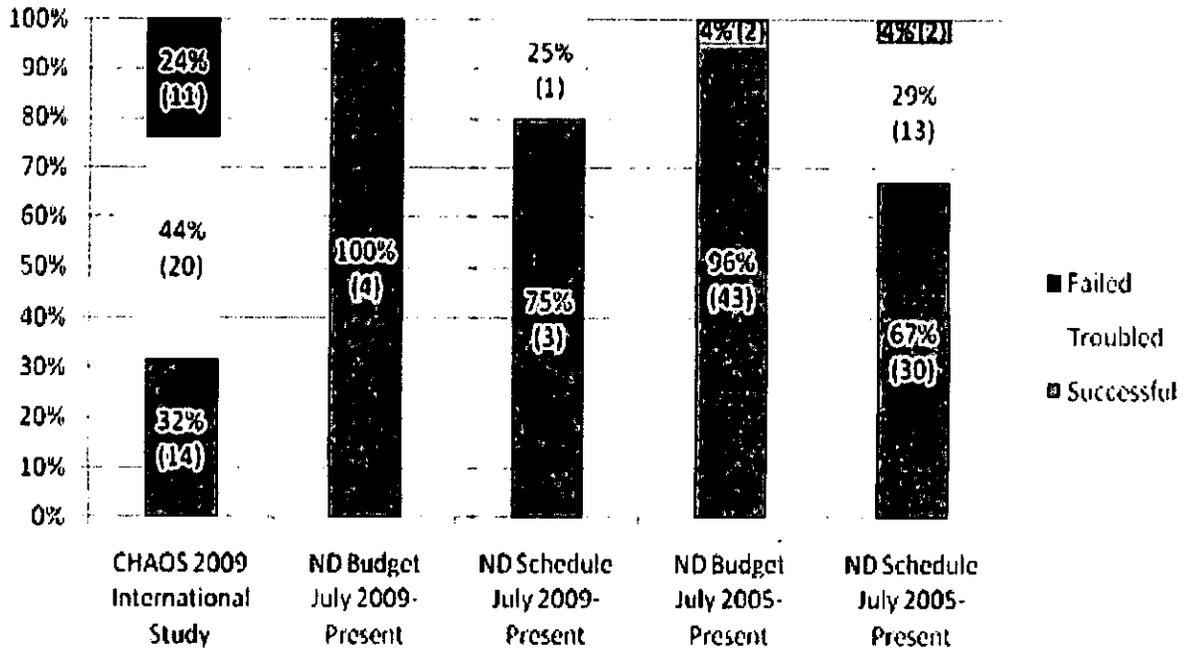
This is the newest program in ITD and was authorized last legislative session. The primary responsibility is to implement and operate a statewide health information exchange that allows the administrative systems in hospitals and other health care facilities to electronically communicate with each other to track and transfer patient information from one facility to another. This will require a strong partnership with state agencies, the medical facilities, nursing homes, and other healthcare entities in ND. An advisory committee with stakeholder membership has been established. This committee will provide general guidance on the selection and operations of the exchange. The state will split the

operational costs 50 / 50 with the medical community. The 2011-13 budget request consists of \$362,972 general funds, \$13,596,266 special funds, and \$5,100,000 federal funds.

Statistics on the Success of State IT Projects

Over the last 10 years the state of ND has invested heavily in project management practices and procedures. The investment in both computer infrastructure and computer applications continues to grow and we invest millions of dollars to upgrade and enhance them. When comparing the state's success to other private and public entities, we seem to be doing very well as depicted in the chart. The criteria measured are "on budget" and "on schedule". CHAOS is a group that measures the industry on the success of IT projects.

Completed Projects Historical Analysis by Percentage (Project)



However, this is an area that requires commitment on all of the team members involved. We cannot afford to get complacent in this area and allow taxpayer dollars to be wasted on failed IT projects.

LEGislative Enterprise system North Dakota (LEGEND)

This project represents the replacement of software systems used by the legislative council staff and the legislators with a modern, user-friendly editing product. The new system will replace the mainframe-based system with a cost effective application running on less expensive computer servers. The new solution is being developed by a company called Propylon and assisted with staff from ITD.

In summary: **The project is one of the success stories from both a schedule and a budget standpoint.**

ITD's Annual Report

ITD's Annual Report, *Moving IT Forward*, showcases the divisions that make up ITD and highlights some of their accomplishments during the 2009-10 fiscal year. It also summarizes agency dollars spent for ITD services and compares ITD's rates against similar service offerings from other organizations.

The report echoes ITD's committed to providing IT services with excellent customer service. It also shows that ITD continues to provide IT services for less than or equal to those who provide similar services in other states or in the private sector.

This report and other IT reports are available electronically at <http://www.nd.gov/itd/publications>.



ITD

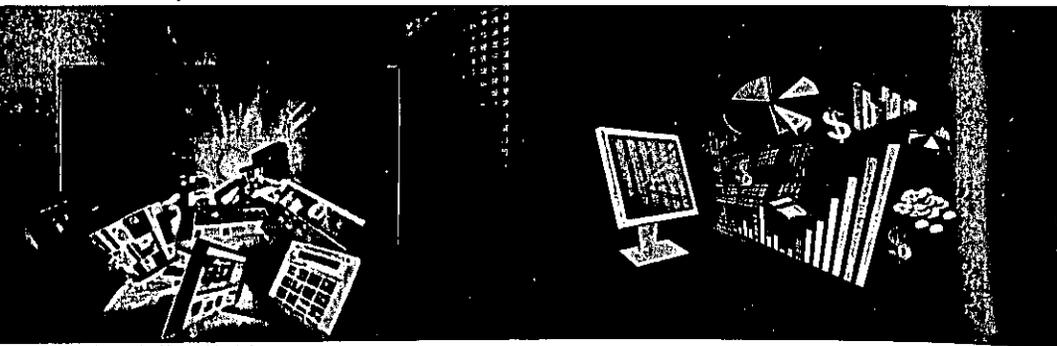
*Information Technology
Department*

State of North Dakota
Information Technology Department

Moving IT Forward

Annual Report | 2009-2010

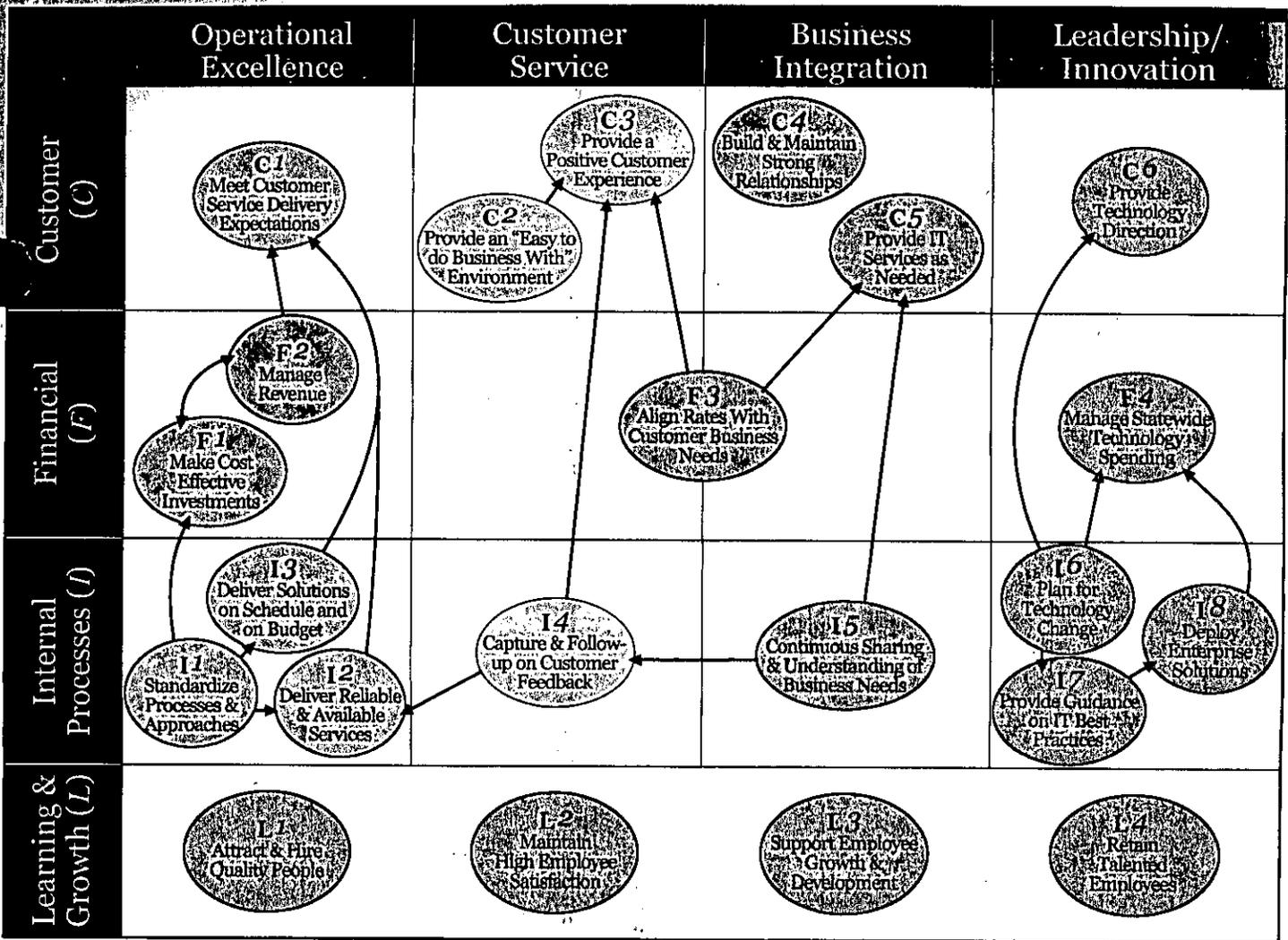
mail, INTERNET, global, WWW, Electron, business, information, WEB, Click, business, information, WWW, Electron, business, information, WEB, Click, business, information



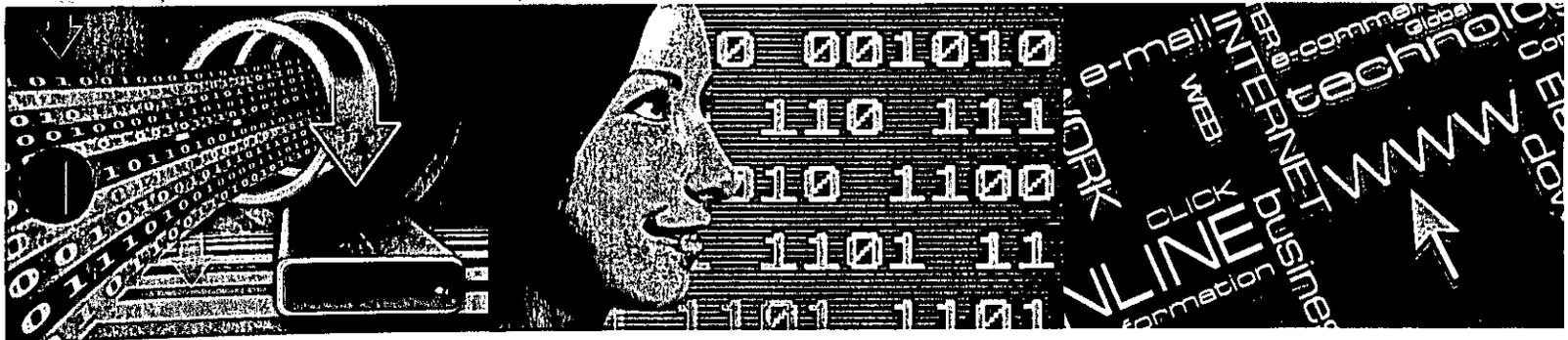
Our Vision

We see ITD as the trusted business partner and preferred IT provider for strategic services within government and education.

ITD's Balanced Scorecard [Strategy Map]



This strategic map shows the relationships among ITD's business perspectives, core strategies, and objectives. They're tied to tasks and performance measures designed to keep decision-making aligned with our mission, vision, and guiding principles. It's our pledge to be customer-centric, employee-focused, financially-responsible, and process-driven.



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John Hoeven
Governor, North Dakota



Lisa Feldner
Chief Information Officer, ITD

The 2009-2010 Annual Report *Moving IT Forward* was produced by the North Dakota Information Technology Department (ITD). It is a response to requirements outlined in Chapters 54-59-Section 19 of the North Dakota Century Code. The report provides an update on the information technology oversight process and major information technology investments.

EXECUTIVE SUMMARY



Lisa Feldner
Chief Information Officer

While many states across the nation are battling tough economic times, North Dakota has fared well overall, likely due to our conservative nature. Although we're not immune to the national economic highs and lows, we consistently operate conservatively and within our budget.

Our approach to managing IT has been one of partnerships. Our goal is to have agencies talking to each other, both in person and electronically. When agencies collaborate, better decisions are made, efficiencies are created, and technology dollars are maximized.

Consolidation efforts have allowed us to centralize hosting services and share applications when possible; and ultimately, reduce costs for licensing, hardware, and administrative staff. The statewide network, connecting state and local governments, K-12 education, and Higher Education, has provided numerous benefits from high speed internet connectivity to security.

While many states are now envisioning a private cloud for government and education, North Dakota has been doing that since 2000. One of ITD's first implementations was PowerSchool, a student information system used by North Dakota K-12 schools. PowerSchool data imports into ViewPoint and ndSLEDS (North Dakota State Longitudinal Education Data System), ITD hosted data warehouse applications, which provide educators with a data-driven decision-making environment used to improve instruction and student achievement statewide. Going forward, K-12 schools have now asked ITD to provide statewide directory services.

A new buzz word in IT is Business Intelligence. ITD is now working with several agencies to create data marts where agencies can share data with each other. Currently, a statewide longitudinal data system is being created to provide analytics on education and workforce data, which will help the State address education and training needs.

Last year, North Dakota Legislature passed Senate Bill 2332, which established a Health Information Technology Advisory Committee (HITAC), to help implement a comprehensive system to manage health information. Lawmakers also appropriated money for a Health IT Office, established loan funds, and provided an appropriation for anticipated federal funds and associated match.

Statewide initiatives like the Criminal Justice Information System (CJIS), Geographical Information Systems Hub (GIS), and ConnectND have proven to be valuable statewide resources, making government more efficient and saving tax dollars. With each passing year, they continue to capture more information and gain new users.

Our Balanced Scorecard approach to initiatives helps keep us aligned with our mission. Based on results from the 2010 Annual Survey, we're proud to say our customers continue to view us as a trusted and preferred business partner.

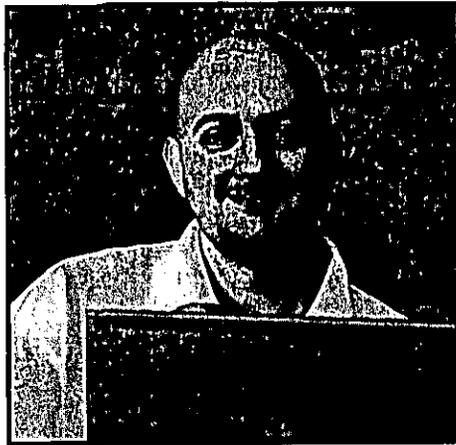
We remain strongly committed to providing a positive customer experience. Our first set of Service Levels Agreements (SLAs) were published earlier this year to help manage our expectations and our customers'.

We are committed to strengthening IT in state government and providing customer-centric services. I invite you to read on to learn more about ITD and how we're moving IT forward in North Dakota.

ITD's mission is to provide leadership and knowledge to assist our customers in achieving their mission through the innovative use of information technology. Through our annual customer survey, our customers tell us how well we deliver services to meet their expectations.

98.9%

view ITD as a trusted business partner



93.5%

agree that ITD's services meets their business needs



94.6%

say ITD is their preferred IT provider



88.9%

agree ITD is aligned with its mission



87.1%

believe ITD provides technology direction

ENTERPRISE COORDINATION & GOVERNANCE

The Information Technology Department (ITD) coordinates people, processes, and technologies across state government. Our goal is to create a collaborative environment among state agencies that maximizes technology investments, streamlines business processes, and improves IT activities. North Dakota's success is a credit to agencies participating in these ventures.

Collaborating Together to Move IT Forward

IT Planning

ITD assists agencies in developing their IT plans and publishes a Statewide IT Plan each biennium. The process was revised for the 2011-13 IT planning cycle to give agencies more flexibility and time to prepare their plans. Going forward, ITD hopes to develop a process that encourages ongoing discussions and planning throughout the biennium.

Enterprise Architecture

Through the Enterprise Architecture (EA) process, state agencies collaborate to set the future direction of IT in the State of North Dakota. Last year, 133 people from 27 agencies were involved with:

- Introducing a Business Architecture component
- Planning for a Project Management Domain Team
- Creating a 24-member Social Media User Group
- Studying encryption of data-at-rest on mobile computing devices
- Studying directories for collaborative application development and resource sharing
- Selecting an enterprise Wiki solution
- Updating governance processes and diagrams

IT Procurement

ITD assists agencies with procuring information technology in order to maximize the value of the State's overall investment. During the past year:

- Sixty-two contracts and requests-for-proposals were submitted and reviewed within the expected five-day response time.
- New State Term Contracts were established for application security testing and data-warehousing.
- Interactive Voice Response (IVR) development services were added to the State's IT Professional Services Contract Pool.
- ITD led a multi-state consortium in developing standard PC configurations and special pricing that resulted in an average savings of 39 percent below the standard WSCA-NASPO contract pricing.

Project Management

During the past fiscal year, state agencies completed 12 IT projects with individual budgets in excess of \$250,000 and a total budget of \$7,208,499. Eight of the 12 projects were completed on or under budget with none of the projects exceeding the 20 percent negative variance threshold. Aggregated variance to total budget was -\$72,904 or one percent over budget. When removing the best and worst performing projects, the adjusted variance is +\$39,171 or one percent under budget. Five of the 12 projects were completed on schedule and two additional projects completed within the 20 percent negative variance threshold. Aggregated variance to schedule was -22.7 months or 14 percent over schedule. When removing the best and worst performing projects, the adjusted variance is -12.67 months or 10 percent over schedule.

The Enterprise Project Management and Project Management Offices were merged to create more efficient and effective services for customers. This office presently employs 13 project managers including nine who hold the Project Management Professional (PMP) credential and three who are preparing for the exam. The team is working to integrate project management as the first business service to be included in the Enterprise Architecture model.



Transforming Data into Information

ITD is committed to strategies that integrate data and share information across North Dakota state government. State agencies are leveraging information and forming partnerships in order to become more efficient and transparent.

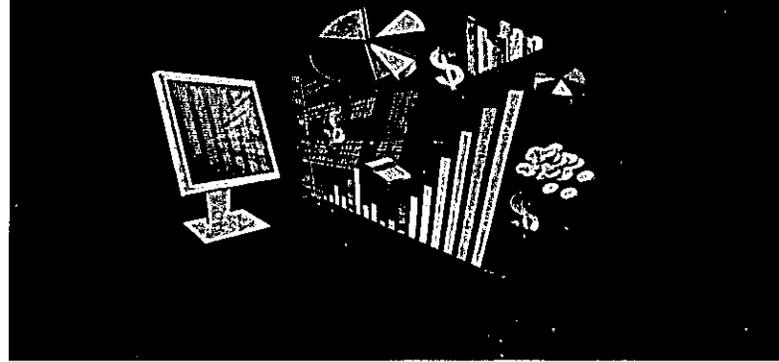
Business Intelligence (BI)

ITD continues to mature its Business Intelligence Competency Center, an environment that will provide data warehousing services, a BI infrastructure, and analytics to government agencies. Our recent achievement includes the development of a data warehouse for the Office of Management and Budget, an operational reporting environment for the Treasurer's Office, and an enterprise data warehouse for the Department of Human Services.

Currently, a statewide K-12 data warehouse is being built that will deliver reporting to state educational agencies, school districts, school administrators, and teachers. A statewide longitudinal data system is also being designed to provide analytics on education and workforce data. Data is collected on 17 workforce programs and on student outcomes as they transition from secondary to postsecondary education and the workforce.

Master Client Index (MCI)

MCI provides an enterprise-based solution to store demographic information which presents a common view of clients based on feeds from contributing systems. ITD worked with the Department of Human Services (DHS) to implement a solution that matches client records from multiple programs within the agency. This solution not only improved data quality for client information but has created a comprehensive view of a client's involvement in different programs. The solution was also shared with the Department of Public Instruction (DPI) to match DHS' Temporary Assistance for Needy Families (TANF) and Supplemental Nutrition Assistance



Program (SNAP) clients with enrolled K-12 students. Matched students receiving benefits from TANF/SNAP are now directly certified and enrolled in the National School Lunch Program; thereby, eliminating the previously long wait time required to verify their status.

Electronic Document Management Systems (EDMS)

EDMS is a comprehensive collection of technologies for imaging, document management, forms processing, e-forms, enterprise report management, and workflow. North Dakota implemented the foundation of its EDMS about 10 years ago; it has grown to include 20 agencies with 2,000 users. Accomplishments last year include:

- Imaging and forms processing software was updated and a firm selected to assist with upgrading the document repository.
- The document repository was integrated with the State's financial and human capital management system.
- Over 600 new users were added.



CUSTOMER SERVICES

Enterprise Service Desk

Trying to find the right person, with the right answer, at the right time can be frustrating. That's why ITD has designed its Service Desk to be the "Single Point of Contact" for providing customers with advice, guidance, and rapid restoration of service. All incidents are documented and managed consistently in order to identify trends, reduce recurring issues, utilize staff efficiently, and provide a positive customer experience.

Service Level Agreements (SLAs)

SLAs are designed to manage and improve upon the established levels of service between ITD and its customers. Ideally, SLAs will generate constructive discussions on better ways of meeting customer needs.

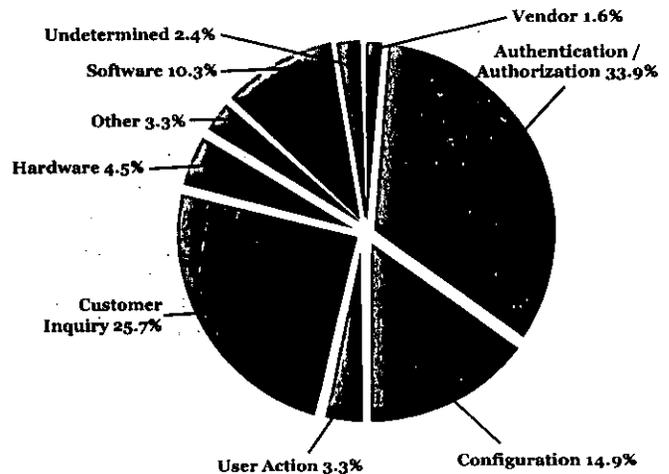
During the past year, ITD worked with the State's Architecture Review Board to begin publishing SLAs. At the highest tier, Enterprise Service Levels exist for elements that most of ITD's services have in common. Next, a Hosting Service Level was produced to describe basic functions of application and data hosting. Ultimately, a subsequent agreement will exist for every enterprise service.



Gary J. Vetter
Director of Enterprise Services

Underlying Causes of Incidents

Fiscal Year 2010
60,835 total incidents



Keeping Customers Informed

ITD's primary communication channels include a mix of meetings, publications, and electronic avenues including:

- Service Desk Announcements
- IT Directional Meetings
- Incident, Service Request, and Change Notifications
- *Information Link* Newsletters
- Annual Report, Strategic Plan, and Statewide IT Plan
- ITD Website

During the past year, a workgroup was created to specifically focus on internal and external communications. Going forward, a strategy and road map will be developed to drive continuous improvement.

Listening to Our Customers

North Dakota Century Code (NDCC) requires ITD to document information related to service support and delivery, which includes formal complaints regarding dependability, responsiveness, and cost. From July 2009 through June 2010, no formal complaints were filed. However, ITD is asking for, listening to, and acting on customer feedback each and every day.

STATEWIDE INITIATIVES

Criminal Justice Information System (CJIS)

The CJIS Portal, created to improve public safety, includes information systems that are used to capture and share complete, accurate, and timely information so law enforcement entities can make better informed decisions across jurisdictional and organizational boundaries statewide. Following are some key accomplishments:

- The portal has grown to more than 1,500 authorized users processing more than a million transactions.
- Forty-five agencies use the Law Enforcement Records Management System (NetRMS), totaling 311 users with 200 full-time officers.
- Six counties now use the State's Attorney Reporting System (Justware), which is currently being upgraded.
- The Statewide Automated Victim Information and Notification System (SAVIN) went live in January 2009. This system informs victims about an offender's movement throughout the criminal justice system.
- More information and record types continue to be added to the CJIS Portal, which now includes Bismarck-Burleigh and Minot-Ward data, Highway Patrol citations, and custodial records from jails and the Department of Corrections.

ConnectND

ConnectND is the State's PeopleSoft implementation of Financial, Human Capital Management, Campus Solutions, and Portal applications. Along with regular maintenance and production support, several initiatives were completed last year:

- Oracle's User Productivity Kit (UPK) was implemented so that application navigation could be recorded and used to produce online play-back features, help links, and training guides. This year, the ConnectND Procurement group used UPK to create help topics for 1099 forms in Finance.
- The Business Intelligence PeopleSoft Project (BIPP) utilized Cognos, a reporting tool, to enable users to create reports and display dashboards of data in a quick and practical fashion. The architecture and data marts are currently being leveraged to build a searchable public database requested by the State Legislature.
- Enterprise Learning Management (ELM) was implemented so state agencies could post, share, and schedule training courses.
- Planning is underway to deploy PeopleSoft upgrades: Recruiting Solutions and Data Archiving.

Health Information Technology (Health IT)

In 2009, the North Dakota Legislature passed Senate Bill 2332, which established a Health Information Technology Advisory Committee (HITAC), to help implement a comprehensive system to manage health information. Lawmakers also appropriated money for a Health IT Office, established loan funds, and provided an appropriation for anticipated federal funds and associated match. They additionally appropriated \$5 million dollars for a low interest revolving loan fund to help providers acquire certified electronic health record systems. The HITAC committee selected 12 providers to participate in this program.

The legislative action facilitated the 2009 American Recovery and Reinvestment Act, which includes a section on Health Information Technology for Economic and Clinic Health (HITECH). Health IT will allow for comprehensive management of medical information and its private and secure exchange between health care providers and consumers.

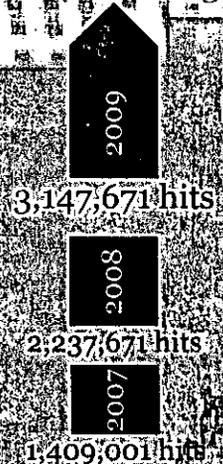
HITAC consists of representatives from the Governor's Office, ITD, Department of Health, and Department of Human Services, as well as 19 stakeholders appointed by the Governor, who represent providers, consumers, and trade associations. Additionally, HITAC hired a Health IT Director, who serves at the pleasure of the committee.

GIS Hub

Through the collaborative efforts of North Dakota state agencies, local government, and private enterprise, the Geographical Information Systems (GIS) Hub continues to grow and provide value. Since its inception in 2004, each passing year provides more interactive maps and information to users.

The GIS database infrastructure was upgraded in 2009, becoming the first database system at ITD to utilize Oracle's Real Application Clusters (RAC) for increased uptime, improved throughput, and database failover. This new Linux-based solution also reduced upfront and ongoing costs. Once an upgrade to the hub's web services is complete, users will enjoy quicker interactive web mapping - comparable to Google Maps.

GIS Hub - Usage



SOFTWARE DEVELOPMENT

ITD's custom enterprise applications are designed and built using industry standards following current best practices in accessibility, security, and scalability; ultimately, creating a more efficient government as agencies work together to share applications. Our projects follow the State's enterprise project management standards, a methodology allowing us to consistently manage projects to achieve success in terms of on-time and within budget.

In addition, State of North Dakota agencies along with ITD participate strongly in the State's enterprise architecture program, which involves cross-agency domain teams and a governance structure that facilitates communication and partnerships among state agencies. These partnerships allow the State to run IT systems within a shared enterprise environment that helps state agencies reduce costs for software licensing, hardware, and administrative staff.

3,639 Service Requests Completed
97% on-budget & 92% on-time



Marlys Axtman
Director of Software Development

New Tools

Website Development & Quality

Software Development understands the easier we make it to update websites the more likely information will remain current. With that in mind, we have incorporated the use of two tools which are aimed directly to agencies:

- A new server-based site quality tool was implemented in April 2010 that provides state agencies a consistent method to identify accessibility and site quality issues on their own websites. Following minor setup configurations by ITD, agencies can enjoy the flexibility of scanning and creating reports for managing their own websites.
- An open source web content management tool was implemented earlier this year that allows agency users to easily publish, manage, and organize a variety of website content. After user roles have been identified, agencies can control who has authority to update and release content to their websites. This tool supports multiple content types such as pages, press releases, newsletters, and RSS feeds. Seven sites are now using this tool with many more on the way.

Voice Integration Tool

A new Integrated Voice Recognition (IVR) system went live earlier this year. North Dakota's Game and Fish Department become the first state agency to embrace the new tool. Following the development of this application, ITD made the decision to outsource this service. In February a Request for Proposal (RFP) was issued with the intent to add vendors for this service to the State's Vendor Pool. Contracts with the vendors were in place by April.

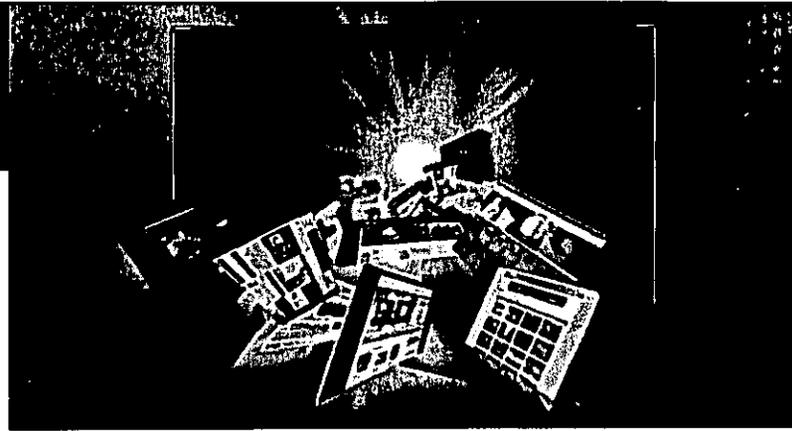
New & Improved Services

Quality Assurance Forges Onward

Quality has always been foremost in our software development goals, so we continue to refine our processes to become even more structured. Six months ago, we began working under the guidance of our new Quality Assurance (QA) manager. We are now conducting formal quality testing with agencies for both ITD- and vendor-written applications.

Business Analysts as a Service

The Software Development Division began training and reclassifying staff members to become Business Analysts. These individuals work closely with assigned agencies to understand their business. This provides the individuals the opportunity to assist the agency and ITD in determining how technology and process change could better enable the agency to provide its services. Although ITD is limited in the number of FTE's available for this type of work, the new service is off to a good start.



Providing Better Estimates

Due to the expansion of ITD services, providing accurate cost estimates is an important component of our service delivery. We are refining our estimating forms and processes in an attempt to provide more accurate estimates.

Each year, ITD reviews on-going costs associated with currently hosted web applications. Through this process, we discovered it has been difficult for customers to determine these costs for vendor-written applications. Our soon-to-be released process will include a form to guide agencies and vendors through related questions to determine a more accurate on-going cost. This form will be required prior to load testing and application hosting.

Agency Success Stories

Computer Aided Dispatch (CAD)

ITD provided project management services to both the North Dakota Department of Emergency Services (DES) and the North Dakota State Highway Patrol (HP) to manage a joint project to procure and install a new Computer Aided Dispatch (CAD) and Mobile Data System. The new system streamlines emergency dispatch processes used to respond to incoming 911 calls throughout state and county jurisdictions. This project leveraged a vendor solution to consolidate multiple information systems into a unified communication platform that now answers calls, maps locations, retrieves criminal records information, and dispatches responders.

Emergency Registration System (ERS)

The Health Department's Emergency Preparedness Division approached ITD for assistance in purchasing a distributed scanning solution for the H1N1 Flu Vaccination Project. ITD's Electronic Document Management Systems (EDMS) group assisted the agency in working with outside vendors to find a solution that would meet the technical and financial requirements of the project. Through a joint effort of the agency, vendor, software development, and server support, this project was implemented on time in October of 2009.

LEGEND

The Software Development Division is very involved with the Legislative Council's rewrite of legacy systems. Project components include Bill Drafting, Post Session Publication, Journal, Bill Status, and LAWS. The new system goes live for the 2011-2013 biennium. Although the application is being written by a vendor, many of ITD's analysts and developers are working directly as the vendor's counterparts to assist with analysis, design, development, interfaces, and testing. ITD is also providing oversight services, including project management, architecture review, and deliverables review for Legislative Council.

Child Support Intercept (CSI)

The Department of Human Services (DHS) Child Support Intercept (CSI) application is a .NET web application that gives gaming organizations the ability to determine whether child support arrears are owed by a winning client. CSI alerts the gaming organization of the amount that should be deducted from the winnings and subsequently sends to DHS to be applied to past due child support.

Application Security Vulnerability Testing

Software Development architects along with several teams within ITD helped procure a tool to test State web applications for cyber vulnerabilities.

The Information Technology Department provides centralized hosting services for all of North Dakota state government. This hosting environment is diverse, encompassing platforms that include Unix, mainframe, Windows, and Linux systems.

The Computer Systems Division is continuing to build private cloud computing systems that are positioning us to move into public cloud offerings. We hold the responsibility to ensure that ITD and other state agencies adopt private and public cloud offerings in a secure manner. We accomplish this through staff education and enterprise architecture reviews.

We keep IT architecture aligned with the consolidation intentions that were set by the legislature several years ago. We understand that consolidation can be bigger than ITD and that elements of ITD itself will be consolidated and virtualized through external providers when feasible.

Our computer services are provided through a shared services model wherever possible in which multiple agencies share infrastructure (e.g., e-mail, .NET,

J2EE, and database services). The use of shared services and virtualization has deferred data center expansion and software licensing with an estimated cost savings in the millions of dollars.

Strategies for the Future

Storage

Computer storage in North Dakota is following global trends with transactional data growing by 21 percent and unstructured data increasing by 60 percent annually. To help manage this growth, ITD implemented 25 terabytes (TB) of data de-duplication equipment last year and is investing in storage management tools and education.

In the coming year, ITD will implement Storage Area Network (SAN) equipment refreshes that include 8 gigabyte (GB) SAN backplanes and LTO-5 tape systems. Upcoming projects include analyzing tapeless backup environments, which will ultimately allow ITD to move to a tapeless environment. ITD will continue to increase the utilization of its secondary data center for data replication and backup to accomplish this goal.

Virtualization, Building the Cloud

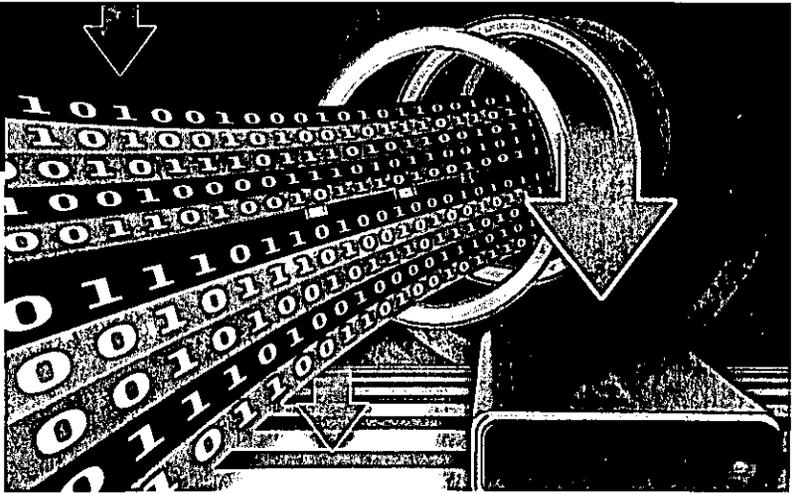
Server virtualization is the practice that is allowing ITD to create a private cloud for State entities. This private cloud currently provides state agencies and K-16 education sectors with "Software as a Service" offerings, such as ConnectND's PeopleSoft application, PowerSchool, and email.

Roughly 50 percent of the State's consolidated server farm is now virtualized. ITD's current virtualization project is reducing server hardware at a ratio of 12 physical servers to one blade server. ITD is increasing its staff training to effectively manage this complex environment just as we actively engage our vendors' engineers for design and review. ITD intends to have more than 80 percent Intel virtualization by July 2011.



L. Dean Glatt
Director of Computer Systems

[Completed 17,027 Service Requests]

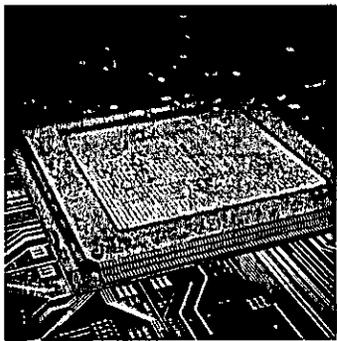


<i>Server Operating Systems</i>		
	Physical	w/Virtualization
Windows	248	776
Linux	67	166
AIX/Solaris	22	126
MF/z-series	2	5
AS400/i-series	3	7
Totals	342	1,080
69% Virtualization		

Active Directory
Objects
228,356 users
9,486 groups
12,835 computers

Daily Email
Activity
(Averages)

Inbound
Messages
2.1 million



Percent of
Messages
Removed by
SPAM Filter

95.1%
Inbound "Clean"
Messages
86,192

Consolidated
File & Print
Support
1,500 Printers
1,421 Shares
24.5 Terabytes

<i>Enterprise Databases</i>			
	Applications	Tables	GB
SQL Server	418	262,361	4,625
Oracle	273	67,615	3,625
ADABAS	119	547	137
DB2	398	8,398	361
Totals	1,208	338,921	8,748

TELECOMMUNICATIONS

The recent surge in mobile communications, expanding broadband services, and cloud computing architecture has created a significant shift in the direction of the State's network infrastructure. Today, many government networks exist as an internalized corporate infrastructure where users work from a private office with dedicated connections to their computing resources. While most computing resources and applications have been centralized for North Dakota government, the State's underlying network infrastructure is still one of a corporate model.

During the next year, the State of North Dakota will roll out a new statewide network which will transform it from corporate architecture to an ISP design. In addition, the State will be reengineering access methods to computing resources within the State's data center in an effort to provide secure, flexible, and scalable access to hosted applications. These changes will align the State network in a direction that supports cloud computing by providing access to State applications from any internet location across the state, public or private.

The new network architecture will connect all State offices as if connected by broadband ISPs whether

or not they are connected with Fiber, ATM, Carrier Ethernet, wireless, etc. Each endpoint will employ a VPN firewall that builds a split tunnel to the State's service center. This design will permit the underlying network transport to be fluid and will permit the State to entertain many types of network transport services from one or any number of providers for all 800 customer locations.

In addition, the State of North Dakota will be renewing its contract for cellular communications in the upcoming year. This will give the State new access opportunities, not just for voice services, but for new mobile applications that continue to challenge traditional methods of delivering services. Like many organizations, North Dakota is continually addressing various business issues such as disaster recovery, pandemic planning, and the expansion of telecommuting which continue to challenge traditional government network architecture. We believe the new network architecture prepares North Dakota to continue to grow and expand in sync with the rapid change of technology.

Creating Broadband Awareness

The State of North Dakota has been working with the National Telecommunications and Information Agency (NTIA) to help the Federal Communications Commission build the national broadband availability map. In conjunction with that effort, ITD has been gathering North Dakota provider data and collecting citizen input to produce a public map for North Dakota, scheduled for delivery this fall.



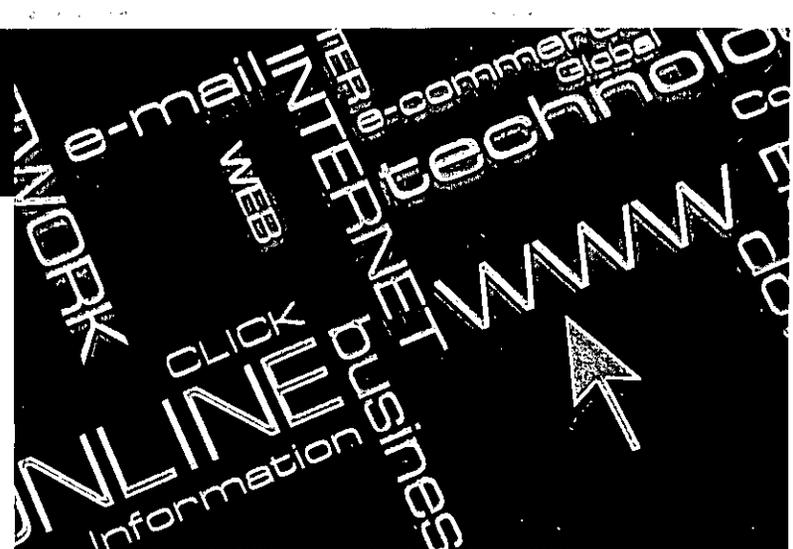
Duane Schell
Director of Telecommunications

[Completed 3,580
Service Requests]

STAGenet 2009 Education Upgrade

This project delivered a much needed equipment refresh to K-12 schools and also refreshed equipment used in Higher Education entities and the State's core network. Many endpoints used in K-12 schools were running out of capacity due to growing IT needs, primarily due to video and Voice over Internet Protocol (VoIP). Negotiations with local telecommunications providers opened up an opportunity to increase bandwidth with only a slight increase to the overall monthly cost of upgrading to an Ethernet infrastructure. This effort involved collaboration with over 18 local telecommunication companies, 175 K-12 facilities, 25 Higher Education facilities, nine State libraries, and six tribal facilities.

This equipment allows the State to significantly increase bandwidth to both K-12 and Higher Education facilities. Previously, most K-12 facilities had one T1 servicing them for a bandwidth of 1.5 Mbps. Today, most have a 10 Mbps Ethernet connection. During the 2009-10 school year, average bandwidth usage was increased by more than 200 percent. A number of schools (23) increased their usage by more than 500 percent. The old system could not have supported this growth.



STATEWIDE NETWORK

a.k.a.

STAGenet

(Statewide Technology Access for Government and Education Network)

Quick Facts

1,025

Network Endpoint Locations

100,000

Devices Supported

10,000

Phones Supported

21,000

**Scheduled Video Conferences
Delivered Yearly**

10,000,000

Minutes of Long Distance

OUR WORKFORCE

Bringing IT systems and applications to life is no daunting task, but ITD's staff is dedicated, trained, and poised to take on the challenges brought forth by the industry and North Dakota state government. ITD's team-based organizational structure helps to support our six core service areas: Enterprise Services and Customer Support, Administrative Services, Software Development, Computer Systems, Telecommunications, and Human Resources. In addition to the divisional team structure, ITD often builds cross functional teams that span divisions to enhance internal communications. Our goal is to inspire trust, knowledge, and partnerships with our employees across all divisions.

Workforce Transformations

In an effort to provide the best service possible, ITD restructured teams within several service areas. Based on the necessity of interactions among several divisions within ITD, a new cross functional team was designed to provide input for Business Intelligence (BI). This team consists of Business Intelligence personnel, software developers, database analysts, systems administrators, and architects.

ITD's project management and large project oversight teams were transformed to a single team within the

Software Development Division. This allows ITD to expand the resource pool for Project Management and Large Project Oversight by sharing the duties among team members with similar experience and training. It also enables a more unified project management vision and direction for our customers and staff.

ITD's Policy and Planning Division merged with its Customer Services Division to form the new Enterprise Services Division. This team consists of the Service Desk, the Business Intelligence Competency Center, and program administrators for SharePoint, Master Client Indexing, Electronic Document Management Systems, ConnectND, Geographical Information Systems, IT Procurement, IT Planning, Enterprise Architecture, and other special projects. The convergence trimmed ITD's management hierarchy and positioned product managers to effectively bridge ITD services with customer needs.

Employee Satisfaction, an Important Measure of Success

While creating a positive experience for ITD's customers is our goal, it is just as important for us to stay in tune with employee morale. To check the barometer on employee satisfaction, ITD surveys employees every two years to gauge the Department's health internally. Employee focus groups and action planning are core outputs of the survey, where employees provide input for change and implementation processes. Consistently, employee satisfaction remains high; and overall, employees feel they have gained respect from managerial teams and coworkers. Most feel they belong to a supportive and competent team. While the demands of an IT career can be challenging, employees continue to express they appreciate the flexible work environment ITD provides, knowing they can balance time between family and work.



Shelly Miller
Director of Human Resources

Health, Safety and Wellness are Priority Initiatives

ITD promotes health, safety, and wellness in the workplace through many different programs, including annual training for ergonomics, safety, and security. In addition, ITD held its first Wellness Week last July inviting staff to take advantage of wellness activities offered at ITD, from its Walking Works program to making healthier lifestyle choices.

ITD utilizes Risk Management's Fund Contribution Discounts and Worker's Compensation Premium Discount Programs to monitor safety inspections, disaster recovery efforts, incident reporting, as well as the communication of safety and security guidelines and policies.

Time, Labor, and Performance Transformations

ITD plans to implement a new time and labor tracking system that will streamline several administrative functions and assist with workload allocation. It will:

- Eliminate paper leave requests
- Create electronic approvals
- Automate FMLA tracking and reporting
- Provide real-time leave balances
- Enhance time reporting on work assigned to staff

Electronic performance evaluations will be the next wave to streamline internal management practices. This will have a number of benefits including but not limited to:

- A more consistent performance evaluation process
- Improved workflow processes
- Improved alignment between employee goals and development activities and business priorities

ITD's focus is on people,

ITD

Enterp

EduT

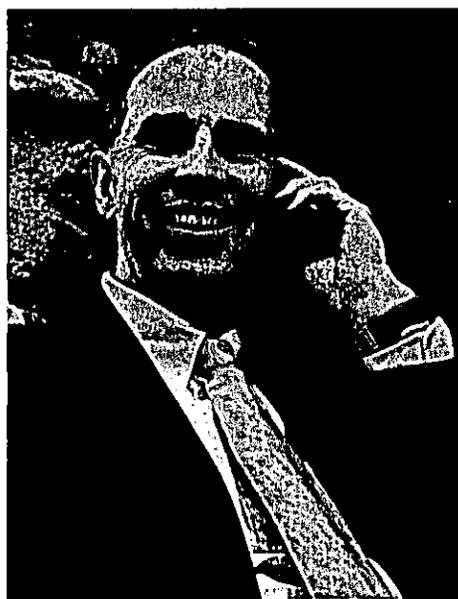
Administra
Services

Telecomm

FINANCIAL REPORTING & ACCOUNTABILITY

The Information Technology Department operates as an internal service fund. ITD tracks and monitors the cost and revenue of each service in cost centers to ensure that one service is not subsidizing another. The federal government does not allow state central service agencies to accumulate an excess fund balance. Regulations establish specific standards for determining allowable costs for services in federally funded projects. ITD monitors the cost centers and adjusts rates accordingly.

Actual funding for IT operations and projects is appropriated to each agency which in turn pays ITD for the hosting and/or development services. General funded IT projects are reviewed by the State Information Technology Advisory Committee (SITAC). This group of senior level executives prioritizes the IT projects to assist the legislature and other budget stakeholders as they address the budget requests during the legislative session. The State of North Dakota has historically been a conservative state with regard to funding IT projects and requires a projection of ongoing operating costs for any new IT projects before approval is granted.



Dan Sipes
Director of Administrative Services

ITD plays an important role in centrally managing the State's computer system, standardizing IT systems, reducing duplication, and ensuring that state agencies can communicate electronically, quickly and securely. Our core service areas include the following:

Hosting Services

The Information Technology Department is designated to host applications for state agencies. Additionally, we host several statewide applications which support core business functions in state agencies, such as HR & Financials (ConnectND), Email (Exchange), Active Directory (statewide authentication directory), and Electronic Document Management Systems (EDMS). We strive to provide our customers with a secure environment, reasonable data center costs, and optimal levels of uptime. ITD's data center operates 24 x 7 x 365, and currently houses more than 1,050 servers, one mainframe, and related IT equipment.

Software Development

ITD provides a wide range of software development services. Our development projects follow the State's enterprise project management standards, which helps control projects to achieve success in terms of on-time and within budget.

Networking Services

North Dakota's statewide network, known as STAGenet (Statewide Technology Access for Government and Education Network), provides fast, reliable, and secure connectivity to all four corners of the state connecting state, county, and local government agencies, K-12 education, and higher education.

Telecommunications Services

ITD provides a variety of telephony services to state agencies, including digital, analog, and Voice over Internet Protocol (VoIP). ITD provides provisioning, inventory maintenance, and billing for statewide voice services such as calling cards and other long distance products, cellular equipment and service, Interactive Voice Response (IVR), and toll free numbers.

Security

ITD's security section is responsible for the governance and management of security across the enterprise as well as providing cyber security awareness activities. ITD works closely with federal, state, local, and private industry partners to collect and analyze information on cyber threats and vulnerabilities that pose a threat to the State's information systems and critical information managed within those systems.

Efforts to ensure security and awareness include a biennial SAS70 audit conducted by the Office of the State Auditor with specialized security testing conducted by an external security consultant. This audit provides assurance to our customers and their auditors that ITD has appropriate controls in place. The latest audit was completed in December 2007. A copy of the SAS70 report can be found at http://www.nd.gov/auditor/reports/SAI11200_07.pdf. Additionally, a security audit was completed in December of 2009.

Records Management

North Dakota Century Code (NDCC) 54-46-11 requires ITD to report on Records Management practices and programs in state government. This program includes records retention schedules, annual disposal of reports, forms inventories, and consulting.

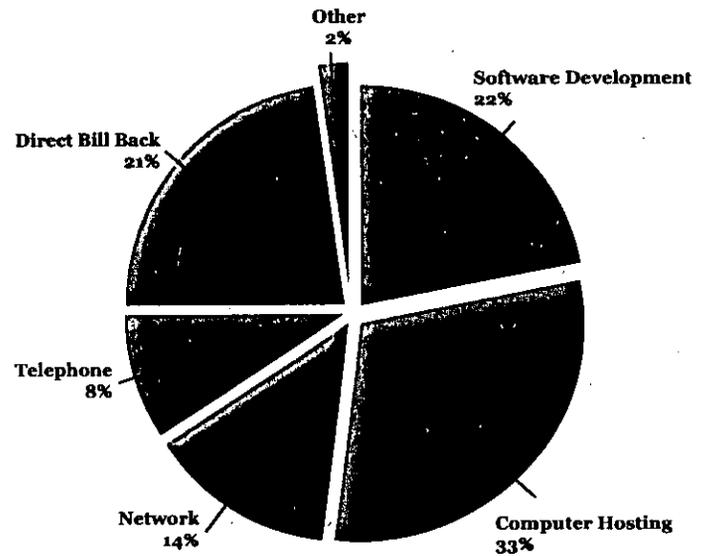
ITD has implemented records management programs in 60 state agencies and 34 boards, commissions, and councils. Additionally, North Dakota State University worked closely with ITD throughout the year to implement a new records management program.

Last year, state agencies and local government offices disposed of 2,098 cubic feet of records to satisfy retention requirements. This savings in storage space, equipment, and related salaries resulted in a cost avoidance of \$563,146.

ITD Revenue By Service

Fiscal Year 2010

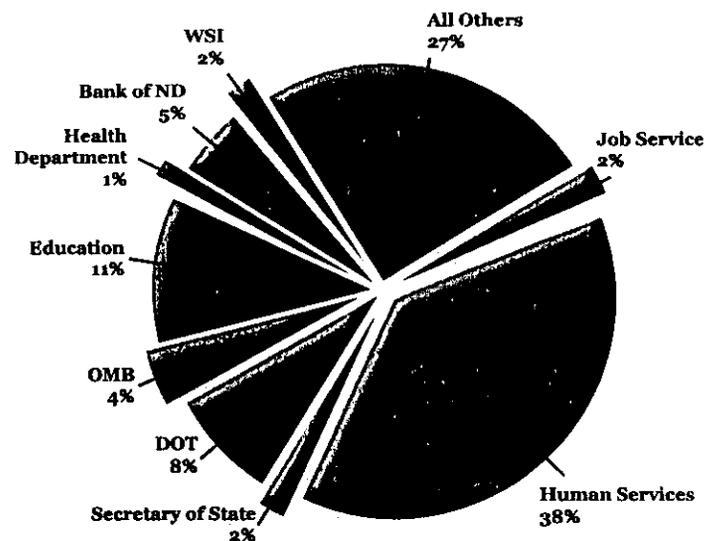
Total Billing: \$49,550,216



ITD Revenue By Department

Fiscal Year 2010

Total Billing: \$49,550,216



Rate Comparisons & Trends

The Information Technology Department (ITD) generates revenues by providing 105 services, each with its own rate. Customers are billed monthly for services provided the previous month. Federal regulations do not allow state central service agencies to accumulate an excess of cash. Therefore, ITD closely monitors the cost and revenue for each service and adjusts its rates accordingly.

In April of every even numbered year, ITD establishes budget rates for the upcoming biennium. These rates generally do not increase during the two-year period because agencies do not have the ability to request additional funds. However, if the cost for providing a service decreases, ITD will reduce the rate. ITD also monitors what other entities are charging for similar services in an effort to maintain quality services at a fair price. The following tables reflect ITD's comparisons and history. In summary, service rates are the result of higher labor rates along with the need to upgrade old equipment to deploy new technologies.

CPU Rates

(based per second)

	North Dakota ITD	South Dakota BIT	Montana ITSD	Minnesota OET
Batch CPU	\$ 1.07	\$ 1.59	\$ 2.96	n/a
CICS CPU	\$ 1.07	\$ 1.59	\$.84	n/a
ADABAS CPU	\$ 1.17	\$ 1.59	\$ 1.73	n/a
TSO CPU	\$ 1.07	\$ 1.59	\$ 3.17	n/a

SD operates an IBM zSeries 800 2066-OC1 mainframe - approx. 3x slower-published rate is \$.53/CPU second. SD also charges \$.06/1,000 I/Os. MT operates an IBM zSeries z9 - approx. 43% slower. MT rate is adjusted above. MN uses service units to bill rather than CPU seconds. This is because they run three different processors.

NETWORK FEES

	North Dakota ITD	South Dakota BIT	Montana ITSD	Minnesota OET
Technology Fee	\$ 43.50	\$ 57.00	\$ 117.63	\$ 45.50
DSL Service	Actual (\$ 40 - \$ 199)	n/a	\$ 297.67	Cost + 15%
ETS-5 (5mbps bandwidth)	\$ 890.00	n/a	\$ 1,989.25	Cost + \$ 140 (access) \$ 150/mbps (bandwidth)
Access/Information/ Enterprise Mgt. Fee	n/a	\$ 53.00	n/a	\$ 99.00

TELEPHONE FEES

	North Dakota ITD	South Dakota BIT	Montana ITSD	Minnesota OET
Telephone Line	\$ 24.00 - VoIP	\$ 13.00	\$ 55.93 - VoIP	\$ 54.00 - VoIP
Speaker	\$ 3.00	Actual Cost	Included	Actual Cost
Speaker/Display	\$ 5.00	Actual Cost	Included	Actual Cost
Voice Mail (unlimited)	\$ 5.00	\$ 6.00		\$ 6.00
3-minute limit	n/a	n/a	\$ 7.04	n/a
Additional Minutes	n/a	n/a	\$ 8.87	n/a

LONG DISTANCE

	North Dakota (ITD)	South Dakota (BIT)	Montana (ITSD)	Minnesota (OET)
In-State	\$.07	\$.09	\$.06	\$.049
Out-of-State	\$.07	\$.10	\$.06	\$.07
800 Service	\$.07	\$.10	\$.08	\$.13

SOFTWARE DEVELOPMENT RATE COMPARISON

ENTITY	LOCATION	BILLING RATE/HOUR OF SERVICE
Information Technology Department	State of North Dakota	\$ 63 - \$ 79
Applied Engineering	Bismarck, ND	\$ 75 - \$ 92
Eide Bailly	Bismarck, ND	\$ 95 - \$ 190
Enterprise Solutions	Bismarck, ND	\$ 95 - \$ 140
Nexus Innovations	Bismarck, ND	\$ 95 - \$ 125
Vision Technology	Bismarck, ND	\$ 70 - \$ 75
Everest Consultants	Beaverton, OR	\$ 63 - \$ 99
Ciber	Vancouver, WA	\$ 55 - \$ 180
Compuware	Plymouth, MN	\$ 80 - \$ 151
Maximus	Rancho Cordova, CA	\$ 145 - \$ 190

ITD SERVICE RATE TRENDS

SERVICE RATES	July 2010	July 2009	July 2008	July 2007
Software Developer	\$ 63 - \$ 79	\$ 63 - \$ 79	\$ 58 - \$ 63	\$ 58 - \$ 63

CENTRAL COMPUTER CPU

Batch CPU	\$ 1.07	\$ 1.17	\$ 1.17	\$ 1.17
CICS CPU	\$ 1.07	\$ 1.17	\$ 1.17	\$ 1.17
ADABAS CPU	\$ 1.17	\$ 1.23	\$ 1.23	\$ 1.23
TSO CPU	\$ 1.07	\$ 1.17	\$ 1.17	\$ 1.17

CPU rates for July 2007 through July 2008 were adjusted to be comparable to the faster computer purchased in 2009.

NETWORK FEES

Technology Fee	\$ 43.50	\$ 43.50	\$ 41.27	\$ 41.27
ATM T-1	\$ 890.00	\$ 890.00	\$ 890.00	\$ 890.00

Device fees for July 2007 through July 2008 were adjusted to be comparable to the new technology fee method used in 2009.

TELEPHONE FEES

Telephone Line	\$ 24.00	\$ 24.00	\$ 24.00	\$ 24.00
Speaker	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00
Speaker/Display	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00
Voice Mail (Unlimited)	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00

LONG DISTANCE

In-State	\$.07	\$.075	\$.075	\$.09
Out-of-State	\$.07	\$.075	\$.075	\$.09
800 Service	\$.07	\$.07	\$.07	\$.07

Statement of Net Assets June 30, 2009 & 2008

	FY 2009	FY 2008
ASSETS		
CURRENT ASSETS:		
Cash Deposits at BND	4,204,336	3,182,256
Restricted Cash	191,977	8,294,424
Intergovernmental Receivables	155,547	152,226
Accounts Receivable	235,146	106,341
Due From Other Funds	4,805,759	3,639,730
Prepaid Items	<u>1,524,408</u>	<u>2,252,705</u>
TOTAL CURRENT ASSETS	11,117,173	17,627,682
NON-CURRENT ASSETS:		
Unamortized Bond Issuance Costs	39,897	46,546
Capital Assets:		
Building & Equipment - Net	<u>13,623,626</u>	<u>12,248,796</u>
Total Non-current Assets	13,663,523	12,295,342
TOTAL ASSETS	<u>24,780,696</u>	<u>29,923,024</u>
LIABILITIES		
CURRENT LIABILITIES:		
Accrued Payroll	1,573,932	1,433,655
Accounts Payable	920,261	665,988
Interest Payable	302,959	520,793
Intergovernmental Payable	35	4,809
Due to Other Funds	18,062	28,441
Compensated Absences Payable	79,768	76,548
Notes Payable	1,049,917	0
Bonds Payable	<u>654,108</u>	<u>629,458</u>
TOTAL CURRENT LIABILITIES	4,599,042	3,359,692
NON-CURRENT LIABILITIES:		
Compensated Absences Payable	1,386,551	1,330,576
Notes Payable	4,950,083	12,000,000
Bonds Payable	<u>2,922,538</u>	<u>3,576,645</u>
TOTAL NON-CURRENT LIABILITIES	<u>9,259,172</u>	<u>16,907,221</u>
TOTAL LIABILITIES	13,858,214	20,266,913
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	7,623,626	6,248,796
Unrestricted	<u>3,298,856</u>	<u>3,407,315</u>
TOTAL NET ASSETS	<u>10,922,482</u>	<u>9,656,111</u>
TOTAL LIABILITIES & NET ASSETS	<u>24,780,696</u>	<u>29,923,024</u>

Financial Statements

Statement of revenues, expenses, and changes in fund net assets for years ending June 30, 2009 & 2008

	FY 2009	FY 2008
OPERATING REVENUE:		
Sales and Services	44,992,103	40,592,466
 OPERATING EXPENSES:		
Salaries and Benefits	18,154,771	16,499,257
Operating	20,881,523	22,229,584
Depreciation	<u>4,206,325</u>	<u>2,956,238</u>
TOTAL OPERATING EXPENSES	<u>43,242,619</u>	<u>41,685,079</u>
 OPERATING INCOME (LOSS)	 1,749,484	 (1,092,613)
 NON-OPERATING REVENUES (EXPENSES):		
Interest and Investment Income	233,038	114,424
Interest Expense	(717,817)	(192,203)
Loss on Sale of Capital Assets	(14,442)	(33,112)
Other	<u>16,108</u>	<u>16,107</u>
 TOTAL NON-OPERATING REVENUE (EXPENSES)	 <u>(483,113)</u>	 <u>(97,784)</u>
 INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	 1,266,371	 1,187,397
 TOTAL NET ASSETS-BEGINNING OF YEAR	 <u>9,656,111</u>	 <u>10,843,508</u>
 TOTAL NET ASSETS-END OF YEAR	 <u><u>10,922,482</u></u>	 <u><u>9,656,111</u></u>

Financing Agreements: ITD has a note for \$6,000,000 from SunTrust Leasing at 3.469% for the Dept. of Human Services (DHS) Medicaid Systems Project. DHS will obtain federal & general funds in the 2009-11 & 2011-13 bienniums to reimburse ITD to pay off note in November 2012. ITD also borrowed \$4,950,000 from Midwest Leasing at 3.9% for the State telephone & network upgrade. ITD will collect funds to pay off note from its service billings with final payment in June 2014

Strategic Planning & Performance Measures

Measurement	Baseline (Previous Years)	Current (June 2010)	Target
ACCEPTABLE LEVEL OF TOTAL NET ASSETS	2007 - 1.7 2008 - 1.4 2009 - 1.7	2010 - 2.4	< OR = 2.0

SCORECARD PERSPECTIVE: FINANCIAL. Based on financial end of year "Statement of Net Assets," Total Net Assets does not exceed two (2) times the average monthly expenditures.

PERCENTAGE OF ITD RATES REPORTED IN ANNUAL REPORT THAT ARE COMPETITIVE	2007 - 100% 2008 - 100% 2009 - 100%	2010 - 100%	100%
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SCORECARD PERSPECTIVE: FINANCIAL. Based on 22 service rates representing 75% of ITD's revenue as reported in the Annual Report. "Competitive" is defined as a rate not exceeding 10% higher than the average comparable service rates provided by other government and private entities.

TOTAL NUMBER OF SERVICE REQUESTS AND INCIDENTS COMPLETED	2008	2009	2010	
SERVICE REQUESTS	32,105	33,243	34,247	MONITOR
INCIDENTS	53,738	55,421	60,835	

SCORECARD PERSPECTIVE: FINANCIAL. Although this measure is largely dependent on client budget appropriations and spending, it provides an indicator reflecting the amount of work volume or output produced by ITD. This measure reflects a 12-month timeframe.

CUSTOMER SATISFACTION INDEXES	% SATISFIED / VERY SATISFIED		% SATISFIED / VERY SATISFIED	
	2008	2009	2010	
Value	86.9%	83.9%	87.0%	92%
Timeliness	86.9%	92.2%	91.6%	97%
Quality	93.0%	95.3%	95.7%	97%
Knowledge	97.0%	96.8%	95.8%	98%
Professionalism & Courtesy	99.0%	100%	98.9%	100%

SCORECARD PERSPECTIVE: CUSTOMER. Customer Surveys are collected annually. This year, executives and business professionals were invited to join IT coordinators in completing ITD's Annual Customer Survey. As a result, 98 people provided feedback on these attributes. Customers are encouraged to offer candid feedback regarding ITD's ability to meet their business needs.

Measurement	Baseline (Previous Years)	Current (June 2010)	Target
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EMPLOYEE SATISFACTION INDEX	2006 & 2007 - 2.13 2008 & 2009 - 2.14	2010 - 2.21	2.0
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SCORECARD PERSPECTIVE: LEARNING & GROWTH. Every other year, ITD assesses its employee satisfaction. Employees are asked to rate ITD as a place to work. The above survey indexes reflect the overall average score of all employee survey rankings. The grading range is from 0-3 (dissatisfied to very satisfied). Ninety-eight percent of employees participated in the survey process.

CONTROLLABLE EMPLOYEE TURNOVER	2008 - 6.8% 2009 - 3.6%	2010 - 5.0%	BELOW 6%
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SCORECARD PERSPECTIVE: LEARNING & GROWTH. ITD tracks employee turnover on a quarterly basis. Employee turnover is a critical measure of organizational success. Technology skills will remain in high demand and in short supply through the next decade.

PERCENTAGE OF SERVICE LEVELS MET	2009 - 100%	2010 - TBD	100%
----------------------------------	-------------	------------	------

SCORECARD PERSPECTIVE: INTERNAL PROCESS. ITD is currently developing service level objectives (SLO) for its primary services. Once this process has been completed, this measure will indicate ITD's ability to meet its service objectives.

PERCENT OF STRATEGIC BUSINESS PLAN OBJECTIVES COMPLETED OR ON SCHEDULE	2008 - 43% 2009 - 61%	2010 - 47%	75%
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SCORECARD PERSPECTIVE: INTERNAL PROCESS. ITD creates a strategic business plan that defines business improvement goals and objectives which are achieved through initiatives created at the department and division levels. All initiatives are prioritized and defined as projects through an internal project definition process that describes the scope, cost, timeframe, and expected outcomes. This measure assesses management's ability to plan effectively and put business strategy into action.

GUIDING PRINCIPLES

Respect

We treat everyone with dignity and respect.

Teamwork

We recognize ITD's success depends on partnerships and collaboration.

Achievement

We develop quality solutions that best address the needs of our state. We are committed to delivering results – on time and within budget.

Integrity

We build long-term, lasting relationships through mutual trust. We value open, honest, two-way communication.

Leadership

We encourage initiative and creativity. We are committed to investing in knowledge and expertise.

Service

We hold ourselves accountable for a positive customer experience.



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North Dakot

www

State of North Dakota Inform

www

For more information or to re
report, please contact the Serv

An electronic copy of the Inform
Annual Report can be viewed b

Flex PACE Program

Qualified Businesses

The PACE family of programs at BND is designed to encourage specific types of economic activity within the State of North Dakota. In general terms, PACE provides an interest buy down that can reduce the borrower's rate of interest by as much as 5%.

The Flex PACE feature of the PACE program provides interest buy down to borrowers that do not fit into the traditional definition of a PACE qualifying business. Under Flex PACE, the community determines eligibility and accountability standards. Flex PACE allows communities the ability to provide assistance to borrowers with a business focus or need outside of the current requirements of PACE, such as jobs retention, technology creation with no new jobs, retail, smaller tourist businesses and essential community services.

Jobs Qualification

Job creation is not a requirement of Flex PACE, but jobs will be tracked for informational purposes.

Flex PACE Funding

Each biennium, BND designates a portion of the existing PACE funds for Flex PACE. This designation is not an exclusive reservation of the funds and therefore will be available for other PACE eligible projects. Each borrower is capped at \$200,000 of PACE funds per biennium under Flex PACE.

Parameters

Existing PACE program parameters (ex. interest rate buy down maximum, community match, BND participation amount, default) apply.

For more information please contact us at:

Bank of North Dakota
1200 Memorial Hwy
PO Box 5509
Bismarck, ND 58506-5509
(701) 328-5777
1-800-472-2166 ext. 5777
TDD (Telephone Device for the Deaf) 1-800-643-3916

2010 PACE FUND
COMMUNITY PERCENTAGE FACTORS

9/22/2010

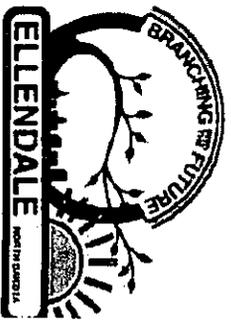
ABERCROMBIE	65%	FESSENDEN	80%	LIGNITE	70%	RICHARDTON	75%
ADAMS	80%	FINLEY	75%	LINCOLN	65%	RIVERDALE	65%
ALEXANDER	85%	FLASHER	85%	LINTON	80%	ROCKLAKE	85%
ANAMOOSE	85%	FORDVILLE	80%	LISBON	65%	ROLETTE	75%
ANETA	85%	FORMAN	70%	LITCHVILLE	85%	ROLLA	70%
ARTHUR	70%	FORT YATES	85%	MADDOCK	75%	RUGBY	70%
ASHLEY	80%	GACKLE	80%	MANDAN	65%	RUTLAND	75%
BEACH	75%	GARRISON	75%	MANVEL	65%	SAWYER	65%
BELFIELD	70%	GILBY	80%	MAPLETON	65%	SCRANTON	70%
BERTHOLD	70%	GLADSTONE	70%	MARION	85%	SELFRIDGE	75%
BEULAH	70%	GLEN ULLIN	85%	MAX	80%	SHERWOOD	80%
BINFORD	85%	GLENBURN	70%	MAYVILLE	70%	SHEYENNE	85%
BISBEE	80%	GOLDEN VALLEY	80%	MCCLUSKY	85%	SOUTH HEART	70%
BISMARCK	65%	GOODRICH	85%	MCVILLE	85%	STANLEY	75%
BOTTINEAU	75%	GRAFTON	70%	MEDINA	80%	STANTON	80%
BOWBELLS	85%	GRAND FORKS	65%	MICHIGAN CITY	85%	STARKWEATHER	70%
BOWDON	85%	GRANDIN	70%	MILNOR	75%	STEELE	75%
BOWMAN	70%	GRANVILLE	85%	MINNEWAUKAN	80%	STRASBURG	80%
BRALO	65%	GRENORA	80%	MINOT	65%	ST. JOHN	75%
BURLINGTON	65%	GWINNER	65%	MINTO	70%	ST. THOMAS	80%
BUXTON	65%	HALLIDAY	80%	MOHALL	70%	SURREY	65%
CANDO	80%	HANKINSON	70%	MOORETON	75%	SYKESTON	80%
CARPIO	75%	HANNAFORD	80%	MOTT	85%	TAPPEN	75%
CARRINGTON	65%	HARVEY	75%	MUNICH	85%	THOMPSON	70%
CARSON	85%	HARWOOD	65%	NAPOLEON	75%	TIOGA	70%
CASSELTON	65%	HATTON	70%	NECHE	70%	TOLNA	85%
CAVALIER	70%	HAZELTON	70%	NEW ENGLAND	85%	TOWER CITY	75%
CENTER	70%	HAZEN	75%	NEW LEIPZIG	85%	TOWNER	85%
COGSWELL	80%	HEBRON	80%	NEW ROCKFORD	80%	TURTLE LAKE	80%
COLUMBUS	85%	HETTINGER	75%	NEW SALEM	75%	UNDERWOOD	80%
COOPERSTOWN	75%	HILLSBORO	65%	NEW TOWN	65%	UPHAM	85%
CROSBY	80%	HOOPLE	75%	NOONAN	75%	VALLEY CITY	70%
CRYSTAL	80%	HOPE	80%	NORTHWOOD	65%	VELVA	75%
DAVENPORT	70%	HORACE	65%	OAKES	70%	WAHPETON	65%
DES LACS	65%	HUNTER	65%	OSNABROCK	85%	WALCOTT	65%
DEVILS LAKE	65%	JAMESTOWN	65%	PAGE	65%	WALHALLA	70%
DICKINSON	65%	KENMARE	65%	PARK RIVER	70%	WASHBURN	70%
DRAKE	85%	KENSAL	75%	PARSHALL	75%	WATFORD CITY	70%
DRAYTON	65%	KILLDEER	75%	PEMBINA	65%	WEST FARGO	65%
DUNSEITH	75%	KINDRED	65%	PETERSBURG	85%	WESTHOPE	80%
EDGELEY	70%	KULM	75%	PICK CITY	70%	WILDROSE	80%
EDINBURG	80%	LAKOTA	85%	PLAZA	75%	WILLISTON	65%
EDMORE	85%	LAMOURE	70%	PORTAL	80%	WILLOW CITY	85%
ELGIN	75%	LANGDON	75%	PORTLAND	75%	WILTON	65%
ELLENDALE	80%	LANSFORD	85%	POWERS LAKE	80%	WIMBLETON	75%
EMERADO	70%	LARIMORE	75%	RAY	80%	WING	80%
ERLIN	75%	LEEDS	85%	REEDER	85%	WISHEK	75%
FOND	85%	LEHR	85%	REGENT	85%	WYNDMERE	80%
FARMOUNT	70%	LEONARD	65%	REYNOLDS	75%	ZAP	85%
FARGO	65%	LIDGERWOOD	70%	RHAME	80%	ZEELAND	85%

The Infrastructure of Dickey County, North Dakota: A Cost Effective Data Center Infrastructure

A Report Compiled on Behalf of Ellendale, ND

By Evans Analytics

EVANS ANALYTICS
STATISTICAL ANALYSIS MODELING AND RESEARCH



Abstract:

- This report shows a comparison of the infrastructure of Grand Forks, ND versus the infrastructure of Dickey County, ND. This report will discuss infrastructure, power, water, land, fiber, vaults etc. This report will also aid as a city report proving the viability and cost savings of having data storage in Ellendale versus Grand Forks.
- This report is prepared and written by Evans Analytics LLC a 3rd party non-affiliated company to any corporations or levels of government in the state of North Dakota.

Introduction

- This report shows a comparison of building a data warehousing infrastructure in Grand Forks, ND versus the currently existing infrastructure of Dickey County. The report will discuss infrastructure, power, water, land, fiber, vaults etc.
- This report will also aid as a city/county report proving the viability and cost savings of doing data storage in Ellendale instead of Grand Forks.
- This report is prepared and written by Evans Analytics LLC, a 3rd party non-affiliated company to any corporations or levels of government in the state to eliminate bias to any state entity, with the purpose of discovering existing infrastructures. The aim is to evaluate best fiscal and resource practices for the state of North Dakota.

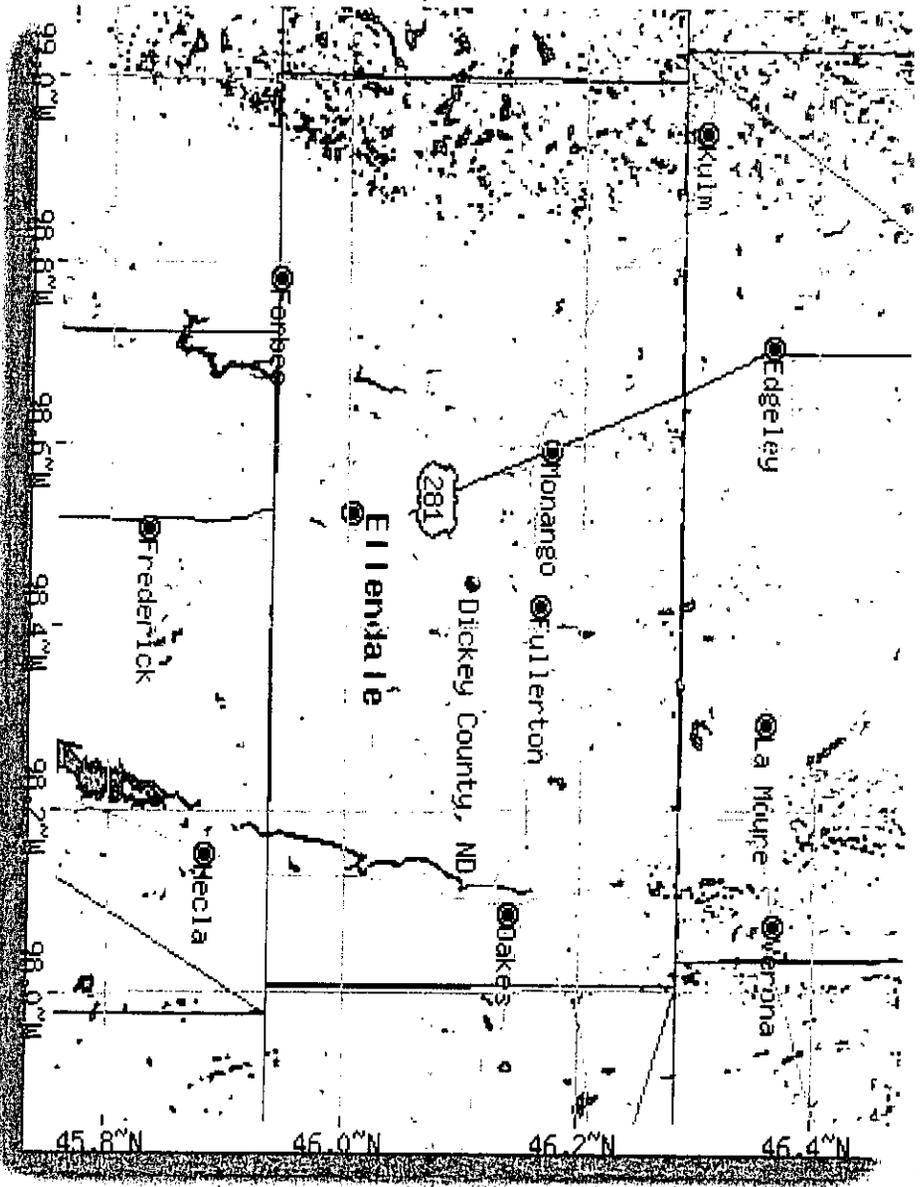
Introduction (cont.)

- An existing secure data warehouse facility currently resides in Dickey County. This current facility is optimal to meet the current and anticipated data storage needs of North Dakota.
- Because it is situated in desirable land, climate, and topographical conditions, as well as on a secure site, from many perspectives, it is a fiscally sound proposition to consider this facility as an optimal future investment for the State of North Dakota.
- The factors involved in this evaluation will be herein described with associated supporting documentation.

Dickey County

- Desirability of Secure Data Warehousing Site
- Descriptors of Dickey County:
 - Rural – According to the U.S. Census Bureau the official definition is less than 2,500 persons per square mile. Dickey County is extremely low at approximately 5 persons per square mile.
 - Located on the southern border of North Dakota – green, hilly, abundant farm land and water supply.
 - Highway 281 runs north to south lies parallel to the hills which mark the beginnings of rolling Great Plains.
 - Ellendale’s elevation is 1456 ft, the land area is 1.44 square miles and the population density is 1011 people per square miles, which is still below the national definition for rural.

Map of Dickey County



Agriculture

- Average size of farms: 1125 acres
- Average value of agricultural products sold per farm: \$135,065
- Average value of crops sold per acre for harvested cropland: \$141.16
- The value of livestock, poultry, and their products as a percentage of the total market value of agricultural products sold: 29.87%
- Average total farm production expenses per farm: \$105,822
- Harvested cropland as a percentage of land in farms: 59.66%
- Irrigated harvested cropland as a percentage of land in farms: 2.83%

Agriculture (cont).

- Average market value of all machinery and equipment per farm: \$143,154
- The percentage of farms operated by a family or individual: 90.06%
- Average age of principal farm operators: 55 years
- Average number of cattle and calves per 100 acres of all land in farms: 9.23
- Milk cows as a percentage of all cattle and calves: 1.07%
- Corn for grain: 87310 harvested acres
- All wheat for grain: 74135 harvested acres
- Soybeans for beans: 95965 harvested acres

Tornado Activity

- Dickey County's historical area-adjusted tornado activity is slightly below North Dakota state average. It is 1.9 times below overall U.S. average.

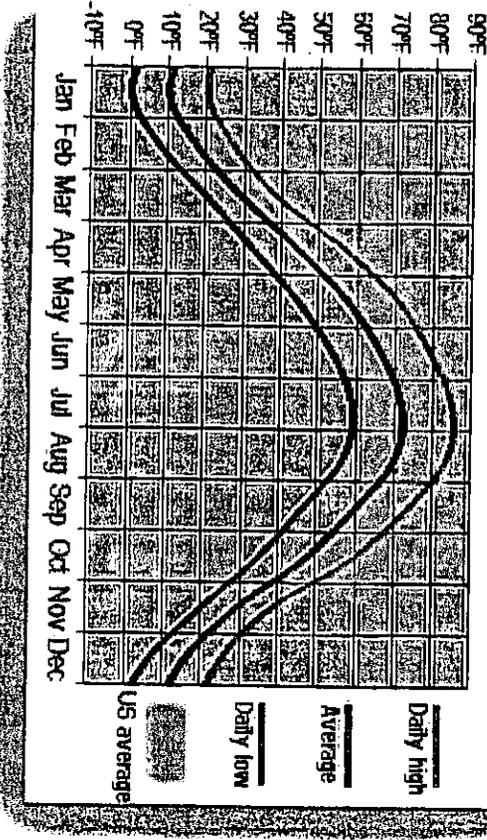
Earthquake Activity

- Dickey County-area historical earthquake activity is near North Dakota state average. It is 99% smaller than the overall U.S. average.

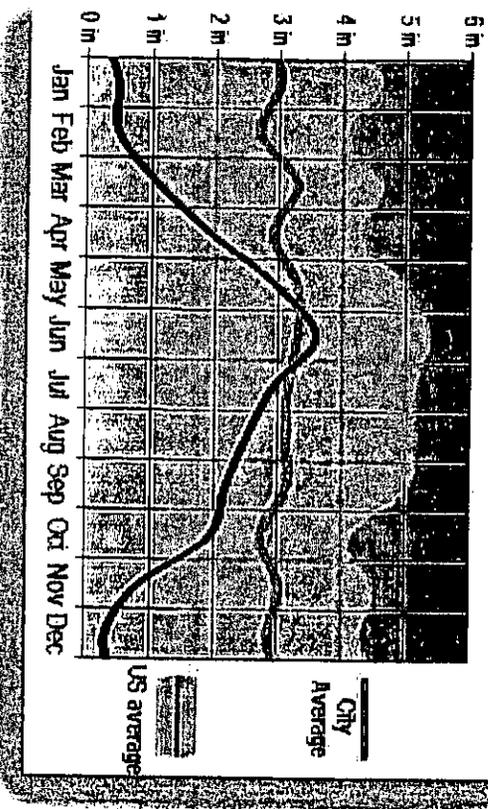
Average Climate in Ellendale, ND

*Based on data reported over 4,000 weather stations.

Average Temperatures

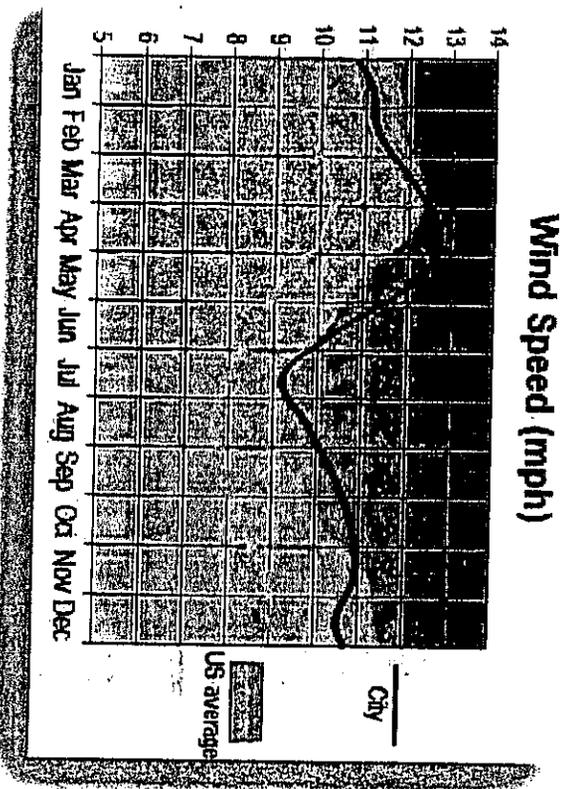
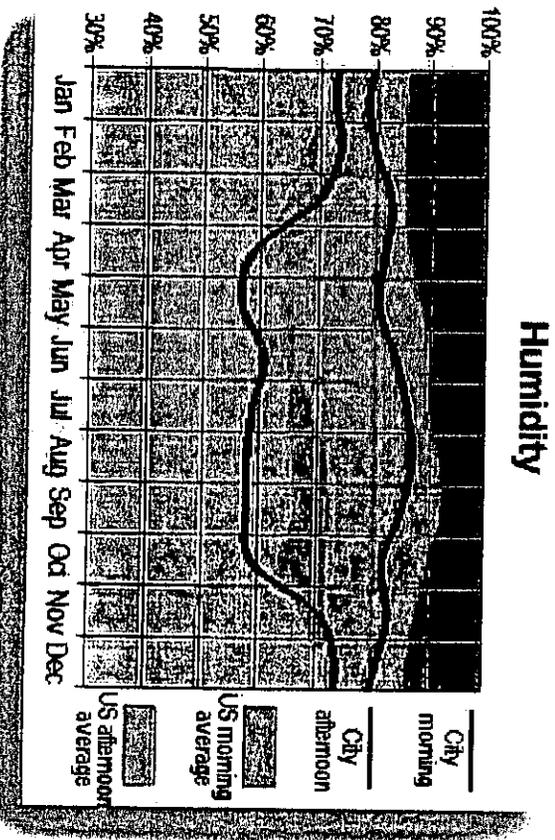


Precipitation



Average Climate in Ellendale, ND (cont.).

* Based on data reported over 4,000 weather stations.



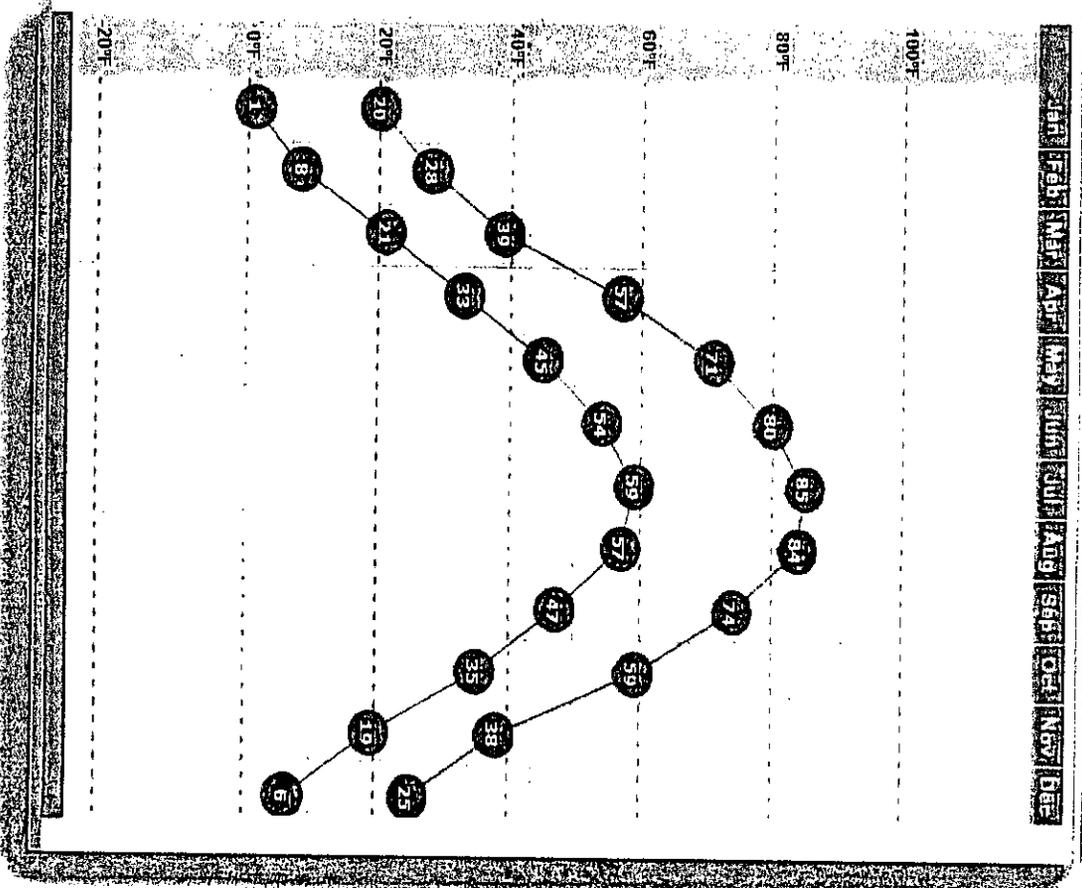
Average Climate (cont).

Warmest month is

July with an average
high of 89 F and
average low of 59 F.

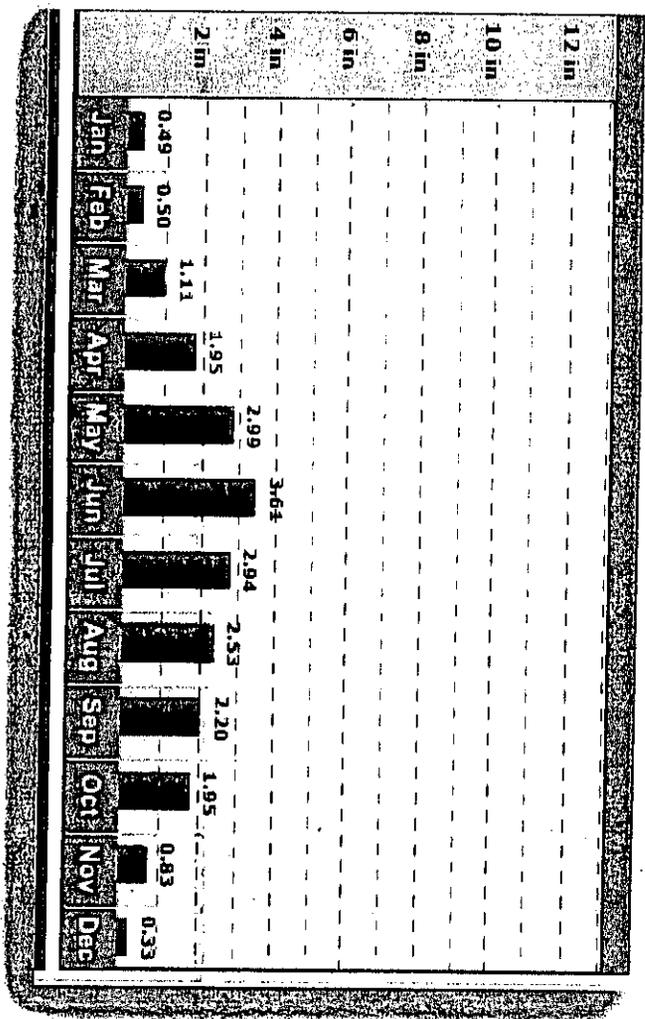
Coldest Month is

January with average
high of 20 F and
average low of 1 F.



Average Climate Precipitation (cont).

The wettest month is June with an average rainfall of 3.64 inches of precipitation.



Economic Perspective

According to the US Census, American Fact Finder, comparing 2002 numbers to 2007 numbers on eight factors of economic growth, despite tough economic times nationally, Dickey County has remained relatively robust.

Economic Perspective (cont).

- It has remained robust against economic hardship in the measures of:

1. Retail trade
2. Information
3. Real estate, rental, and leasing
4. Professional, scientific, and technical services
5. Administrative and Support, Waste Management, and Remediation Services
6. Health Care and Social Services
7. Arts, Entertainment, and Recreation
8. Accomodation and Food Services

Comparatively on these same measures, Great Forks County also has remained robust.

Economic Perspective: Dickey County

- In fact, neither Dickey County nor Great Forks County, according to these measures from the American Fact Finder, Census.gov, have grown significantly.
- *However, most importantly, of note, neither, during extremely tough economic times, have declined.*
- When compared with each other, given that Dickey County is a rural county, Grand Forks has not grown significantly from that of Dickey.
- *In fact, statistical tests demonstrate on these seven economic indicators, Dickey County's growth is as stable as that of Grand Forks.*

**(all statistical tests are run at $p < .05$)*

Crime Statistics for Ellendale, ND

According to city-data.com these are the Crime Statistics for Ellendale in 2009:

- **Crime in Ellendale (2009):**
- 0 murders (0.0 per 100,000)
- 0 rapes (0.0 per 100,000)
- 0 robberies (0.0 per 100,000)
- 1 assault (69.2 per 100,000)
- 11 burglaries (760.7 per 100,000)
- 4 thefts (276.6 per 100,000)
- 0 auto thefts (0.0 per 100,000)
- *City-data.com crime index = 78.1 (higher means more crime, US average = 278.6)*

Crime Statistics for Grand Forks, ND

- **Crime in Grand Forks, ND (2009):**
- 0 murders (0.0 per 100,000)
- 29 rapes (56.3 per 100,000)
- 27 robberies (52.4 per 100,000)
- 85 assaults (164.9 per 100,000)
- 261 burglaries (506.3 per 100,000)
- 1185 thefts (2298.6 per 100,000)
- 69 auto thefts (133.8 per 100,000)
- 2 arson (3.9 per 100,000)
- *City-data.com crime index = 78.1 (higher means more crime, US average = 278.6)*

Crime Statistics Summary

- While both areas have low crime statistics and low crime indices, when looking for a place to house a secure data facility, Ellendale, in Dickey County clearly has the advantage.

Security Perspective Viewpoint

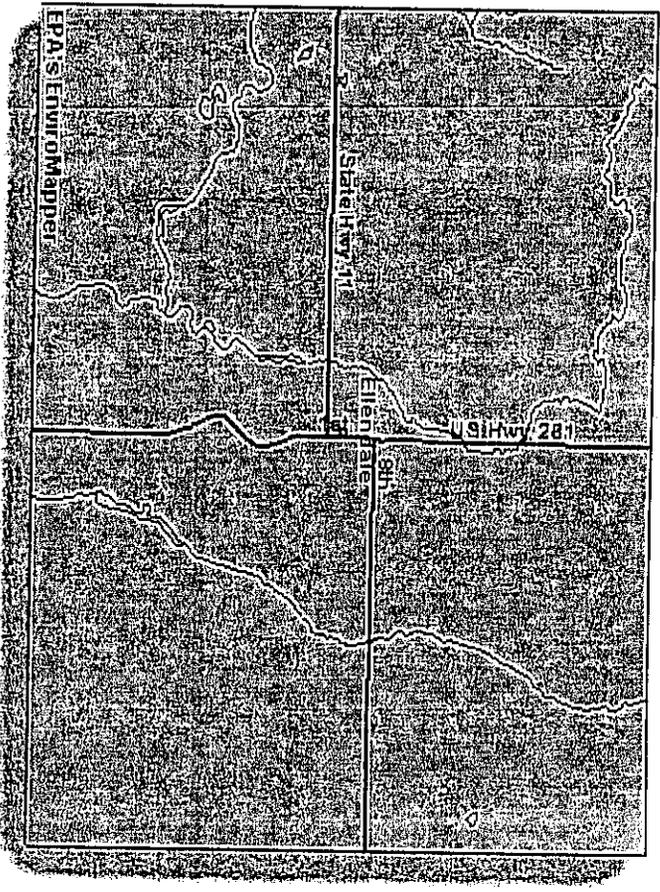
Feasibility of a data center location can be viewed, from a security perspective of location of the data center vs. what is deemed as critical infrastructure and high value targets to outside interests. Critical Assets are broken down in to thirteen categories:

1. Food and Agriculture
2. Banking & Finance
3. Chemical
4. Commercial Facilities
5. Communications
6. Critical Manufacturing
7. Dams
8. Defense Industrial Base
9. Energy
10. Information Technology
11. National Monuments & Icons
12. Transportation Systems
13. Water

Out-of-Sight/Out-of-Mind

- Dickey County smaller population vs. Grand Forks County.
- Dickey County has less critical assets (as defined by the Department of Homeland Security) to target by hostile outside interest than Grand Forks County.
- Support for “Out-of-Sight/Out-of-Mind” hypothesis.

Verification that Ellendale is Not in the Flood Plain



LEGEND

- Discharges to water
- Superfund sites
- Hazardous waste
- Toxic releases
- Air releases
- Others
- Multiple
- ~ Streets
- ▭ Water Bodies
- ▭ Counties

Verification that Ellendale is Not in the Flood Plain

(cont.)

- Flooding in North Dakota is a common occurrence. During the winter season, significant snowfall accumulates across the entire river watershed.
- During the winter, some of the accumulated moisture is lost through sublimation and winter thaw. However, most of the snow accumulation stays until spring (Sprynczynatyk, & Williams, 1997). There are two constant, geographic conditions that make North Dakota, specifically locations near the Red River, susceptible to severe flooding. The first is Gradient. With the exception of western North Dakota, the state is made up of gently rolling slopes with little elevation changes along the watershed.

Not in Flood Plain (cont.)

- Low velocity of the state's rivers and creeks are due to the lack of variability in elevation. These bodies of water move very slowly and there is limited drainage capacity. In addition, channel depths are relatively shallow and the flat topography promotes water spillage over the banks during the spring thaw season.
- The next condition is River Direction. The Red River moves northward into Canada. During the spring melting period, the melt waters originate from the south. As melt water from the south flows northward, the water flow is blocked by the frozen waters creating conditions for flooding. (Sprynczynatyk, & Williams, 1997)

Not in Flood Plain (cont.)

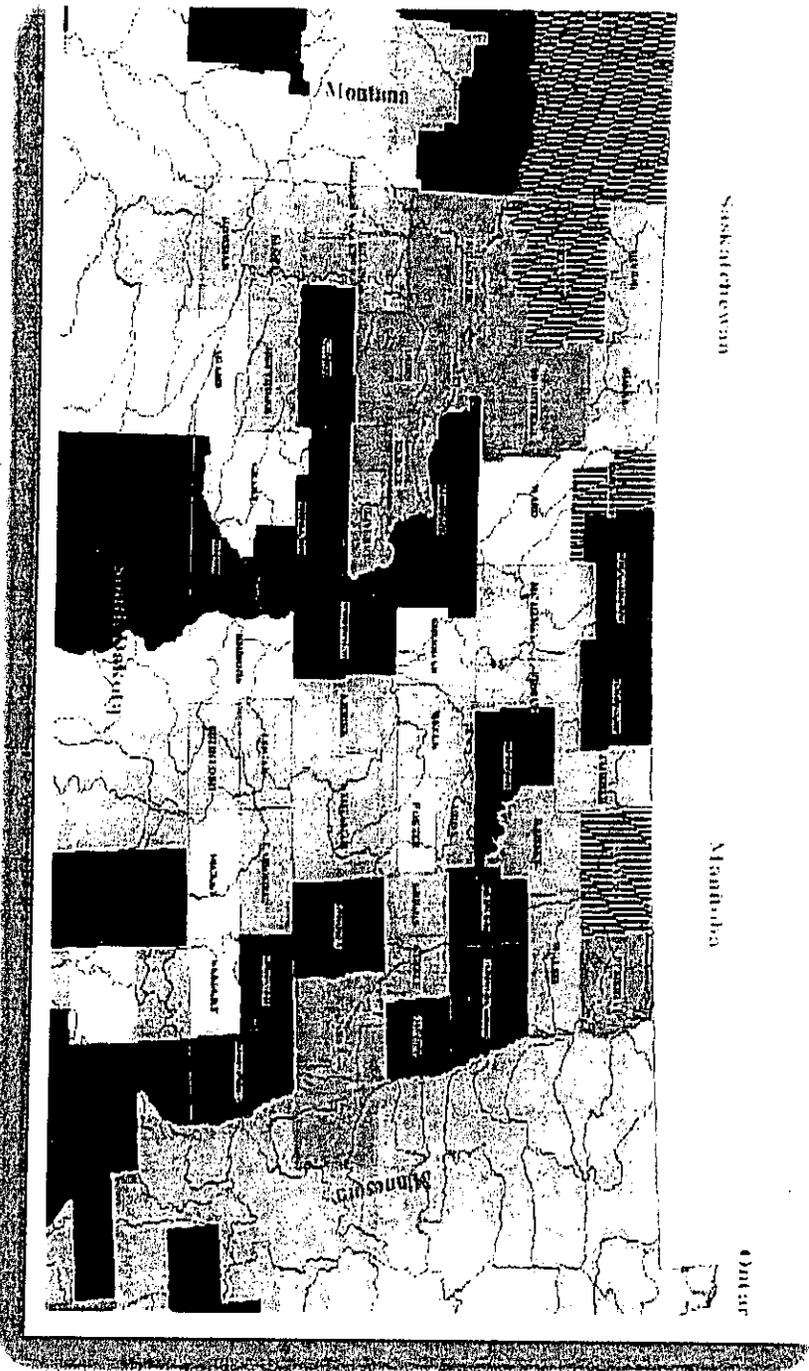
- Other Factors:
 - Ice jams
 - Glacial Lake Plain
 - Decrease in Gradient Stream

Main Points About Flooding

- The clay-rich sediments deposited in the central basin of Lake Agassiz in North Dakota and Minnesota has inherently weak properties. The clays, themselves, are expansive: capable of absorbing great quantities of water. The more water that is absorbed by these clays, the weaker they become. The clays have sufficient strength to support low-load buildings in Fargo, such as houses, shopping centers, and small businesses. But they are incapable of supporting larger load structures, such as high rises, water towers, bridge supports, etc. Should such a high-load structure be placed onto these clays, it risks sinking or toppling.
- How can high-load structures be supported on these clays? The answer is that they can't. Instead, the load of the structure must be transmitted through the Lake Agassiz sediments to firmer materials >100 feet beneath the surface. These stronger materials are usually glacial drift: till, outwash, and other sediments deposited by glaciers of the past ice ages.

Below is a graphical representation of flood plains
Grand forks vs. Dickey County:

SD State Water Commission Mapviewer



Power Sources of Ellendale Compared to Fargo

Dickey County

- One wind project within county borders (Tatanka Wind Power, LLC) that has capacity to produce 90 MW of energy.
- Two additional wind projects within the county could bring an additional 150 MW of energy.
- Current capacity from Tatanka Wind Farm could power 50,000 homes.
- Current household population of Dickey County is 5,069
- Dickey County produces excess energy from current infrastructure

Power Sources of Ellendale Compared to Fargo (cont.)

Grand Forks County

- As of 2008, eleven Minkota Power Generating Units had capacity of 10.6 MW of electricity.
- Current household population of Grand Forks County is 62,414
- Grand Forks County relies on power generated from other counties for businesses and residential households

Data Center & Four Tier System

- What It Takes To Upgrade:

A Tier IV which is the most robust, redundant, and functional – OSSI located in Ellendale is currently a Tier III but could easily to convert to a Tier IV data center. This is very cost effective for potential projects in the state of North Dakota.

Tier Definitions

(according to the Uptime Institute):

- Tier I: composed of a single path for power and cooling distribution, without redundant components, providing 99.671% availability.
- Tier II: composed of a single path for power and cooling distribution, with redundant components, providing 99.741% availability
- Tier III: composed of multiple active power and cooling distribution paths, but only one path active, has redundant components, and is concurrently maintainable, providing 99.982% availability
- Tier IV: composed of multiple active power and cooling distribution paths, has redundant components, and is fault tolerant, providing 99.995% availability.

What these are used for:

- Tier 1 to 4 data center is nothing but a standardized methodology used to define uptime of data center. This is useful for measuring:
 - Data center performance
 - Investment
 - ROI (return on investment)

Data Center Availability

- Data Center Availability According To Tiers The levels also describes the availability of data from the hardware at a location as follows:
 - Tier 1: Guaranteeing 99.671% availability.
 - Tier 2: Guaranteeing 99.741% availability.
 - Tier 3: Guaranteeing 99.982% availability.
 - Tier 4: Guaranteeing 99.995% availability.

Current Facility in Ellendale

- There is a current facility owned and operated by OSSI that is currently a tier III site.
- The design of the facility is based on utilizing the infrastructure currently available in the Ellendale area. This gives this facility the availability to provide multiple active power and cooling distribution paths.
- One path will be active at any one time with its redundant path on standby. In the case of a failure in the first path the second path would takeover.
- Additionally, if required, this facility has the capability to be upgraded to a Tier IV facility, which would have all paths for power and cooling actively feeding the data center.

How a Facility is Tiered

- A small-to-medium sized enterprise (SME) can get some idea of where its data center fits on the overall scheme of things by noting that Tier I-class data centers first appeared in the 1960s.
- About a decade later, standards were raised to current Tier II levels. Tier III came about in the late 1980s and early '90s.
- The first Tier IV data center was developed in 1994 as part of the United Parcel Service's Windward Project. It was the first site to assume the availability of dual-powered computer equipment and cost UPS \$50 million to build.

Tier I:

- Tier I sites have computer power distribution and cooling but may not have raised floors, UPSes, or engine generators.
- The critical load on these systems is up to 100% of N. Even with a UPS or generator, they likely are single-module systems and have many single points of failure.
- The infrastructure should be completely shut down on an annual basis to perform preventive maintenance and repair work. Urgent situations may require more frequent shutdowns.

Tier II:

- Tier II centers have raised floors, UPSes, and engine generators.
- Their capacity design is $N + 1$, which has a single-wired distribution path throughout.
- Maintenance of the critical power path and other parts of the site infrastructure still requires a processing shutdown.

Tier III:

- In a Tier III center, most functions, including preventive and programmable maintenance, repair and replacement of components, and testing of systems, can be done without disrupting operation of hardware systems.

Tier IV:

- Tier IV is the best going, but even a fault-tolerant and concurrently maintainable Tier IV site does not meet the celebrated requirement of five nines (99.9999%) uptime. The best a Tier IV site is expected to deliver over time is 99.995% reliability.

The Certification Process:

- The time it takes for the certification process varies depending upon whether it is an *existing or new site*.
- For existing sites, two comprehensive assessments are involved. One is an onsite review of electrical and mechanical infrastructure (Continuous Availability Review), and the second is a detailed review of human factors (Site Infrastructure Operations Review).
- Following the site reviews, the Institute delivers detailed reports outlining what tier level can be achieved. Once the client has implemented the required modifications, a return visit is scheduled to confirm tier compliance and award site certification.

Certification Process (cont.)

- A major factor is the money and the risk involved to upgrade an existing operating data center.
- *It is cost efficient and easier to use the Institute's Prospective Tier Classification such as OSS1 than starting construction of a new data center.*
- For instance for a facility like OSS1 it may be something like moving valves, walls, and connection points or changing capacities and redundancies is less expensive and easier during the design process.
- *The results in extended life and life cycle operational savings of prospective certification are profound.*

Certification Process (cont.)

- A data center that wants to go through the process has to use a consultancy such as the Uptime Institute, unless the data center has someone on staff is already certified.
- As creators of the Tier Classification system, the Institute owns it.
- There are limitations, but if an SME wants a solid evaluation, they'll either have to rent the expertise by using consultants such as those at the Uptime Institute or hire the expertise onto the payroll.
- *Budget runs between \$60,000 and \$100,000 for a review from the Uptime Institute but keep in mind the figure ranges depending on the complexity of the project and uptime objectives.*

Full Fiber Infrastructure:

North Dakota's Telecommunications Fiber Network

North Dakota has one of the most powerful fiber optic networks in the nation;

North Dakota is well suited to meet the network demands of data centers. Through the Dakota Carrier Network (DCN), a 100 percent fiber optic broadband communication network links all regions of the state and provides redundant Internet access by connecting to multiple Synchronous Optical Network (SONET) rings.

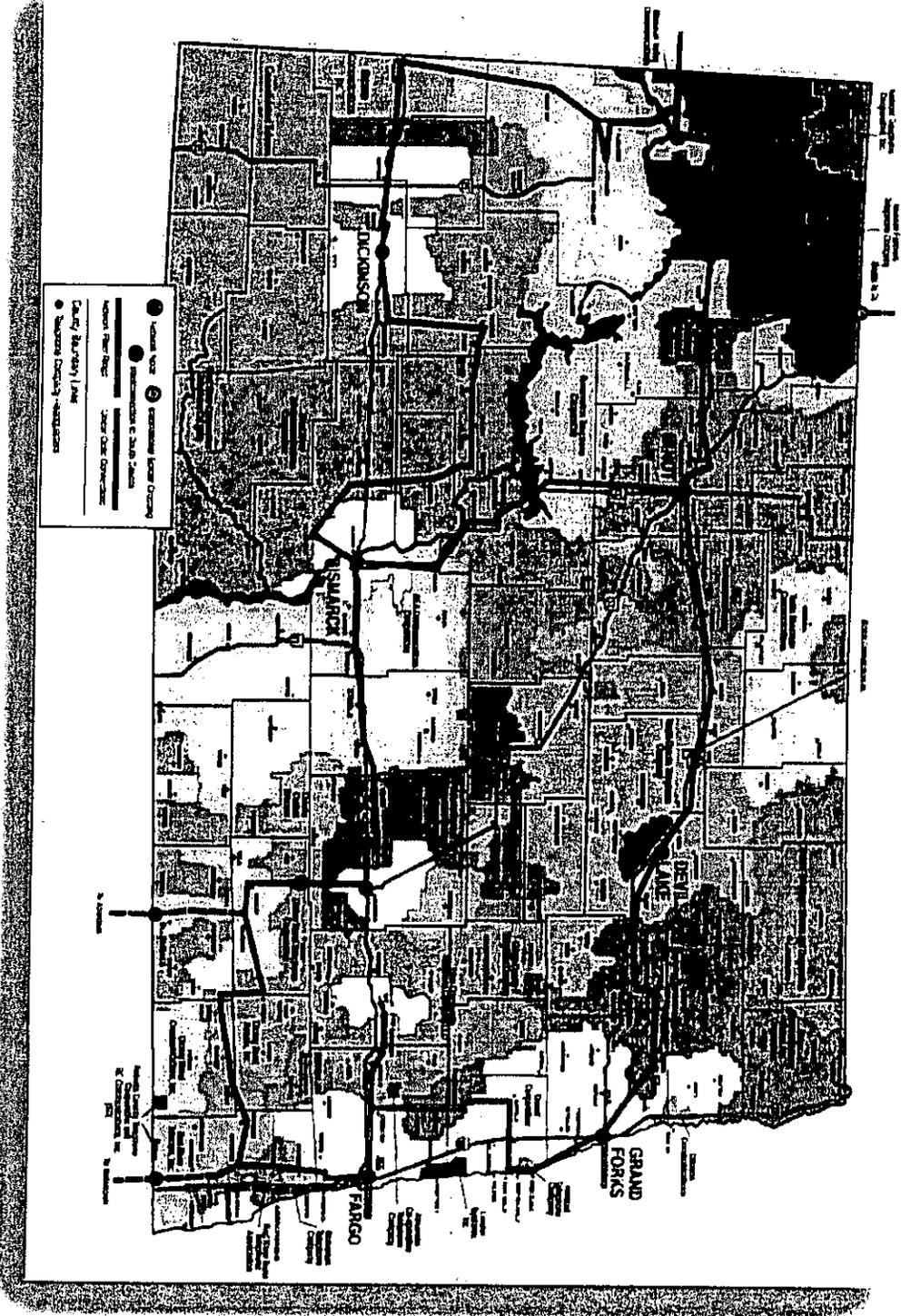
DCN also provides connectivity ranging from T-1 to OC-12.

North Dakota's Full Fiber Infrastructure:

Other key infrastructure advantages include:

- Minimal investment needed to reach major fiber trunk
- VPN (IP) networking
- Ideal physical environment with minimal risk of natural disasters - no seismic activity and only minimal tornado risk
- Temperate weather improves cooling efficiency -- mild summer and cold winter temperatures
- Abundant water supply includes municipal, along with the nation's largest man-made lake and the Missouri river system and tributaries

ND Fiber Optic Map:



North Dakota's Cost Effective Data Solution:

- Ellendale is located on US Hwy. 281 on the border of North and South Dakota.
- Ellendale is the Dickey County Seat and is home to a regional telecommunications company, a Christian Bible college, a multi-state fabrication company and two medical clinics.
- Ellendale is a welcoming rural community on the prairie with an estimated population of 1,550.

North Dakota's Cost Effective Data Solution:

Ellendale offers:

- High-speed fiber optic Internet service
- A new subdivision with lots available
- Property tax incentives for investment in the Renaissance Zone
- The safe, friendly atmosphere you remember

2011

EVANS ANALYTICS
STATISTICAL ANALYSIS MODELING AND RESEARCH

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[THE INFRASTRUCTURE OF DICKEY COUNTY, ND: A COST EFFECTIVE DATA CENTER INFRASTRUCTURE]

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Introduction

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Currently in Dickey County resides an existing secure data warehouse facility which is optimal to meet many of the needs of the data storage for major current and anticipated needs for North Dakota. Because it is situated in desirable land, climate, and topographical conditions, as well as in a secure site, from many perspectives, it is a fiscally sound proposition to consider this facility as optimum. The factors involved in this evaluation will be herein described with associated supporting documentation.

Section I:

Dickey County -Desirability as a Site for a Secure Data Warehouse

Dickey County - Desirability as a Site for a Secure Data Warehouse

Descriptors of Dickey County

Dickey County, ND and more specifically Ellendale, ND is a desirable and secure site for secure data warehousing (*see Appendix A for map of Dickey County*). This can be viewed from many different perspectives. Dickey County's Land area is 1131 square miles with a water area of 10.7 square miles and a population density of 5 people per square mile. The Census Bureau's definition of a "Rural Area," is less than 2,500 persons per square mile, which Ellendale is far below this definition (Census 1995). Dickey County is located on the southern border of North Dakota and is comprised of 1152 square miles of land. The eastern part lies in the Drift Prairie, a green, hilly part of the state marked by good farm land and an abundance of water. Hwy 281 which runs north and south lies parallel to the hills which mark the beginning of the rolling Great Plains. Ellendale's Elevation is 1456 feet, the Land area is 1.44 square miles and the Population density is 1011 people per square mile, which is considered to be low.

Agriculture in Dickey County

Dickey County as previously stated is a rural area, by definition. It also is heavily agricultural. Primary crops include soy, corn, and wheat (*see Appendix H, Dickey County Agricultural Descriptors*) as well as potatoes. The value of livestock, poultry, etc making up a total percentage of market value of agricultural products sold from farms is the equivalent of 29.7%. The average value of agricultural products sold per farm in Dickey County is that of \$135,065, and the average total farm production expenses per farm is \$105,822. The average market value of all machinery and equipment per farm is \$143,154. The percentage of farms operated by family or individuals is 90%, with the principal farm operator average age of 55 years. This is a picture of a stable, sound, even stalwart agricultural community. When

economic indicators of this community are compared with a more urban North Dakota area, it will be seen that this community has fared well and remained stable during recent economic turmoil. This stability, agricultural community, and rural location are actually desirable qualities for housing the infrastructure such as is being investigated.

Natural Disasters

Dickey County is lower than the national average for major national disasters such as tornados and earthquakes. Dickey County's historical area-adjusted tornado activity is slightly below North Dakota state average. It is 1.9 times below overall U.S. average. Earthquake activity in the Dickey County-area, based on historical earthquake activity, is near the North Dakota state average. It is 99% smaller than the overall U.S. average. The largest concern regarding natural disasters for Dickey County, indeed for that of the state of North Dakota, is that of flooding; however that will be addressed elsewhere, more comprehensively, within this report.

Average climate

The average temperature is 43.5° F. The average annual high temperature is 55° F; the annual average low is 32.1° F. The average annual precipitation is 21.5 inches (*see Appendix B for climate charts*). The relative mild summer temperatures, meaning that the highs are in moderate ranges, contribute to Dickey County being a desirable place for a data warehouse.

Economic Perspective & Desirability

Markers of Economic Growth

According to the US Census, American Fact Finder, comparing 2002 numbers to 2007 numbers on nine factors of economic growth, despite tough economic times, Dickey County has remained relatively robust and has not shown times of an economic decline (See Appendix C). It

has remained stable on seven economic factors of growth ($p < .00$). Economic factor considered were: (1) Retail trade; (2) Information; (3) Real estate, rental, and leasing; (3) Professional, scientific, and technical services; (4) Administrative and Support, Waste Management, and Remediation Services; (5) Health Care and Social Services; (6) Arts, Entertainment, and Recreation; (7) Accommodation and Food Services; and (8) Other Services (except Public Administration).

In fact, neither Dickey County nor Grand Forks County, according to these measures from the American Fact Finder, Census.gov, has grown significantly. However, most importantly, of note, neither, during extremely tough economic times, has declined. When compared with each other, given that Dickey County is a rural county; Grand Forks has not grown significantly from that of Dickey. In fact, statistical tests demonstrate on these seven economic indicators, Dickey County's growth is as stable as that of Grand Forks. Comparatively on these same measures, Grand Forks also has shown significant growth ($p=.00$). It is important to note, that given Dickey County is both rural and highly agricultural in nature, its economic robustness is noteworthy (*for statistical tests, see Appendix C*).

Unemployment Rate

Another important marker of economic health, the unemployment rate, also indicates that Dickey County has remained robust against the national trends. As of March 4, 2011, the national unemployment rate stood at 8.9% (the first time it has been below 9% since April, 2009). However, Dickey County's rate was reported at 4.1%, well below the national average. North Dakota also has the lowest unemployment rate in the country. Except for one unemployment spike, in 2009, Dickey County's unemployment rate has stayed relatively low (bls.gov). (*Please see Appendix I for maps and illustrative graphs*).

Land Costs

Another marker of Dickey County's economic health is recent land costs. In 2010 commercial land values decreased by 9.4% on an actual basis from 2009, however, on a per acre basis transaction values increased by 66.5%. These values could be skewed given the fact that 28 acres traded in 2009 versus only 8 acres in 2010.

In 2009, approximately 28 acres of commercial land valued at \$568,187 traded in Ellendale, ND and the surrounding city of Oakes. The average trade was 2.3 acres. The weighted average sale price was \$82,513. The weighted average sale price/acre was \$20,593. Some of these sales included land with improvements or existing structures (*see Appendix E, Exhibit 25 Commercial Land Sales 2009*).

In 2010, approximately 8 acres of commercial land valued at \$515,020 traded in Ellendale, ND and the surrounding city of Oakes. The average trade was 8.4 acres. The weighted average sale price was \$54,723. The weighted average sale price/acre was \$61,532. Some of these sales included land with improvements or existing structures (*see Appendix E, Exhibit 27 Commercial Land Sales 2010*).

In 2010 agricultural land sale values increased by 5.6% on an actual basis, on a per acre basis, prices decreased 17.7%. Approximately 2,500 more acres traded in 2010 than 2009. In 2009, approximately 7,443 acres of agricultural land valued at \$9,249,126 traded in townships surrounding Ellendale, ND. The average trade was 169 acres. The weighted average sale price was \$267,883. The weighted average sale price/acre was \$1,242 (*see Appendix E, Exhibit 26 Agricultural Land Sales 2009*).

In 2010, approximately 9,990 acres of agricultural land valued at \$10,543,767 traded in townships surrounding Ellendale, ND. The average trade was 172 acres. The weighted average sale price was \$282,868. The weighted average sale price/acre was \$1,055 (*see Appendix E, Exhibit 28 Agricultural Land Sales 2010*).

Low Crime Rates

Residents of Dickey County, but most particularly Ellendale, the County Seat, experience a relatively crime-free way of life. This is most unusual in this era. In fact, despite a national economic down-turn, the economy has not changed much, and the crime rate has remained very low also. According to city-data.com, in 2009, Ellendale had 0 murders, 0 rapes, 0 robberies, 1 assault, 11 burglaries, 4 thefts, and 0 auto thefts. (*Please see Appendix J*).

Summary of Section I

Taking into account a resilient, stable economy, a moderate climate, and extremely low crime rates, Dickey County has much to offer as a host for a data warehouse. Because a data warehouse secures data of differing security demands, the next section will deal extensively with evaluating Dickey County from the Homeland Security Presidential Directive (HSPD). What is illustrated in the next section is that Dickey County is uniquely situated to offer not only the economic, social, and climatological advantages; Dickey County offers hidden strengths as a secure facility for data, not just unique to North Dakota, but it has unique qualifiers nationally as well.

Section II:

Dickey County -Security Perspective

Section II:

Dickey County

Security Perspective

“Strategic Out-of-Sight-Out-of-Mind”

Dickey County, a rural, agricultural county is also a secure site to locate a data warehouse from the “Strategic Out-of-Sight-Out-of-Mind” perspective. Out of sight-out of mind alludes to the fact you do not tend to look for secure installations in a corn field. You would look for them at military bases, big cities, belt-ways, etc. This is, in fact, an extremely important consideration. Apart from the actual facility, fiber, equipment, all of which will be given treatment within this report, security of location when dealing with data is also paramount. This is an important consideration whether the data is governmental, academic, corporate, or individual in nature. Taking the Homeland Security Presidential Directives (HSPD) as the standard for analyzing the strategic location of a data warehouse, it can be determined, that a remote rural, agricultural county in North Dakota would be an unexpected location to find a tier 3-4 centers...Harder to target, harder to picket during a demonstration and etc. In fact, in conducting this security analysis, some unexpected boons were discovered in rural Dickey County, including that of redundant power sources to feed a data warehouse: more power resources than were needed for just the population of the county itself.

“Homeland Security Presidential Directive (HSPD) 7 establishes a national policy for federal departments and agencies to identify and prioritize U.S. critical infrastructure and key resources and to protect them from terrorist attack. HSPD-7 identifies 17 sectors that require protective actions to prepare for, protect, or militate against a terrorist attack or other hazards”, of

those sectors, 13 are analyzed (Homeland Security, 2010). Those 13 critical infrastructure sectors are as follows:

- Food and Agriculture
- Banking and Finance
- Chemical
- Commercial Facilities
- Communications
- Critical Manufacturing
- Dams
- Defense Industrial Base
- Energy
- Information Technology
- National Monuments and Icons
- Transportation Systems, and
- Water

There are approximately 289 Critical Infrastructure assets in Dickey County compared to 806 assets in Grand Forks County. There are almost 3 times as many assets in Grand Forks than Dickey. This seems to be in line given Grand Forks' population is 60 times larger than Dickey County's. An outside, hostile organization would deem Grand Forks' asset base and its larger population, a more valuable strategic target than Dickey County, therefore, the probability of an attack on Dickey County or its assets would be less than Grand Forks (*see Appendix D, Exhibit 1 Chart of Homeland Security Critical Infrastructure Sectors*).

Food and Agriculture

The mission of the Food and Agriculture (FA) sector is to "protect against a disruption in the food supply that would pose a serious threat to public health, safety, welfare, or the national economy". Securing the sector has a unique set of challenges because our agricultural systems are extensive, open, interconnected and very diverse (Department of Homeland Security, 2010).

The FA Sector accounts for one-fifth of the Nation's economic output producing \$181 billion in crop production per year. There are 2.2 million farms sitting on 920 million acres of land. The top five cash producing industries are (Department of Homeland Security, 2010):

1. Grains and Seeds
2. Milk
3. Poultry and Eggs
4. Fruits and Nuts
5. Nurseries and Greenhouses

There are 25 farms and dairies located in Dickey County. There are 34 farms and dairies located in Grand Forks County (*see Appendix D, Exhibit 2 Chart of Food and Agriculture Sector*).

Banking and Finance

The U.S. banking and financial services sector is the backbone of the United States and the global economy. Assets are estimated to be approximately \$48 trillion and accounts for over 8% of the U.S. GDP. Financial institutions offer broad array of products for both retail consumers and large corporate clients. There are more than 17,000 depository institutions, 15,000 providers of investment and financial products and over 8,500 providers of risk-transfer products (insurance) (Department of Homeland Security, 2007).

Dickey County, being an agricultural based county, does not have a significant amount of banks or branches in the near vicinity. There are ten financial/insurance institutions in the county itself.

Grand Forks, ND, a more populous county, is deemed a more urban environment that would support more banking institutions and branches. The analysis supports this assessment, as there are over twenty financial institutions within the county lines (*see Appendix D, Exhibit 3 Chart of Banking and Finance Sector*).

Chemical

“There are several hundred thousand facilities in the United States that use, manufacture, store, transport or deliver chemicals.” (Department of Homeland Security, 2010). To better define the business lines associated with the Chemical Sector, the \$689 billion dollar industry is broken down in to five main segments:

- Basic Chemistry
- Specialty Chemicals
- Agricultural Chemicals
- Pharmaceutical Chemicals
- Consumer Products

Agricultural chemicals, which include fertilizers and crop protection is the primary Chemical segment in North Dakota, specifically, Dickey and Grand Forks Counties. In addition, there are four functional areas associated with the Chemical Sector:

1. Manufacturing Plants
2. Transport Systems
3. Warehousing and Storage Systems
4. Chemical end Users

In Dickey County, there are two companies that serve the agricultural community by providing fertilizers either as a producer of the end product, a seller or service provider that handles the product.

Farmer’s Union Fertilizer Plant is located in Ellendale, ND and provides fertilizer manufacturing and sales. The Star Fire Company, also located in Ellendale provides crop dusting services to the agricultural community.

In Grand Forks County, there are seven companies that are considered fertilizer and chemical manufacturing and distribution companies (*see Appendix D, Exhibit 4 Chart of Chemical Sector*).

Commercial Facilities

The Commercial Facilities Sector is a diverse and complex infrastructure that is primarily privately owned and operates under the “open public access” principle. Each owner has distinct operational and implementation procedures as it relates to security and risk management. The economic impact of the Sector is significant. Revenues generated from these assets totaled \$4.8 trillion in 2008. These facilities and institutions have become ubiquitous and have become a part of American’s everyday life. At any one time, there are thousand if not hundreds of thousands of people congregating at these various facilities (Department of Homeland Security, 2010).

The Commercial Facilities Sector is further broken down in to subsectors:

- Entertainment and Media
- Gaming Facilities
- Lodging
- Outdoor Events
- Public Assembly
- Real Estate
- Retail
- Sports Leagues

While the list is by no means comprehensive, there are over 130 strategic assets in the Commercial Facilities Sector in Dickey County. In Grand Forks, there are over 330 assets, triple the amount in Dickey County (*see Appendix D, Exhibit 5 Chart of Commercial Facilities Sector*).

Communications

As individuals, businesses and governments increasingly move their operations and data within the realm of the digital infrastructure, the Communications Sector has become an ever more important strategic asset in the U.S. As our lives become more “digitized”, cyber exploitation from unknown threats with increasing capabilities has been on the upswing.

The Nation’s communications infrastructure includes is broken down in to five categories:

1. Wireline
2. Wireless
3. Satellite
4. Cable
5. Broadcasting

This system also includes transport networks that support the Internet and key information systems (Department of Homeland Security, 2010).

There are approximately 80 assets that would be considered infrastructure related to the Communications Sector in Dickey County. There are almost 300 Communication Sector assets in Grand Forks County. The bulk of those assets are centered on the wireless telecommunications sector (*see Appendix D, Exhibit 6 Chart of Communications Sector*).

Critical Manufacturing

“The Critical Manufacturing Sector is crucial to the economic continuity and prosperity of the United States of America (U.S.). In 2006, the U.S. Census Bureau’s Manufacturing and Construction Division reported that the U.S. manufacturing industry, relative to the taxonomy used by the Department of Homeland Security (DHS) for Critical Manufacturing, employed 1.1 million people and contributed (directly and indirectly) \$676 trillion to the economy” (Security,

Critical Manufacturing Sector-Specific Plan: Annex to the National Infrastructure Protection Plan, 2010).

The Critical Manufacturing Sector can be broken down in to four functional areas:

1. Primary Metals Manufacturing
2. Machinery Manufacturing
3. Electrical Equipment Manufacturing, and
4. Transportation and Heavy Equipment Manufacturing

Critical Manufacturing is not a primary sector in Dickey and Grand Forks County. There are only two Critical Manufacturers in Dickey County, the most notable being Oshkosh Corporation. Oshkosh manufactures heavy, specialty trucks. Likewise, there are only six Critical Manufacturers located in Grand Forks County (*see Appendix D, Exhibit 7 Chart of Critical Manufacturing Sector*).

Dams

Dams Sector assets are:

- Hydropower generation facilities
- Navigation locks
- Levees
- Dikes
- Hurricane barriers
- Mine tailings and other industrial waste impoundments
- Water retention and control facilities (Security, Dams Sector-Specific Plan: An Annex to the National Infrastructure Protection Plan, 2010)

According to the Army Corp of Engineers National Inventory of Maps, there are 869 dams in North Dakota. Three are in Dickey County two are in Grand Forks County (*see Appendix D, Exhibit 8 Chart of Dams Sector*).

The Maple River, in Dickey County, is a low level dam on the Maple River that raises the level of Maple River and floods to a 90-acre marsh area. The dam is also a National Wildlife Refuge established in 1939 (Service, 2007). *(See Appendix D; Exhibit 9 Aerial of Maple River Dam)*

The Wilson *(see Appendix C, Exhibit 10 Aerial of Wilson Dam)* and Moores Dams *(see Appendix D, Exhibit 11 Aerial of Moores Dam)* are recreational reservoirs primarily used for pike, perch and largemouth bass fishing.

“The Larimore Dam *(see Appendix D, Exhibit 12 Aerial of Larimore Dam)* is 66 feet high, with 72 acres of pool surface. Pool storage is 823 acre-feet with additional flood storage of 4,911 acre-feet” (County, Grand Forks County, 2008). The Dam also serves as a recreation area with a swimming beach, boat ramps, picnic areas, outdoor activity areas and fishing year-round.

“The Fordville Dam *(see Appendix D, Exhibit 13 Aerial of Fordville Dam)* is 49 feet with 197 acres of pool surface. Pool storage is 2,185 acre-feet with additional flood storage of 3,150 acre - feet. The drainage area covers 41.5 square miles” (County, Grand Forks County: Fordville Dam Recreation Area, 2008). The dam is also a recreational area with a campsite and RV park, a swimming beach, outdoor activity areas and fishing year-round.

Defense and Industrial

The Defense and Industrial Sector is the Department of Defense (DoD), the U.S. Government and in the private sector worldwide industrial complex. These private companies participate in research and development (R&D), design, production, delivery and the maintenance of military weapons systems, subsystems, components and parts (Security, Defense Industrial Base: Critical

Infrastructure and Key Resources Sector-Specific Plan as input to the National Infrastructure Protection Plan, 2007). The Defense and Industrial Sector is broken down in to ten Segments:

1. Missile
2. Aircraft
3. Troop Support
4. Space
5. Combat Vehicle
6. Ammunition
7. Weapons
8. Information Technology
9. Shipbuilding
10. Electronics

In Dickey County, there are only two companies that are in this Sector, the most notable being Oshkosh Corporation. Oshkosh produces the Heavy Expanded Mobility Tactical Trucks (HEMTT), Heavy Equipment Transporters, (HET), Palletized Load Systems (PLS) trucks and trailers, Medium Tactical Vehicle Replacements (MTVR), Logistics Vehicle Replacements (LSVR), MRAP All-Terrain Vehicle, Medium Tactical Trucks (MTT), armored wheeled vehicles and urban assault vehicles for the United States military (Corporation, 2011).

In Grand Forks County, there are thirteen organizations that are government contractors and are considered to be a part of the Defense and Industrial Sector (*see Appendix D, Exhibit 14 Defense and Industrial Sector*). The Upper Great Plains region is becoming known as a hub for unmanned aerial vehicle (UAV) research and development. The most notable companies in this Sector operating in Grand Forks County are Northrop Grumman and General Atomics (Center, 2010).

Energy

The Energy Sector includes assets related to three key energy resources:

1. Electric power
2. Petroleum
3. Natural gas

Dickey County has nine assets in the Sector, Grand Forks has seven (*see Appendix D, Exhibit 15 Energy Sector*).

Dickey County Electricity Generation Energy Industry

Listed below are the traditional power Providers in or that service Dickey County, ND.

Montana-Dakota Utilities, Co (MDU) and Dakota Valley Electric Cooperative are the two main providers.

Xcel Energy

“Xcel Energy has regulated operations in eight Western and Midwestern states” (Xcel Energy, 2009).

Power cost for commercial users is \$0.0213/kWh

Montana-Dakota Utilities, Co

“Montana-Dakota Utilities, Co (MDU) is a division of MDU Resources Group, Inc., a diversified energy company based in Bismarck, ND. The company’s service area covers 168,000 square miles and serves 355,000 customers” (Montana - Dakota Utilities, Co., 2008).

There is an MDU sub-station located in the town of Ellendale off of 1st Ave, in addition to a sub-station two miles west of the city center near 88th Ave.

Power cost for commercial users is \$0.03255/kWh

Moorhead Public Service (MPS)

“Moorhead Public Service is a consumer-owned electric and water utility, serving more than 13,000 customers within a community of over 32,000. Located on the Minnesota-North Dakota border, Moorhead is part of the metropolitan area of Fargo-Moorhead, West Fargo, and Dilworth, with a combined population of approximately 175,000” (Moorhead Public Service, 2011).

For General Service, or commercial power users, energy charge is \$0.037/kWh.

Dakota Valley Electric Cooperative

“Dakota Valley Electric Cooperative is one of 17 distribution cooperatives in North Dakota. It serves some 5,800 members on 4,700 miles of line in an area that stretches from the Minnesota border nearly to Ashley, and from the South Dakota border to Jamestown. Dakota Valley Electric Cooperative distributes electricity supplied by Basin Electric Power Cooperative and Western Area Power Administration” (Dakota Valley Electric Cooperative). There is a substation located north of the city center on 89th Ave.

Power cost for commercial users is \$0.0513/kWh

Dickey County Wind Farm Infrastructure

Within a 50-mile radius of Ellendale, Dickey County, there are two wind farms with a total of 87 turbines that produce 130 MW of energy. There are three proposed projects within a 50-mile radius of Ellendale, Dickey County. Those proposed farms are expected to produce 788 MW of power from over 300 turbines. Combined, total power output from existing and proposed wind farms are expected to be 918 MW (*see Appendix D, Exhibit 16 Ellendale, Dickey County Wind Projects*).

Next Era Energy

Next Era Energy and the Basin Electric Power Cooperative jointly own and operate the Edgeley/Kulm Wind Project. The project is located approximately 45 miles from Ellendale, ND in the cities of Edgeley and Kulm, ND. The city of Ellendale is serviced by this wind farm.

Acciona Windpower

Acciona Windpower owns and operates the Tatanka Wind Farm. The farm has 120 wind towers twenty miles west of Ellendale on County Line Road. The project covers 14,080 acres of farmland. The wind farm produces has 180 MW of capacity that could power 50,000 homes (Ellendale, ND).

Grand Forks County Electricity Generation Energy Industry

Grand Forks County is serviced by three primary electricity providers, Nodak Electric Cooperative, Xcel Energy and Minnkota Power Cooperative.

Nodak Electric Cooperative

“Nodak provides power to over 13,000 customers. Nodak's service territory covers all or parts of Pembina, Walsh, Ramsey, Nelson, Steele, Grand Forks, Griggs, Benson, Eddy, and Traill counties in North Dakota” (Nodak Electric Cooperative, 2005).

Power cost for commercial/industrial users is \$0.0338/kWh.

Xcel Energy

“Xcel Energy has regulated operations in eight Western and Midwestern states” (Xcel Energy, 2009).

Power cost for commercial users is \$0.0213/kWh

Minnkota Power Cooperative

“Minnkota Power Cooperative, Inc. (MPC) is a regional generation and transmission cooperative serving 11 member-owner distribution cooperatives. Minnkota's service area of

34,500 square miles is located in eastern North Dakota and northwestern Minnesota. Through its generation resources, Minnkota has one of the lowest average wholesale electrical rates in the country” (Minnkota Power Cooperative, 2006).

Grand Forks County Wind Farm Infrastructure

Grand Forks County has one wind farm in service within a 50-mile radius. There are currently no new projects in the pipeline. The Petersberg Wind Project is operated by Minnkota Power Cooperative and is located 48 miles west of Grand Forks, ND in Petersberg, ND. One wind turbine operates with a capacity of 0.9 MW (*see Appendix D, Exhibit 17 Grand Forks County Wind Projects*).

Dickey County Oil & Gas Industry

TransCanada operates an oil pipeline (*see Appendix D, Exhibit 18 North Dakota Oil Pipelines Map*) that travels through the eastern portion of Dickey County. The pipeline transports 435,000 bpd of crude oil from an oil supply-hub near Hardisty, Alberta, Canada to and ends in Patoka, Illinois. TransCanada is currently building a second phase of the pipeline that will create an arterial that ends in Cushing, Oklahoma. This extension will increase the line capacity of 590,000 bpd (Haggett, 2010)

The NuStar Energy, petroleum products line (*see Appendix D, Exhibit 19 North Dakota Products Pipelines Map*) runs approximately one mile west of the city of Ellendale. The pipeline is a 1,900-mile refined product pipeline originating in southern Kansas and terminating at Jamestown, North Dakota, with a western extension to North Platte, Nebraska and an eastern extension into Iowa (Reuters, 2011).

Grand Forks County Oil & Gas Industry

The Enbridge Oil pipeline (*see Appendix D, Exhibit 18 North Dakota Oil Pipelines Map*), running through the middle of Grand Forks County, is currently the highest capacity pipeline in North Dakota. As of 2010, 161,500 bpd flowed through the system, doubling transmission since 2007 (Kringstad, North Dakota's Oil Transportation Infrastructure, 2010)

The Williston Basin Gas pipeline (*see Appendix D, Exhibit 20 North Dakota Gas Pipelines Map*) located in Walsh County, ND, is approximately 61 miles north of Grand Forks County. The Williston Basin Interstate Pipeline Co. operates 3,367 miles of natural gas transmission pipelines throughout the Dakotas, Wyoming and Montana. In December of 2008, the "Bakken Expansion" and "Sheyenne Expansion" was completed adding an additional 42 MMCFD of capacity to their system (Kringstad, An Update on North Dakota's Natural Gas Infrastructure, 2010). Total capacity is 133 MMCFD.

Magellan Midstream Partners LP operates a refined an 8,500 mile petroleum products pipeline that runs through the southeastern portion of Grand Forks County (*see Appendix D, Exhibit 19 North Dakota Products Pipelines Map*). The company's infrastructure includes 45 petroleum products terminals and 7 petroleum products terminal facilities located along the United States Gulf and East Coasts (Haggett, 2010).

Information Technology

The Information Technology (IT) Sector is a functions-based sector that is made up not only of physical assets, but also virtual systems that enables capabilities and services. These functions involve creating IT products and services, including R&D, manufacturing, distribution, upgrades and maintenance (Security, Information Technology Sector-Specific Plan: An Annex to the National Infrastructure Protection Plan, 2010).

The IT Sector's six critical functions are:

1. IT products and services
2. Incident management capabilities
3. Domain name resolution services
4. Identity management and associated trust support services
5. Internet-based content, information, and communication services
6. Internet routing, access and connection services

There are two organizations that fit the IT Sector profile in Dickey County, Dickey Rural Networks and Operational Security Services, Inc. (OSSSI). There are only four identifiable organizations in Grand Forks County, all of them in the Internet-Based Content, Information and Communication Services function (*see Appendix D, Exhibit 21 Information Technology Sector*).

Given the ubiquity of the IT sector in this country, this is by no means, an exhaustive list of assets in these counties, however, given the strategic nature of this critical infrastructure, information is limited.

National Monuments & Icons

National Monuments and Icons (NMI) are assets listed in either the National Register of Historic Places or the List of National Landmarks (Security, National Monuments & Icons: Critical Infrastructure and Key Resources Sector-Specific Plan as input to the National Infrastructure Protection Plan, 2007). These assets are categorized as "National Critical" and are:

- Monuments, physical structures, or objects
- Are recognized both nationally and internationally as representing the Nation's heritage
- Serve the primary purpose of memorializing or representing significant aspects of our Nation's heritage

According to the National Register of Historic Places, there are seven assets in Dickey County (Interior, National Register of Historic Places, 2000). There are no Historic Landmarks in Dickey County.

There are 61 assets located in Grand Forks County that are listed on the National Register of Historic Places (Interior, National Register of Historic Places, 2000). Once again, there are no Historic Landmarks in Grand Forks County (*see Appendix D, Exhibit 22 Monuments and Icons Sector*).

Transportation Systems

The transportation network connects cities, manufacturers and retailers moving goods and individuals and is critical to the economic vibrancy of the Country. The transportation network includes over four million miles of roads and highway, more than 100,000 miles of rail, 600,000 bridges, 300 tunnels, 2 million miles of pipeline, 500,000 train stations and 500 airports (Security, Transportation Systems, 2007)

The Transportation Systems Sector is broken down in to six subsectors:

1. Aviation
2. Maritime
3. Mass Transit
4. Highway
5. Freight Rail
6. Pipeline

There are eleven Transportation System Sector assets in Dickey County versus 23 assets in Grand Forks (*see Appendix D, Exhibit 23 Transportation System Sector*).

Water

The Water Sector is broken down in to two primary asset types, Water Treatment Plants and Public Water Systems. There are three primary assets in Dickey County and two primary assets in Grand Forks County (*see Appendix D, Exhibit 24 Water Sector*).

Out-of-Sight-Out-of-Mind Hypothesis

In summary of the extensive application of the Homeland Security Presidential Directive (HSPD) rubric, it is important to note, that Dickey County, in almost every aspect offers an Out-of-Sight-Out-of-Mind area for a data warehouse. One of the foremost questions, in the information age, any type of customer, be it government, corporate, or high level individual, requires of data warehousing is guaranteed security; both from a technological and a physical perspective. By applying the stringent, post 9/11 rubric, we can see that Dickey County offers important, verifiable physical elements of security as a location for a data warehousing site.

Section III:

Dickey County - Flood Plains

Dickey County -Flood Plains

Flood Plains

With the recent history of major flooding in Grand Forks County, ND and the prediction of major flooding again in 2011, the risk of locating a data warehouse in Grand Forks, ND is greater as opposed to the relative low risk of locating a similar facility in Dickey County, ND where the risk of flooding is significantly less.

Grand Forks County, ND is located off of the shores of the Red River. The 550 mile long Red River originates at the confluence of the Bois de Sioux and Otter Tail Rivers. It flows northward through the Red River Valley and forms the border between Minnesota and North Dakota before continuing on to Manitoba, Canada.

Flooding in North Dakota is a common occurrence. During the winter season, significant snowfall accumulates across the entire river watershed. During the winter, some of the accumulated moisture is lost through sublimation and winter thaw. However, most of the snow accumulation stays until spring (Sprynczynatyk, & Williams, 1997)

There are two constant, geographic conditions that make North Dakota, specifically locations near the Red River, susceptible to severe flooding. The first is Gradient. With the exception of western North Dakota, the state is made up of gently rolling slopes with little elevation changes along the watershed. The low velocity of the state's rivers and creeks are due to the lack of variability in elevation. These bodies of water move very slowly and there is limited drainage capacity. In addition, channel depths are relatively shallow and the flat topography promotes water spillage over the banks during the spring thaw season. The next condition is River Direction. The Red River moves northward into Canada. During the spring

melting period, the melt waters originate from the south. As melt water from the south flows northward, the water flow is blocked by the frozen waters creating conditions for flooding (Sprynczynatyk, & Williams, 1997). There have been two major floods of the Red River in the past two decades. These floods are known as the 1997 Flood and the 2009 Flood.

The Red River Flood of 1997 occurred in April and May of 1997. The river crested at 54 feet. It was the most severe flood since 1826. Total damages for the Red River region totaled \$3.5 billion. The flood was the result of abundant snowfall and extreme temperatures.

Statewide flooding resulted in President Clinton declaring a National Disaster for all 53 counties in North Dakota. The Small Business Administration had issued \$49.9 million in special disaster loans to over 2,500 local businesses. The agricultural community experienced an economic impact of \$270 million. There were 1.1 million acres in prevented planting acreage and over 123,000 head of livestock were lost.

The 1996-1997 winter seasons experienced an unexpected spring thaw in the western section of the state and a late spring thaw in the eastern portion. Flooding in the western section of the state began in March and peaked March 21-23. Mean temperatures for March were 11.5 to 14 degrees above normal. This sudden warming caused flashflood conditions along the Missouri, Cannonball, Knife and Heart Rivers.

Spring melting in the eastern section of the state caused flooding on the Sheyenne River in late March. Water levels reached their peak in April 7-10. Crests from the spring snowmelt exceeded all historical water records. The flood was considered to be a 300-500 year occurrence. (Sprynczynatyk, & Williams, 1997)

The 2009 Red River Flood brought record flood levels to the Fargo-Moorhead area. The river crested at 40.82 feet on March 29th in Fargo.

The Red River is predicted to flood again in 2011. The National Oceanic and Atmospheric Administration analyze two separate scenarios, a Historical Simulation and Conditional Simulation. The Historical Simulation mode initializes the ESP for current conditions only at the beginning of the model run. The simulation is only run once using 54 years of weather data. This produces a continuous 54-year hydrograph of stream flow data. The peak flows for each year are selected for the period of interest and ranked to determine POEs. The Conditional Simulation biases the POEs to current conditions while the Historical Simulations reduces this bias in order to reflect "normal" conditions. Normal conditions are assumed since running the ESP in continuous mode allows the snow/soil/runoff component of the model to apply 54 years of sequential data to the entire simulation, which then more accurately reflects a mix of wet/dry, warm/cool and normal climate periods rather than only the current climate bias (*see Appendix F, Exhibit 29 Red River Simulation*).

Red River flooding levels for Grand Forks County is as follow:

- Minor flooding: 28 feet
- Moderate flooding: 40 feet
- Major flooding: 46 feet

As of March 3, 2011 there is greater than a 98% probability of flooding at all stages. The NWS Hydrological Outlook are predicting the following levels (*see Appendix F, Exhibit 30 Flood Forecast*):

- 90% probability of levels reaching 48 feet
- 50% probability of levels reaching 50.4 feet
- 10% probability of levels reaching 54 feet

Dickey County, ND is approximately 94 miles away from Red River. There a cluster of small lakes that is approximately 105 miles southeast of Ellendale. The Missouri River, the runs through Bismarck, ND, is 92 miles west of Ellendale. The James River which is 17 miles east of Ellendale is the closest river; however, its current level of 2.93 feet is significantly below the Flood Stage level of 12 feet (*see Appendix F, Exhibit 31 James River Current Levels*).

Because the physical construction of a data warehousing site *must* take into consideration natural hazards and potential disasters, location of flood plains is one that must be considered of utmost importance. Again, in this point of consideration, Dickey County has demonstrably less risk of flooding and is a better site for a data warehouse.

Section IV

Dickey County - Energy Infrastructure

Dickey County – Energy Infrastructure

Introduction to Section

This section of the report will detail the energy infrastructure of both the State of North Dakota, and in particular Dickey County. It is understood, that for purposes of brevity, that the reader may wish to review the charts in Appendix G and the major highlights of this section for their reference. Of note, it is important to understand some of the major points and concepts of this section. Namely, the current household population of Dickey County in its entirety is 5,069. However, just one power source (of which Dickey County has several) can power over 50,000 homes from just its current capacity. This energy project, which is being referred to is the Tatanka Wind Project. However, Dickey County has redundant sources of power, which gives it a stable, multi-sourced energy grid. This is ideal when sourcing a location for a data warehouse facility where numerous and varied sources of energy should be available. Again, it is important to note, that Dickey County has more power than is currently being drawn upon by its population.

North Dakota Energy Consumption

“North Dakota has considerable fossil fuel reserves. Coal is extracted from large surface mines in central North Dakota. Substantial crude oil and natural gas reserves are located in the Williston Basin, in the western part of the State. Although a low population largely accounts for the State’s low total energy consumption, North Dakota’s per capita energy consumption ranks among the highest in the Nation, in large part due to high demand for heating during the cold winters and an energy-intensive economy. Industry accounts for nearly one-half of the State’s total energy consumption” (U.S. Energy Information Administration, 2011).

Production

According to the U.S. Energy Information Administration (EIA), as of 2008, North Dakota was ranked 21st in total energy production with 884 trillion BTU's. Energy production per product is as follows:

Oil Production (U.S. Rank 4th): 10.3 million barrels per year (as of September 2010)

Marketed Natural Gas (U.S. Rank 15th): 59.4 billion cubic feet (as of 2009)

Coal (U.S. Rank 9th): 29.9 million short tons (as of 2009)

Electricity Total Net Generation (U.S. Rank 36th): 2.9 million MWH (as of November 2010)

The majority of electricity production is from coal-fired generation. Coal-fired plants generated 2.2 million MWH of power in 2010. Hydroelectric and other renewables such as wind farms generated 670 thousand MWH of electric energy.

In March 2007, North Dakota adopted a voluntary renewable portfolio standard (RPS) that would bring electricity production from renewable energy sources to 10% by 2015.

Hydroelectric dams account for most of the states non-coal fired electrical consumption. The Garrison Dam, located 75 miles northwest of Bismarck, is North Dakota's largest hydroelectric asset. North Dakota

Despite North Dakota's prolific annual energy production, much of that energy is consumed by its residents. In 2008, North Dakota ranked 4th in the country in per-capita energy consumption, using 687 trillion Btu. Despite it's relative ranking, ND still has excess production of over 200 trillion Btu (U.S. Energy Information Administration, 2011).

Consumption

Consumption, in terms of end users, is relatively even across the consumer spectrum.

- Residential: 67.9 trillion Btu
- Commercial & Industrial: 63.8 trillion Btu

North Dakota ranks 39th in the U.S. in terms of natural gas pricing. As of November 2010, residential gas prices were \$7.49/thousand cu ft. The nation average during the same time period was \$10.74/thousand cu ft. (U.S. Energy Information Administration, 2011).

The state ranks 48th in the nation in terms of residential electricity cost. As of November 2010, consumers paid \$0.0811/kWh for their electric. The national average during that time was \$0.1170/kWh. Commercial and Industrial electricity pricing is also significantly cheaper. Electricity rates averaged \$0.0723/kWh for Commercial customers and \$0.0561/kWh for Industrial consumers as of November 2010. Compared to national averages, Commercial and Industrial customers paid \$0.1007/kWh and \$0.0659/kWh respectively during the same time period (U.S. Energy Information Administration, 2011).

North Dakota Oil & Gas Industry

North Dakota is the 4th largest oil producing state in the United States. Crude oil production equates to two percent of total domestic production. In 2008, oil production tax revenues generated \$527 million for the state of North Dakota (Great Plains Energy Corridor, 2011).

Production has more than doubled since 2008 from approximately 4 million barrels per month to over 10 million barrels per month or approximately 300,000 bpd (*see Appendix G, Exhibit 32*). More recently, government and industry officials believe that North Dakota's

reserves may be twice as large as previously estimated. Some officials are pushing production estimates up to 700,000 bpd. This could position ND as the second largest producer of petroleum behind only Texas (MacPHERSON, 2011).

As the price and demand for oil has increased, the state has had the capacity and capabilities to respond to the market (*see Appendix G, Exhibit 33*).

Currently, the state has one, oil-refining facility located in Mandan, ND (167m northwest of Ellendale, ND). The Mandan facility has a crude oil capacity of 58,000 bpd. There are two refinery projects in the pipeline. The first is a proposed 15,000 bpd facility located on the Fort Berthold Indian Reservation and a 50,000-100,000 bpd facility located near Williston, ND (Great Plains Energy Corridor, 2011).

There are currently 168 production oil rigs and over 4,600 wells in production across the state (*see Appendix G, Exhibits 34 and 35*) in North Dakota. North Dakota has doubled its rig count since mid-2009 making it one of the fastest growing states in terms of oil rig allocation. Much of the growth has been due to increased production in the Bakken Formation.

“The Bakken Formation (the largest continuous oil deposit in the nation) was responsible for more than 60 percent of North Dakota’s oil production in 2009, generating more than 49 million barrels of oil out of the 79.2 million barrel total produced” (Great Plains Energy Corridor, 2011). The Bakken Formation is such an important find for the U.S. energy complex that it contributed to a 7.5% gain in U.S. crude oil output in 2008. “The USGS Assessment for the Bakken Formation estimated mean undiscovered volumes of 3.65 billion barrels of oil, 1.85 trillion cubic feet of associated / dissolved natural gas, and 148 million barrels of natural gas liquids in the United States portion of the Bakken Formation. These resources are contained

within both conventional and unconventional reservoirs” (Geology.com, 2008). However, much of the oil and gas resources are locked within a rock formation with low permeability. With recent advances in horizontal drilling and hydrofracturing, the formation has become more viable. Still, “much of the oil in the Bakken still requires additional advances in technology and higher oil prices for profitable recovery” (Geology.com, 2008).

“North Dakota produces approximately one percent of the annual U.S. natural gas production. The state also possesses the largest source of synthetic natural gas in the United States (Great Plains Energy Corridor, 2011). As of 2009, the state of North Dakota produced over 59 billion cubic feet of natural gas (U.S. Energy Information Administration, 2011). There are 14 gas plants and 31 operators in North Dakota, which are all located in the western portion of the state. The largest operator, Amerada Hess, has recently received permission to expand its current Tioga natural gas processing plant. The expansion will increase output from 120 million cu ft./day to 250 million cu ft./day (Troy, 2010).

From 2006-2009, gas production has increased over 30% from 6 million MCF/month to over 8 million MCF/month.

The oil and gas pipelines are a critical infrastructure in the booming oil and gas industry in North Dakota. There are eight oil, gas and petroleum based product lines running through North Dakota. One of those lines, the Windsor, ON Canada to Edmonton, AB Canada, is the second longest continuous pipeline running through the United States.

In 2010, total pipeline transmission capacity in North Dakota was 337,000 bpd and increase of 107,500 bpd, or 47% since 2007 (*see Appendix G, Exhibit 36 Transportation Systems Capacity*) (Kringstad, North Dakota's Oil Transportation Infrastructure, 2010).

There are several major projects underway (*see Appendix G, Exhibit 37 and 38 Transportation Systems Capacity*) to increase transportation capacity to meet the growing volumes of crude oil production out of the Williston Basin. Production is expected to outpace infrastructure capacity until 2013 as crude oil output is expected to reach 600,000 bpd (Kringstad, North Dakota's Oil Transportation Infrastructure, 2010).

“North Dakota has a broad network of high pressure, high volume natural gas pipelines operating throughout the state. These transmission pipelines are responsible for safely transporting natural gas treated at one of North Dakota’s natural gas facilities to markets in and out of state. For the most part, North Dakota’s natural gas transmission infrastructure is well sized and positioned to handle future production growth from North Dakota” (Kringstad, An Update on North Dakota's Natural Gas Infrastructure, 2010).

“The Williston Basin Interstate Pipeline Co. operates 3,367 miles of natural gas transmission pipelines throughout North Dakota, Montana, Wyoming, and South Dakota. This network of pipelines plays a vital role in North Dakota’s natural gas industry. It contains eleven interconnecting points with other regional pipelines and can also deliver natural gas to local distribution companies or natural gas storage fields” (Kringstad, An Update on North Dakota's Natural Gas Infrastructure, 2010).

North Dakota Coal Industry

North Dakota holds the largest proven reserve of lignite coal in the world. Lignite, the softest of the four varieties of coal, is often referred to as “brown coal”. The heating content of lignite is approximately 4,000-8,000 btu/pound with a carbon content of 25-35%. It is estimated that ND possesses an 800-year supply of economically recoverable lignite. Lignite coal is mined

at four surface mines and is consumed at six in-state power plants. North Dakota's lignite industry has an economic impact of \$3 billion per year. In addition, North Dakota coal production accounts for almost 2 percent of the nation's total production per year.

(Corridor, Great Plains Energy Corridor - Energy Development: Lignite, 2011).

North Dakota Electricity Generation Energy Industry

There are 63 electricity-generating stations across North Dakota with 2.9 million MWH of capacity. Thirteen of those plants are wind powered. The largest operating station, Great River Energy operates two 605MWh plants in McLean County ND.

United States Alternative Energy Industry

In an increasingly volatile world, energy security has become a leading policy issue in Washington. Combined with legislation to curb CO2 emissions and increasing evidence that "peak oil" is a viable theory, the move to renewable energy sources has been a key strategic focus for policymakers.

Renewable energy capacity in the world and in the United States has more than tripled from 2000-2009. Renewable energy represented almost 12% of total installed capacity and more than 10% of total generation in the United States in 2009. In 2009, wind capacity increased by 39% and solar PV capacity grew 52% from 2008. "In 2009 alone, renewable energy has accounted for more than 55% of all new electrical capacity installations in the United States" (Gelman, 2010).

Wind energy is the fastest growing renewable technology in the world. Wind energy capacity in the U.S., increased by a factor of 14 from 2000-2009. In 2009, 10 GW of new

capacity was added. The U.S. now has the capacity to generate 35,159 MW of energy from wind - powered generation up from only 2,578 MW in 2000. A total of 70,761 kWh of electricity was produced in 2009 versus 5,593 kWh in 2000. In 2009, the weighted average cost per kWh for wind generated energy was \$0.044/kWh which would be considered to be “grid-parity” to fossil - fuel based electricity (Gelman, 2010).

North Dakota Alternative Energy Industry

“North Dakota’s Renewable Energy Program (REP) was established by the Legislature in 2007 under the control of the North Dakota Industrial Commission. The Program’s responsibilities include providing financial assistance as appropriate to foster the development of renewable energy and related industrial use technologies including, but not limited to, wind, biofuels, advanced biofuels, biomass, biomaterials, solar, hydroelectric, geothermal, and renewable hydrogen through research, development, demonstration and commercialization. In addition the Program shall promote research and utilization of renewable energy co-product utilization for livestock feed, human food products and industrial use technologies” (Commission, 2010).

Biofuels

Biofuel production has increased in North Dakota with the addition of five biofuel facilities. North Dakota corn-based ethanol facilities have the capacity to produce 335 million gallons of ethanol per year. ADM has a canola oil-based facility that has a production capacity of 85 million gallons of biodiesel per year. North Dakota State University estimates that bioenergy production could contribute up to \$800 million in economic activity in the state (Corridor, Great Plains Energy Corridor, 2011).

Biomass

A 50-million gallon biorefinery that converts when straw to ethanol is expected to have a \$180 million/year economic impact to the state of ND. A biorefinery is in development near Jamestown, ND. The Dakota Spirit AgEnergy refinery is expected to product 20 million gallons of cellulosic ethanol per year (Corridor, Great Plains Energy Corridor , 2011).

Hydroelectric

Hydroelectric power generated by the Garrison Dam and Power Plant accounts for four percent of power generation in North Dakota. The plant utilizes five turbines that produce between 1.8 and 2.6 billion kWh of electricity per year (Corridor, Great Plains Energy Corridor - Energy Development:Hydroelectric Power, 2011).

Wind Farms

North Dakota, according to the National Renewable Energy Laboratory (NREL) and AWS Truewind, is the sixth windiest state (*see Appendix G, Exhibit 39 North Dakota Annual Average Wind Speed*). Since early 2003, more than 800 turbines that generate 1,222 MW of wind power have been erected (Great Plains Energy Corridor, 2011).

Dickey County, North Dakota Energy Infrastructure

Dickey County, Ellendale has an increasing energy infrastructure presence that increases the county's strategic value. TransCanada and NuStar both operate an oil pipeline and petroleum product pipeline that runs down the eastern portion of Dickey County. Alliance operates a gas pipeline that runs 65 miles east of Dickey County.

Montana-Dakota Utilities, Co (MDU) and Dakota Valley Electric Cooperative are the two primary electricity providers in the county with three substations within 5 miles of the Ellendale, ND city center.

Dickey County's influence in the renewable space has grown in significance as well as the Tatanka Wind Farm has put the county on the renewable energy map.

Dickey County Oil & Gas Industry

TransCanada operates an oil pipeline that travels through the eastern portion of Dickey County. The pipeline transports 435,000 bpd of crude oil from an oil supply-hub near Hardisty, Alberta, Canada to and ends in Patoka, Illinois. TransCanada is currently building a second phase of the pipeline that will create an arterial that ends in Cushing, Oklahoma. This extension will increase the line capacity of 590,000 bpd (Haggett, 2010)

The Alliance Pipeline is a high pressure, large diameter natural gas pipeline that originates in British Colombia, Canada and terminates at the Aux Sable gas processing plant near Chicago, IL. The Alliance Pipeline transports "dense gas" or gas that still contains high BTU natural gas liquids, such as propane and butane. In February 2010, the Alliance Pipeline began transporting rich natural gas from North Dakota via a new inter-connect with Pecan's Prairie Rose Pipeline near Bantry, North Dakota. The 36 inch diameter United States portion of the pipeline has a certified capacity of 1.513 billion cubic feet per day (BCFD) and had 188 MMCFD of capacity available prior to the Prairie Rose Pipeline startup (Kringstad, An Update on North Dakota's Natural Gas Infrastructure, 2010). The gas pipeline goes through Ransom County, ND which is approximately 65 miles east of Dickey County

The NuStar Energy, petroleum products line runs approximately one mile west of the city of Ellendale. The pipeline is a 1,900-mile refined product pipeline originating in southern Kansas and terminating at Jamestown, North Dakota, with a western extension to North Platte, Nebraska and an eastern extension into Iowa (Reuters, 2011).

Dickey County Electricity Generation Energy Industry

There are three power serving Ellendale, ND Western Area Power Administration, Basin Electric Power Co-Op and East River Electric Power. Western Area Power Administration markets and delivers reliable, cost-based hydroelectric power and related services within a 15-state region of the central and western U.S. Western Area Power Administration is one of four power marketing administrations within the U.S. Department of Energy whose role is to market and transmit electricity from multi-use water projects. Their transmission system carries electricity from 57 power plants operated by the Bureau of Reclamation, U.S. Army Corps of Engineers and the International Boundary and Water Commission. Together, these plants have an installed capacity of 10,489 megawatts.

Basin Electric Power Cooperative

Basin Electric Power Cooperative (Basin Electric) is one of the largest electric generation and transmission (G&T) cooperatives in the United States. They are the parent company of eight subsidiaries. Basin Electric's core business is generating and transmitting wholesale bulk electric power to customers, primarily to their 135 member rural electric systems, which are located in nine states: Colorado, Iowa, Minnesota, Montana, Nebraska, New Mexico, North Dakota, South Dakota, and Wyoming. Their largest subsidiary, the for-profit Dakota Gasification Company, owns and operates the Great Plains Synfuels Plant near Beulah, ND, which gasifies lignite coal and captures some of the carbon dioxide emissions (CO₂) and sends them to depleted Canadian oil fields for geologic sequestration.

Basin Electric will own 2,933 megawatts (MW) and operate 3,880 MW of electric generating capacity by end of year 2010 of which 987 MW is for participants of the Missouri Basin Power Project (MBPP), and 80 MW is jointly owned by Basin Electric and its Class A member, Corn Belt Power Cooperative, Humboldt, IA. Electric generation facilities are in North

Dakota, South Dakota, Wyoming, Montana, Minnesota and Iowa. Most of Basin Electric's base load capacity comes from coal. Peaking facilities are oil or gas-based. Construction projects underway include a coal-based generation unit in Wyoming, combined cycle facilities and related transmission construction in South Dakota, Wind generation in North Dakota and South Dakota, and an emissions control upgrade at the Leland Olds Station in North Dakota.

Basin Electric has purchased a total of 878 MW of electric generation capacity/energy, including 376 total MW of renewable energy of which 331.6 MW are wind energy, 44 MW are waste heat (known as recovered energy generation - REG) energy, and 375 kW is from a bio-gas facility in South Dakota. Their purchased power portfolio also includes 77 MW of nuclear energy.

East River Electric Power Cooperative

East River Electric Power Cooperative is a wholesale electric power supply cooperative serving 24 rural electric cooperatives and one municipally-owned electric system, which in turn serve more than 92,000 homes and businesses and about 250,000 consumers. Their 40,000 square mile service area covers the rural areas of 41 counties in eastern South Dakota and 22 counties in western Minnesota. Customers of utilities in eastern South Dakota and western Minnesota that receive their power through East River Electric Power Cooperative obtain their electricity via a non-for-profit power supply network. Through the Cooperative Power Supply Network (and most utilities in the United States) electricity is produced and delivered to homes, businesses, industries and farms through a three-step process: generation, transmission and distribution.

Generation

70% of East River's power supply comes from Basin Electric Power Cooperative, who generates and purchase wholesale power for 124 member electric cooperatives in parts of nine

states: North Dakota, South Dakota, Minnesota, Iowa, Colorado, Montana, Wyoming, New Mexico, and Nebraska. These 124 member cooperatives own Basin Electric and receive their electricity at cost. Basin Electric uses a mix of generating plants fueled by coal, natural gas and fuel oil, along with a growing share of renewable resources. These generating resources produce cost-competitive, reliable electricity for cooperative members 24 hours a day, 365

30 % of East River's power supply comes from the Western Area Power Administration, who sells and delivers federal wholesale power from eight dams and power plants on the Missouri River system to electric cooperatives and municipal utilities in the region. This renewable energy is delivered across Western transmission lines to wholesale customers, including East River.

Transmission

An Integrated Transmission System delivers the power from the generators to East River via local substations. Parts of this coordinated high-voltage transmission network, containing nearly 13,000 miles of transmission lines in the region, are owned and operated by:

Basin Electric Power Cooperative - 2,400-mile transmission system

East River Electric Power Cooperative - 2,600-mile transmission system

Western Area Power Administration - 7,800-mile transmission system

East River Electric delivers wholesale power to 21 member distribution systems in eastern South Dakota and western Minnesota through a 2,600-mile transmission system. At its more than 214 substations, power voltage is reduced and this electricity is delivered to customers by the distribution cooperatives. These 21 member cooperatives are owners of East River and receive power at cost. Their service areas total 36,000 square miles, covering parts of 41 counties in eastern South Dakota and 9 counties in western Minnesota.

Distribution

At local substations, voltage is reduced. Local Touchstone Energy distribution cooperatives and municipal utility systems deliver this electricity through low-voltage distribution lines to the homes, farms, businesses and industries of its members and customers.

In eastern South Dakota and western Minnesota, 20 Touchstone Energy Cooperatives and one municipal utility (owners of East River) deliver electricity to more than 85,000 customers/member-owners at cost. Any surplus revenues are returned to cooperative members through capital credits.

Dickey County Wind Farm Infrastructure

Within a 50-mile radius of Ellendale, Dickey County, there are two wind farms with a total of 87 turbines that produce 130 MW of energy. There are three proposed projects within a 50-mile radius of Ellendale, Dickey County. Those proposed farms are expected to produce 788 MW of power from over 300 turbines. Combined, total power output from existing and proposed wind farms are expected to be 918 MW.

Next Era Energy

Next Era Energy and the Basin Electric Power Cooperative jointly own and operate the Edgeley/Kulm Wind Project. The project is located approximately 45 miles from Ellendale, ND in the cities of Edgeley and Kulm, ND. The city of Ellendale is serviced by this wind farm.

Acciona Windpower

Acciona Windpower owns and operates the Tatanka Wind Farm. The farm has 120 wind towers twenty miles west of Ellendale on County Line Road. The project covers 14,080 acres of farmland. The wind farm produces has 180 MW of capacity that could power 50,000 homes (Ellendale, ND).

Grand Forks County, North Dakota Energy Infrastructure

Grand Forks County Oil & Gas Industry

The Enbridge Oil pipeline, running through the middle of Grand Forks County, is currently the highest capacity pipeline in North Dakota. As of 2010, 161,500 bpd flowed through the system, doubling transmission since 2007 (Kringstad, North Dakota's Oil Transportation Infrastructure, 2010)

The Williston Basin Gas pipeline located in Walsh County, ND, is approximately 61 miles north of Grand Forks County. The Williston Basin Interstate Pipeline Co. operates 3,367 miles of natural gas transmission pipelines throughout the Dakotas, Wyoming and Montana. In December of 2008, the "Bakken Expansion" and "Sheyenne Expansion" was completed adding an additional 42 MMCFD of capacity to their system (Kringstad, An Update on North Dakota's Natural Gas Infrastructure, 2010). Total capacity is 133 MMCFD.

Magellan Midstream Partners LP operates a refined an 8,500 mile petroleum products pipeline that runs through the southeastern portion of Grand Forks County. The company's infrastructure includes 45 petroleum products terminals and 7 petroleum products terminal facilities located along the United States Gulf and East Coasts.

Grand Forks County Electricity Generation Energy Industry

Grand Forks County is serviced by three primary electricity providers, Nodak Electric Cooperative, Xcel Energy and Minnkota Power Cooperative.

Nodak Electric Cooperative

“Nodak provides power to over 13,000 customers. Nodak’s service territory covers all or parts of Pembina, Walsh, Ramsey, Nelson, Steele, Grand Forks, Griggs, Benson, Eddy, and Traill counties in North Dakota” (Nodak Electric Cooperative, 2005).

Power cost for commercial/industrial users is \$0.0338/kWh

Xcel Energy

“Xcel Energy has regulated operations in eight Western and Midwestern states” (Xcel Energy, 2009).

Power cost for commercial users is \$0.0213/kWh

Minnkota Power Cooperative

“Minnkota Power Cooperative, Inc. (MPC) is a regional generation and transmission cooperative serving 11 member-owner distribution cooperatives. Minnkota’s service area of 34,500 square miles is located in eastern North Dakota and northwestern Minnesota. Through its generation resources, Minnkota has one of the lowest average wholesale electrical rates in the country” (Minnkota Power Cooperative, 2006).

Grand Forks County Wind Farm Infrastructure

Grand Forks County has one wind farm in service within a 50-mile radius. There are currently no new projects in the pipeline. The Petersberg Wind Project is operated by Minnkota Power Cooperative and is located 48 miles west of Grand Forks, ND in Petersberg, ND. One wind turbine operates with a capacity of 0.9 MW.

Section Summary

This section was an in-depth view of North Dakota and the Dickey County energy infrastructures. For the reader’s review, the accompanying charts may be found in Appendix G. Again, it is important to note, that Dickey County has more power than is currently being drawn

upon by its population, redundant sources, more than can ideally support a data warehouse facility.

Section V

Dickey County - Data Center & The Four Tier System

Dickey County - Data Center & The Four Tier System

Data Centers and the Four Tier System

What it takes to Upgrade and What this means in Terms of Storage.

Currently in the City of Ellendale, Dickey County exists a Tier III level data warehousing facility. This section of the report will discuss what this means to the State of North Dakota, the economic value, and will also explain the technical aspects involved with the Tier System.

Computing Power is only one of the variables to consider when it comes to data centers. As noted previously data centers have tier levels. A Tier I data center would be the most basic and would have the likelihood of having downtime. The other spectrum would be that of a Tier IV which is the most robust, redundant, and functional – Operational Security Services Inc. (OSSI) located in Ellendale is currently a Tier III but could easily to convert to a Tier IV data center. This is very cost effective for potential projects in the state of North Dakota.

How a Facility is tiered

Gauging where a data center fits on the overall scheme of things by noting that Tier I-class data centers first appeared in the 1960s. About a decade later, standards were raised to current Tier II levels. Tier III came about in the late 1980s and early '90s. The first Tier IV data center was developed in 1994 as part of the United Parcel Service's Windward Project. It was the first site to assume the availability of dual-powered computer equipment and cost UPS \$50 million to build.

Tier I sites have computer power distribution and cooling but may not have raised floors, UPSes, or engine generators. The critical load on these systems is up to 100% of N. Even with a UPS or generator, they likely are single-module systems and have many single points of failure.

The infrastructure should be completely shut down on an annual basis to perform preventive maintenance and repair work. Urgent situations may require more frequent shutdowns. Tier II centers have raised floors, UPSes, and engine generators. Their capacity design is N+1, which has a single-wired distribution path throughout. Maintenance of the critical power path and other parts of the site infrastructure still requires a processing shutdown. In a Tier III center, most functions, including preventive and programmable maintenance, repair and replacement of components, and testing of systems, can be done without disrupting operation of hardware systems. Tier IV is the best going, but even a fault-tolerant and concurrently maintainable Tier IV site does not meet the celebrated requirement of five nines (99.999%) uptime. The best a Tier IV site is expected to deliver over time is 99.995% reliability.

The Certification Process

The time it takes for the certification process varies depending upon whether it is an existing or new site. For existing sites, two comprehensive assessments are involved. One is an onsite review of electrical and mechanical infrastructure (Continuous Availability Review), and the second is a detailed review of human factors (Site Infrastructure Operations Review). Following the site reviews, the Institute delivers detailed reports outlining what tier level can be achieved. Once the client has implemented the required modifications, a return visit is scheduled to confirm tier compliance and award site certification (Uptime Institute, 2010).

A major factor is the money and the risk involved to upgrade an existing operating data center. It is much cheaper and easier to use the Institute's Prospective Tier Classification such as the OSSI facility than starting construction of a new data center. For instance for a facility like OSSI it may be something like moving valves, walls, and connection points or changing

capacities and redundancies is less expensive and easier during the design process. The results in extended life and life cycle operational savings of prospective certification are profound.

A data center that wants to go through the process has to use a consultancy such as the Uptime Institute, unless the data center has someone on staff that has been through the process (Uptime Institute, 2011). As creators of the Tier Classification system, the Institute is the proprietary owner of the process. There are limitations, but if a small to medium enterprise (SME) wants a solid evaluation, they'll either have to rent the expertise by using consultants such as those at the Uptime Institute or hire the expertise onto the payroll (Uptime Institute, 2011). With that being said, there would need to be a budget allocated between \$60,000 and \$100,000 for a review from the Uptime Institute but keep in mind the figure ranges depending on the complexity of the project

Tier Definitions

Data center tiers use a four tier system. Some tier levels are better for maximum uptime. A four tier system provides a simple and effective means for identifying different data center site infrastructure design topologies. The Uptime Institute's (2011) tiered classification system is an industry standard approach to site infrastructure functionality addresses common benchmarking standard needs. The four tiers, as classified by The Uptime Institute include the following

TI, TII, TIII and TIV storage vaults:

- Tier I: composed of a single path for power and cooling distribution, without redundant components, providing 99.671% availability.
- Tier II: composed of a single path for power and cooling distribution, with redundant components, providing 99.741% availability

- Tier III: composed of multiple active power and cooling distribution paths, but only one path active, has redundant components, and is concurrently maintainable, providing 99.982% availability
- Tier IV: composed of multiple active power and cooling distribution paths, has redundant components, and is fault tolerant, providing 99.995% availability.

When specifying whether a system is a Tier I through Tier IV data center, this standardized methodology is most specifically used to operationalize uptime of data center. This is useful for measuring:

- 1) Data center performance
- 2) Investment
- 3) ROI (return on investment)

A Tier I data center considered as most robust and less prone to failures. Tier IV is designed to host mission critical servers and computer systems, with fully redundant subsystems (cooling, power, network links, storage etc.) and compartmentalized security zones controlled by biometric access controls methods. Naturally, the simplest is a Tier 1 data center used by small business or shops.

More specifically, when identifying what benefits each tier adds in terms of uptime, data center performance and return on investment, the following indicators are usefully:

- Tier 1 = Non-redundant capacity components (single uplink and servers).
- Tier 2 = Tier 1 + Redundant capacity components.
- Tier 3 = Tier 1 + Tier 2 + Dual-powered equipment and multiple uplinks.
- Tier 4 = Tier 1 + Tier 2 + Tier 3 + all components are fully fault-tolerant including uplinks, storage, chillers, HVAC systems, servers etc. Everything is dual-powered.

Data Center Availability

Data Center Availability According To Tiers The levels also describes the availability of data from the hardware at a location as follows:

- Tier 1: Guaranteeing 99.671% availability.
- Tier 2: Guaranteeing 99.741% availability.
- Tier 3: Guaranteeing 99.982% availability.
- Tier 4: Guaranteeing 99.995% availability.

Existing Tier III Facility

The existing facility in Ellendale, Dickey County is already a certified, according to the Uptime Institute, Tier III facility. This means that it meets the following criteria, in addition to the already specified criteria above:

- Redundant capacity components and multiple distribution paths serving the computer equipment.
- All IT equipment is dual powered and installed to fit the site's architecture.
- Twelve hours of on-site fuel storage for "N" capacity.

It must also have met stringent performance confirmation tests, including that each and every capacity component and element can be removed and inspected without impacting the computer equipment. Redundancy requirements are met to meet needs for when service must be completed (Uptime Institute, 2010).

Upgrading to Tier 4

To upgrade to a Tier 4 facility the facility in Ellendale would need one generator and a transfer switch for the MDU power tap. Currently they have two generator sets. Right now, as a Tier III they have two power taps feeding off of the same base load. The other power tap is roughly 500 yards away. Similar facilities would have to bring their second base load several miles into the others territory.

OSSI Facility

As mentioned previously, the facility owned and operated by OSSI is a Tier III site. The design of the facility is based on utilizing the infrastructure currently available in the Ellendale area. This gives this facility the availability to provide multiple active power and cooling distribution paths. One path will be active at any one time with its redundant path on standby. In the case of a failure in the first path the second path would takeover. Additionally, if required, this facility has the capability to be upgraded to a Tier IV facility, which would have all paths for power and cooling actively feeding the data center.

Section VI

Dickey County - Full Fiber Infrastructure

Dickey County - Full Fiber Infrastructure

North Dakota's Telecommunications Fiber Network

North Dakota has one of the most powerful fiber optic networks in the nation; North Dakota is well suited to meet the network demands of data centers. Through the Dakota Carrier Network (DCN), a 100 percent fiber optic broadband communication network links all regions of the state and provides redundant Internet access by connecting to multiple Synchronous Optical Network (SONET) rings. DCN also provides connectivity ranging from T-1 to OC-12 (*See Appendix J*).

Other key infrastructure advantages include:

- Minimal investment needed to reach major fiber trunk
- VPN (IP) networking
- Ideal physical environment with minimal risk of natural disasters - no seismic activity and only minimal tornado risk
- Temperate weather improves cooling efficiency – mild summer and cold winter temperatures
- Abundant water supply includes municipal, along with the nation's largest man-made lake and the Missouri river system and tributaries

There is more than one type; where they are located can dictate which will be more secure and cost effective. The 9628 Hwy 281 N, Ellendale, ND location has fiber optic cable extending in four directions. This fiber optic cable carries transport equipment on resilient Ethernet and Sonet rings to South Dakota Networks, Dakota Carrier Networks and Qwest. The square footage available at the 9628 Hwy 281 N, Ellendale, ND location is 280.

Section VIII

Dickey County - North Dakota's Cost Effective Data Solution

Dickey County – North Dakota's Cost Effective Data Solution

North Dakota's Cost Effective Data Solution

Ellendale is located on US Hwy. 281 on the border of North and South Dakota. Ellendale is the Dickey County Seat and is home to a regional telecommunications company, a Christian Bible college, a multi-state fabrication company and two medical clinics. Ellendale is a welcoming rural community on the prairie with an estimated population of 1,550. At Ellendale there exists a certified, by the Uptime Institute a Tier III facility, that with slight economic investment and upgrades ready to be made a full Tier IV facility.

The facility in Ellendale is an economically sound choice in an economically sound community. It meets criteria developed by the US Census Bureau and the US Bureau of Labor Statistics both for robustness of economy, even during economic hardship and for resiliency against unemployment. Ellendale, the seat of Dickey County, has negligible crime statistics. Also from a very stringent application of Homeland Security standards, it is an extremely secure, Out-of-Sight-Out-of-Mind location for data storage. This consideration is extremely important when considering that the types of data which may be stored there, for corporations, healthcare/pharma, academic institutions, financial institutions, and individuals are of the utmost privacy and vulnerability.

In addition, the climate of Dickey County is welcoming and moderate for data storage, and is documented out of a flood zone, in comparison to other regions within the State of North Dakota. It has redundant sources of power – more than can be used by the population of the county itself. Lastly, it has abundant fiber leading to the facility itself.

There is an estimated cost of \$50,000.00 to install another generator and transfer at the 9628 Hwy 281 N, Ellendale, ND location. This new generator being 140 KW and transfer

switch being 400amp. The 9628 Hwy 281 location is approximately 1500 feet from an additional power provider (Montana Dakota Utilities).

Ellendale offers:

- High-speed fiber optic Internet service
- A new subdivision with lots available
- Property tax incentives for investment in the Renaissance Zone
- The safe, friendly atmosphere you remember

From a strategic and cost effective standpoint Ellendale is located directly east of Linear Optic Connections:

Explanation of the Different Types of Infrastructure: How they Compare.

Infrastructure elements are key components to consider when looking at the feasibility of a data center. This is something that goes much further than the actual computing power and the number of fiber-optic pipes in and out of the data center. These site infrastructure features include power, cooling, and emergency backup capacity and functionality, height of the raised flooring, fire suppression, and both logical and physical security.

Explanation of Data Center Tiers

Tier I data centers have non-redundant power and cooling infrastructures. Tier IV data centers have everything needed to keep them running without ever shutting down for maintenance, no matter what happens. The question for most small to mid-sized enterprises is where along the continuum they want their data center to fall. As always, the trade-off is between dollars and sense, although legal and ethical requirements will weigh in, too.

Tier Classification

A review of the classification system is given here, more specifically with regards to the current project under consideration. The Uptime Institute (www.uptimeinstitute.com) created the Tier Classification system as a benchmark for reliable data center infrastructure design.

Specifying a tier level for an SME is very specific to the component. Each portion has different requirements and different costs. Some occasions require very specific tailoring to meet the objective. Sometimes it will be easier than others depending on the organizational requirements. There is not a one-size-fits-all standard for choosing a data center – facility's like the OSSI facility are able to tailor their services to fit client's needs.

For projects a tier level will dictate whether one specific data center might be chosen over another one. A lower tier data center will have some downtime every month and it depends on how it is ran and managed.

As noted previously here are the breakouts:

- Tier I: A single path for power and cooling distribution, without redundant components, providing 99.671% availability
- Tier II: A single path for power and cooling distribution, with redundant components, providing 99.741% availability
- Tier III: Multiple active power and cooling distribution paths but only one path active, redundant components, concurrently maintainable, providing 99.982% availability
- Tier IV: Multiple active power and cooling distribution paths, redundant components, fault-tolerant, providing 99.995% availability

Tier Certification

An operation that is accountable beyond the corporate suite such as a university related project or a defense related project a formal tier certification is a huge investment. It is more cost effective to go with a data center that already has a Tier IV status or is able to easily upgrade. For example, to gain a Tier III certification a facility must be concurrently maintainable, 99.982% availability. A data center such as the OSSI facility's cooling units can be shut down with no impact to the computer equipment. Utility power can go down, and the data center will still have full internal power. For example, if something such as power lines go down or a generator

breaks, a data center needs to still be able to run at full load – the facility in Ellendale has this capability.

Information on the Fiber Pipe into the Vault

It is a 10 Gb (gigabyte) pipe that the local Telco (Telecommunications Company) uses 1 Gb, with 9 Gb left for OSSI to utilize as needed. In addition OSSI are connected to the South Dakota Fiber network for redundancy, which creates less physical distance to transport data.

Upgrading Tier Levels

Many consider that the decision to upgrade from one Tier to the next comes down to one of two financial questions: (1) How much is it worth to them not to have any downtime where their data is inaccessible? Or (2) what will it cost them for the time their data is not accessible? However, it is more complicated than that...for every terabyte of data that is generated on the federal side you will have approximately 5-7 copies of that data. Each back up copy has a specific purpose. For example coop - continuous operation of process, this is also referred to the continuous operation of government. This back up will never lose any data. However it must be located at a minimum of 72 miles from the primary site. This back up is called that mirror site. This should be a Tier III at a minimum.

DR site/Direct Recovery

The facility in Ellendale, ND is referred to as a DR site or Direct Recovery site which means they hold an original data file, or a recovery copy of whatever data is on the primary site for a client. A facility like this would be used if someone or an organization crashed a system or deleted one file for recovering or restoring either that single file or the entire system. Dependent upon the type of data, which would have specific legal regulations (for medical records would

need to be either a Tier III or Tier IV). If they utilize a DR site as there disk to disk back up with a recovery time of around 5 minutes for a single file (bank data, classified data, critical operational data) they could not be anything lower than a Tier IV. To answer a question as to why a facility like this would be used would be dependent upon the clients need

For example, if there are some upgrades to a computer system for a library an experience of having a system down during 3:00 AM to swap out components with a message, "System down for maintenance, come back later," is not a tremendous hassle. But if the client is a hospital, a bank, or a government entity, it is more than a temporary inconvenience, as millions of dollars in transactions could be lost while the system is down. (We believe) that with both Tier III and Tier IV, components can be changed out without making the data inaccessible, this is done with redundancy. For example if a room needs a 10000 BTU air conditioner for cooling, a second one needs to be on hand so that if the first one goes out or needs to be turned off for maintenance, the second will kick on. Currently the facility in Ellendale is already a Tier III facility, ready to upgrade to a Tier IV as needed.

Service Disabled Veteran Owned Small Business (SDVOSB)

What is an SDVOSB?

In Subpart 19.14 of the Service-Disabled Veteran-Owned Small Business Procurement Program Acquisition Central (2010) in paragraph "19.1403 Status as a service-disabled veteran-owned small business concern states:

- (a) Status as a service-disabled veteran-owned small business concern is determined in accordance with 13 CFR Parts 125.8 through 125.13; also see 19.307.
- (b) At the time that a service-disabled veteran-owned small business concern submits its offer, it must represent to the contracting officer that it is a—
 - (1) Service-disabled veteran-owned small business concern; and
 - (2) Small business concern under the North American Industry Classification System (NAICS) code assigned to the procurement.

- (c) A joint venture may be considered a service-disabled veteran owned small business concern if—
- (1) At least one member of the joint venture is a service-disabled veteran-owned small business concern, and makes the representations in paragraph (b) of this section;
 - (2) Each other concern is small under the size standard corresponding to the NAICS code assigned to the procurement;
 - (3) The joint venture meets the requirements of paragraph 7 of the explanation of Affiliates in 19.101; and
 - (4) The joint venture meets the requirements of 13 CFR 125.15(b).
- (d) Any service-disabled veteran-owned small business concern (nonmanufacturer) must meet the requirements in 19.102(f) to receive a benefit under this program (Acquisition Central, 2010).

The OSSSI is a SDVOSB which also add many incentives to Ellendale.

Summary

As previously stated, this report details the OSSSI facility, which exists in the city of Ellendale, in Dickey County, North Dakota. OSSSI is a Service Disabled Veteran Owned Small Business. It currently is a Tier III Data Warehousing facility, certified by the Uptime Institute, ready with slight economic investment to be upgraded to a Tier IV facility.

This report, in great detail, demonstrates the merits of the County of Dickey, and City of Ellendale for a choice of site for a data warehouse. In an economic analysis, it is shown that Dickey County has remained robust according to criteria developed by the US Census Bureau and the US Bureau of Labor Statistics, even when compared to Grand Forks, and during economic hardship. Ellendale, the seat of Dickey County, has negligible crime statistics. Also applying the Department of Homeland Security's rubric for Out-of-Sight-Out-of-Mind locations, Ellendale excels as a secure location for a data storage facility. This consideration is extremely important when considering that the types of data which may be stored there, for corporations, healthcare/pharma, academic institutions, financial institutions, and individuals are of the utmost privacy and vulnerability.

In addition, the climate of Dickey County is welcoming and moderate for data storage, easy to keep the facility cool, even in the summer months, and is documented out of a flood zone, in comparison to other regions within the State of North Dakota. It has redundant sources of power – more than can be used by the population of the county itself. Lastly, it has abundant fiber leading to the facility itself. It is highly recommended that the State of North Dakota seriously and fairly evaluate the existing data warehouse within the City of Ellendale, Dickey County.

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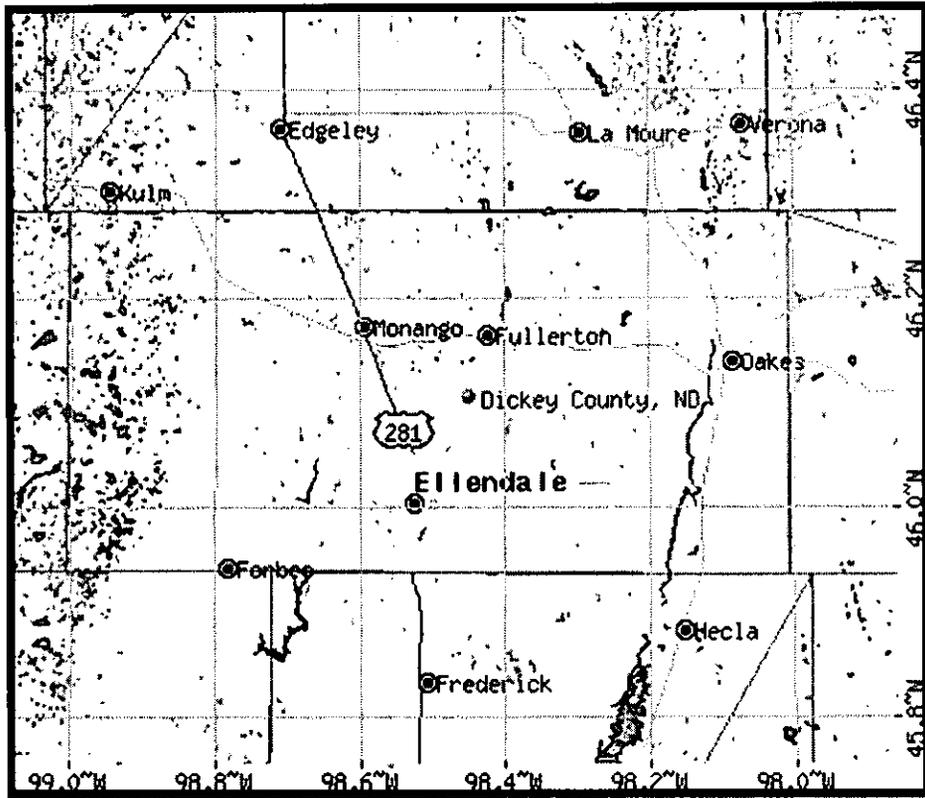
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Appendices

Appendix A

Maps

Map of Dickey County, North Dakota

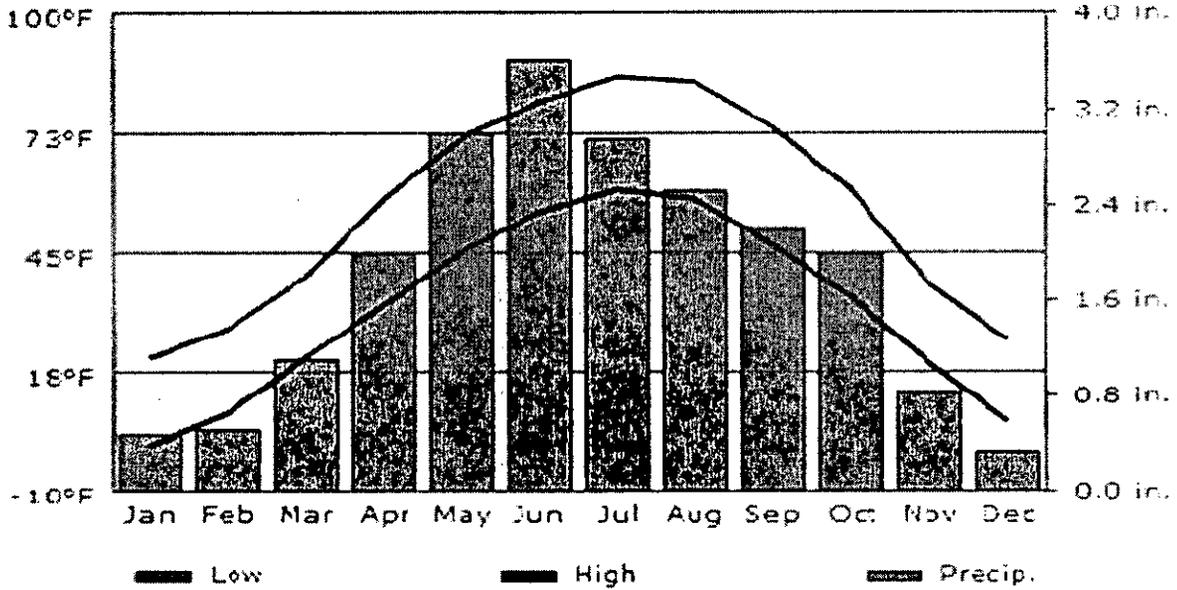


Appendix B

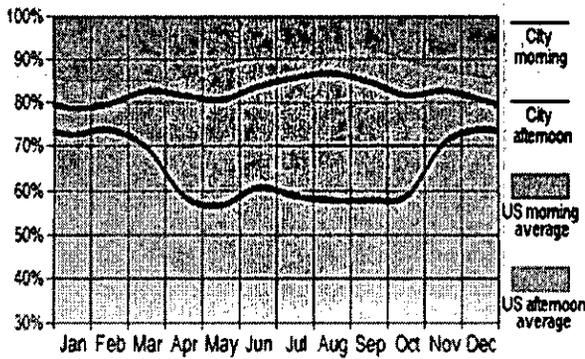
Climate Charts

Based on data reported by over 4,000 weather stations:

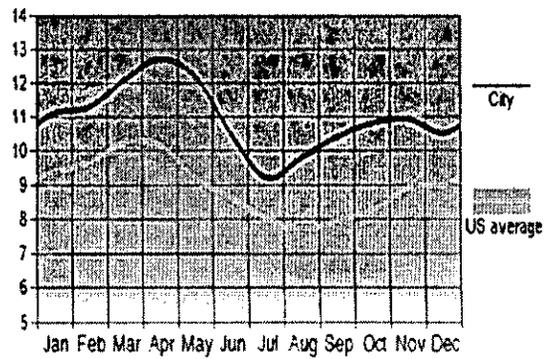
Ellendale Climate Graph - North Dakota Climate Chart



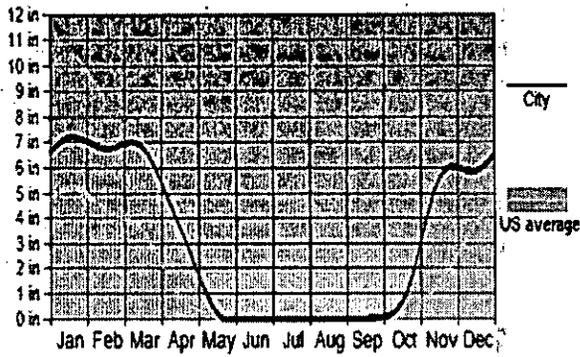
Humidity



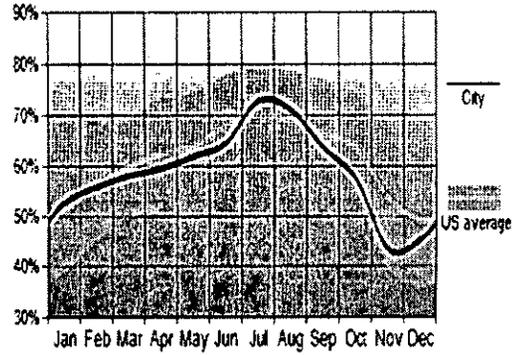
Wind Speed (mph)



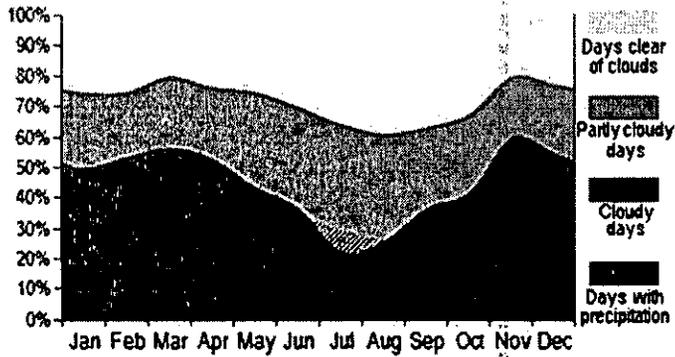
Snowfall



Sunshine



Cloudy Days



Appendix C:

Economic Chart Comparisons

Dickey County

No Statistical Difference between 2002-2007 on
 8 (7) Economic Indicators from data retrieved from American Fact Finder, US Census.Gov

Hypothesis Test Summary

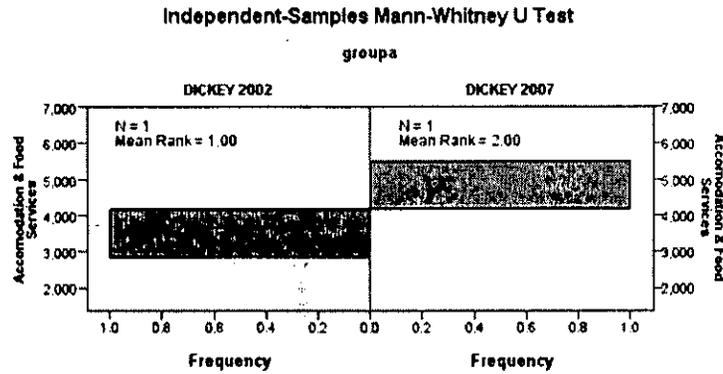
	Null Hypothesis	Test	Sig.	Decision
1	The distribution of Accomodation & Food Services is the same across categories of groups.	Independent-Samples Mann-Whitney U Test	.317	Retain the null hypothesis.
2	The distribution of Administrative and Support and Waste Management & Remediation Svs is the same across categories of groups.	Independent-Samples Mann-Whitney U Test	.317	Retain the null hypothesis.
3	The distribution of Arts, Entertainment, & Recreation is the same across categories of groups.	Independent-Samples Mann-Whitney U Test	.317	Retain the null hypothesis.
4	The distribution of Health Care & Social Assistance is the same across categories of groups.	Independent-Samples Mann-Whitney U Test	.317	Retain the null hypothesis.
5	The distribution of Information is the same across categories of groups.	Independent-Samples Mann-Whitney U Test		Unable to compute
6	The distribution of Professional, Scientific, & Technical Services is the same across categories of groups.	Independent-Samples Mann-Whitney U Test	.317	Retain the null hypothesis.
7	The distribution of Real Estate Rental and Leasing is the same across categories of groups.	Independent-Samples Mann-Whitney U Test		Unable to compute
8	The distribution of Retail Trade is the same across categories of groups.	Independent-Samples Mann-Whitney U Test	.317	Retain the null hypothesis.

Asymptotic significances are displayed. The significance level is .05

Dickey County

No Statistical Difference between 2002-2007 on 8 (7) Economic Indicators from data retrieved from American Fact Finder, US Census.Gov

(Report of Mann-Whitney U Statistical Test – nonparametric performed)



Total N	2
Mann-Whitney U	.000
Wilcoxon W	1.000
Test Statistic	.000
Standard Error	500
Standardized Test Statistic	-1.000
Asymptotic Sig. (2-sided test)	.317
Exact Sig. (2-sided test)	1.000

Grand Forks County

No Statistical Difference between 2002-2007 on 8 (5) Economic Indicators from data retrieved from American Fact Finder, US Census.Gov

Hypothesis Test Summary

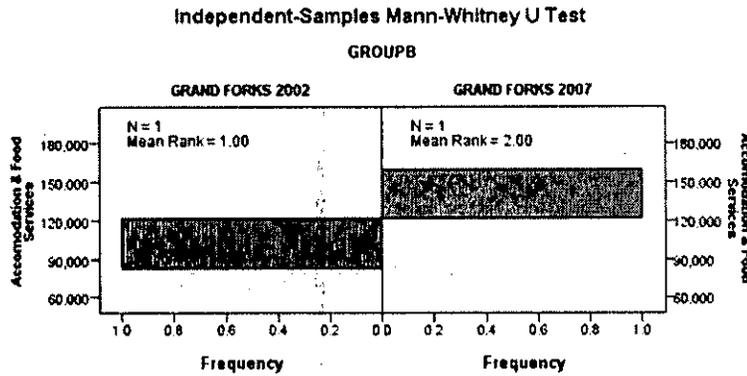
Null hypothesis	Test	Sig.	Decision
1. The distribution of Accomodation & Food Services is the same across categories of GROUPB.	Independent-Samples Mann-Whitney U Test	.317	Retain the null hypothesis.
2. The distribution of Administrative and Support and Waste Management & Remediation Svs is the same across categories of GROUPB.	Independent-Samples Mann-Whitney U Test	.317	Retain the null hypothesis.
3. The distribution of Arts, Entertainment, & Recreation is the same across categories of GROUPB.	Independent-Samples Mann-Whitney U Test	.317	Retain the null hypothesis.
4. The distribution of Health Care & Social Assistance is the same across categories of GROUPB.	Independent-Samples Mann-Whitney U Test		Unable to compute.
5. The distribution of Information is the same across categories of GROUPB.	Independent-Samples Mann-Whitney U Test		Unable to compute.
6. The distribution of Professional, Scientific, & Technical Services is the same across categories of GROUPB.	Independent-Samples Mann-Whitney U Test		Unable to compute.
7. The distribution of Real Estate Rental and Leasing is the same across categories of GROUPB.	Independent-Samples Mann-Whitney U Test	.317	Retain the null hypothesis.
8. The distribution of Retail Trade is the same across categories of GROUPB.	Independent-Samples Mann-Whitney U Test	.317	Retain the null hypothesis.

Asymptotic significances are displayed. The significance level is .05.

Grand Forks

No Statistical Difference between 2002-2007 on 8 (5) Economic Indicators from data retrieved from American Fact Finder, US Census.Gov

(Report of Mann-Whitney U Statistical Test – nonparametric performed)



Total N	2
Mann-Whitney U	.000
Wilcoxon W	1.000
Test Statistic	.000
Standard Error	.500
Standardized Test Statistic	-1.000
Asymptotic Sig. (2-sided test)	.317
Exact Sig. (2-sided test)	1.000

Grand Forks Compared to Dickey Counties:

No Statistical Difference of collective growth between the counties 2002-2007 on 8 (7) Economic Indicators from data retrieved from American Fact Finder, US Census.Gov

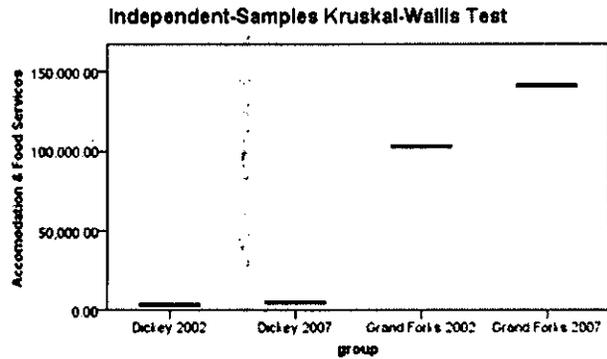
Hypothesis Test Summary

	Null Hypothesis	Test	Sig.	Decision
1	The distribution of Accomodation & Food Services is the same across categories of group.	Independent-Samples Kruskal-Wallis Test	.392	Retain the null hypothesis.
2	The distribution of Administrative and Support and Waste Management & Remediation Svs is the same across categories of group.	Independent-Samples Kruskal-Wallis Test	.392	Retain the null hypothesis.
3	The distribution of Arts, Entertainment, & Recreation is the same across categories of group.	Independent-Samples Kruskal-Wallis Test	.392	Retain the null hypothesis.
4	The distribution of Health Care & Social Assistance is the same across categories of group.	Independent-Samples Kruskal-Wallis Test	.368	Retain the null hypothesis.
5	The distribution of Information is the same across categories of group.	Independent-Samples Kruskal-Wallis Test		Unable to compute
6	The distribution of Professional, Scientific, & Technical Services is the same across categories of group.	Independent-Samples Kruskal-Wallis Test	.317	Retain the null hypothesis.
7	The distribution of Real Estate Rental and Leasing is the same across categories of group.	Independent-Samples Kruskal-Wallis Test	.368	Retain the null hypothesis.
8	The distribution of Retail Trade is the same across categories of group.	Independent-Samples Kruskal-Wallis Test	.392	Retain the null hypothesis.

Asymptotic significances are displayed. The significance level is .05

No Statistical Difference between 2002-2007 on 8 (7) Economic Indicators from data retrieved from American Fact Finder, US Census.Gov

(Report of Independent Samples Kruskal-Wallis, nonparametric performed)



Total N	4
Test Statistic	3.000
Degrees of Freedom	3
Asymptotic Sig. (2-sided test)	.392

1. The test statistic is adjusted for ties.
2. Multiple comparisons are not performed because the overall test does not show significant differences across samples.

Appendix D:

Security Perspective Charts

Exhibit 1:

Homeland Security Critical Infrastructure Sectors		
Infrastructure Type	Dickey County, ND Number of Strategic Assets	Grand Forks County, ND Number of Strategic Assets
Food and Agriculture	25	34
Banking & Finance	10	23
Chemical	2	7
Commercial Facilities	132	332
Communications	81	297
Critical Manufacturing	2	6
Dams	3	2
Defense Industrial Base	2	8
Important Bridges	0	0
Energy	9	7
Information Technology	2	4
National Monuments and Icons	7	61
Transportation Systems	11	23
Water	3	2

Exhibit 2:

Food & Agriculture Sector	
Dickey County, ND	Grand Forks, ND
Institution	1 Institution
1 Forward Farms	2 Duaine Lund Farm
2 Triple R Farms	3 Pinnacle Farm
3 Hokana Farms	4 Kip Farms
4 Podoll Farm	5 Robert Stadstad Farm
5 Fred Wagner Farm	6 PD Sproule Co
6 John P. Wheelihan Farm	7 Black Gold Farms
7 James Deering Farm	8 John Gudajtes Farm
8 Tim Erlandson Farms	9 Mc Martin Farms Inc
9 Donderosa Dj Ranch	10 Morning Star Ranch
10 Silverleaf Angus Ranch	11 Osowski Farms
11 Visto Farms	12 Scott Farm
12 Kaiser Ranch	13 Walter Amundson Farm
13 Haak's Produce Farms	14 Lazur Farms
14 Brad & Tom Wyum Farms	15 Forest River Farms
15 Randy Merkel Farm	16 Bill Weber & Son Farms
16 Ziegler Dairy Inc	17 Hoverson Farms
17 Hilsy Dairy	18 Donald F Benson Farm
18 Sunset Dairy	19 Nelson Farms
19 Wagner Farm	20 Ekness Farms
20 Dean Melland Farm	21 Adams Farms
21 Courtney Brothers Farm	22 Keith Berg Farm
22 John Merkel Farm	23 Ray Gary Farm
23 Floyd & Darlene Schnabel Ranch	24 Fossum Farms
24 Kinzler's Farm	25 Scott Pederson Farms
25 Quandt Brothers Farm	26 Dubuque Keyes Farm LLP
	27 Dakota Berk
	28 Ken Rakoczy Farm
	29 Steven Adams Farm
	30 Stjern Family Farm LLP
	31 Aaron Smestad Farm
	32 Hancock Farm
	33 Curtis Bostad Farm
	34 Claude Rich Farm

Exhibit 3:

Banking and Finance Sector	
Dickey County, ND	Grand Forks, ND
1 Institution	1 Institution
1 First State Bank of ND	2 Wells Fargo Bank
2 First Community Credit Union	3 Gate City Bank
3 Starion Financial	4 Bremer Bank
4 Ag Country Farm Credit	5 U.S. Bank
5 Financial Alternatives	6 Community Bank - Red River Valley
6 Crabtree Insurance Agency	7 United Valley Bank
7 Farmers Union Insurance	8 First State Bank
8 Nodak Mutual/Farm Bureau	9 University Federal Credit Union
9 Thrivent Financial Services	10 Bremer Bank & Trust
10 Edward Jones Investment	11 Choice Financial
	12 Area Community Credit Union
	13 American Federal Bank
	14 Burlington Northern Federal Credit Union
	15 Bank Forward
	16 Alerus Financial
	17 Postal Family Federal Credit Union
	18 First Liberty Federal Credit Union
	19 Northwest Community Bank
	20 Agri Bank
	21 Armed Forces Bank
	22 Northern States Employee Federal Credit Union
	23 Union State Bank

Exhibit 4:

Chemical Sector	
Dickey County, ND	Grand Forks, ND
1 Institution	1 Institution
1 Farmers Union Fertilizer Plant	2 Tru Green (Valley Chemical)
2 Star Fire Company	3 Agsco Corp
	4 Kelly Kylo Chemical
	5 Simplot Grower Solutions
	6 NWC Mirconutrients
	7 M K Ag Services Inc

Exhibit 5:

Commercial Facilities Sector		
	Dickey County, ND	Grand Forks, ND
Subsector		
<i>Entertainment & Media</i>	<p><u>Institution</u></p> <ul style="list-style-type: none"> 1 Newspapers (1) 2 Radio Stations (2) 	<p><u>Institution</u></p> <ul style="list-style-type: none"> 1 Newspapers (3) 2 Radio Stations (5) 3 TV Stations (4)
<i>Lodging</i>	<p><u>Institution</u></p> <ul style="list-style-type: none"> 1 Hotels/Motels (12) 	<p><u>Institution</u></p> <ul style="list-style-type: none"> 1 Hotels/Motels (33)
<i>Outdoor Events</i>	<p><u>Institution</u></p> <ul style="list-style-type: none"> 1 Prairie Pothole Lodge 2 Autumn Breeze Acres 3 Hay's Lodge 4 Hahne's Hunting Lodge 5 Ellendale Swimming Pool 6 ND Dream Hunts 7 Pheasant Lake 8 City of Oakes Swimming Pool 9 City of Oakes Westside Park 10 Ellendale Country Club 	<p><u>Institution</u></p> <ul style="list-style-type: none"> 1 Larimore Dam Recreation Area 2 Fordville Dam Recreation Area 3 Sporting Complexes/Fields/Pools (32)
<i>Public Assembly</i>	<p><u>Institution</u></p> <ul style="list-style-type: none"> 1 American Legion Club 2 Coleman Museum 3 Ellendale Opera House 4 Grand Theatre 5 Oakes Bowling Lanes 6 Churches (20) 7 Ellendale City Library (Ellendale) 8 Masonic Temple 9 VFW 10 American Legion 11 Oakes Armory 12 Oakes Grand Theater 13 Oakes Fitness Center 14 Oakes Golf Club 15 The Grand Theatre In Oakes 16 Trinity Bible College (Ellendale) 	<p><u>Institution</u></p> <ul style="list-style-type: none"> 1 Tourist Attractions (8) 2 Arenas/Stadiums (2) 3 Greater Grand Forks Convention & Visitors Bureau 4 Burtress Theater 5 Chester Fritz Auditorium 6 East Grand Forks Heritage Center 7 Grand Forks Public Library 8 Chester Fritz Library 9 Fitness Facilities (2) 11 Churches (88) 12 Colleges/Universities (1)
<i>Real Estate</i>	<p><u>Institution</u></p> <ul style="list-style-type: none"> 1 Apartment/Rental Homes (29) 	<p><u>Institution</u></p> <ul style="list-style-type: none"> 1 Storage Facilities (2) 2 Apartment/Rental Homes (44)
<i>Retail</i>	<p><u>Institution</u></p> <ul style="list-style-type: none"> 1 Stand-alone retail (42) 	<p><u>Institution</u></p> <ul style="list-style-type: none"> Grand Cities Mall (40+ retailers) Columbia Mall (70+ retailers)

Exhibit 6:

Communications Sector		
	Dickey County, ND	Grand Forks, ND
Subsector		
<i>Wireline</i>	<u>Institution</u> 1 Dickey Rural Networks	<u>Institution</u> 1 Qwest Corporation 2 Polar Communications
<i>Wireless</i>	<u>Institution</u> 1 Cell Phone Towers (22) 2 Antenna Towers (33) 3 Commercial Land Mobile Towers (2) 4 Private Land Mobile Towers (18)	<u>Institution</u> 1 Cell Phone Towers (6) 2 Antenna Towers (133) 3 Commercial Land Mobile Towers (3) 4 Private Land Mobile Towers (65) 5 Paging Towers (4) 6 Maritime Coast & Aviation Ground Tower (11)
<i>Satellite</i>	<u>Institution</u> 1 Microwave Towers (1)	<u>Institution</u> 1 Microwave Towers (61)
<i>Cable</i>	<u>Institution</u> 1 Dickey Rural Networks	<u>Institution</u> 1 Direct TV 2 Comcast 3 Midcontinent Communications
<i>Broadcasting</i>	<u>Institution</u> 1 Radio (2) 2 KDDR 1220 AM (radio)	<u>Institution</u> 1 Radio (5) 2 TV (4)

Exhibit 7:

Critical Manufacturing Sector		
	Dickey County, ND	Grand Forks, ND
Subsector		
<i>Primary Metals</i>	<u>Institution</u> 1 N/A	<u>Institution</u> 1 N/A
<i>Machinery</i>	<u>Institution</u> 1 N/A	<u>Institution</u> 1 ETI Industries LLC 2 Tri-Steel Manufacturing 3 Ideal Acrosmith 4 LM Wind Power 5 Otis Elevator Company
<i>Electrical Equipment</i>	<u>Institution</u> 1 Fargo Assembly Co.	<u>Institution</u> 1 N/A
<i>Transportation & Heavy Equipment</i>	<u>Institution</u> 1 Oshkosh Corporation	<u>Institution</u> 1 Cirrus Aircraft

Exhibit 8:

Dam Sector	
Dickey County, ND	Grand Forks, ND
Institution	Institution
1 Maple River Dam	1 Larimore Dam
2 Wilson Dam	2 Fordville Dam
3 Moores Dam	

Exhibit 9:



Exhibit 10:

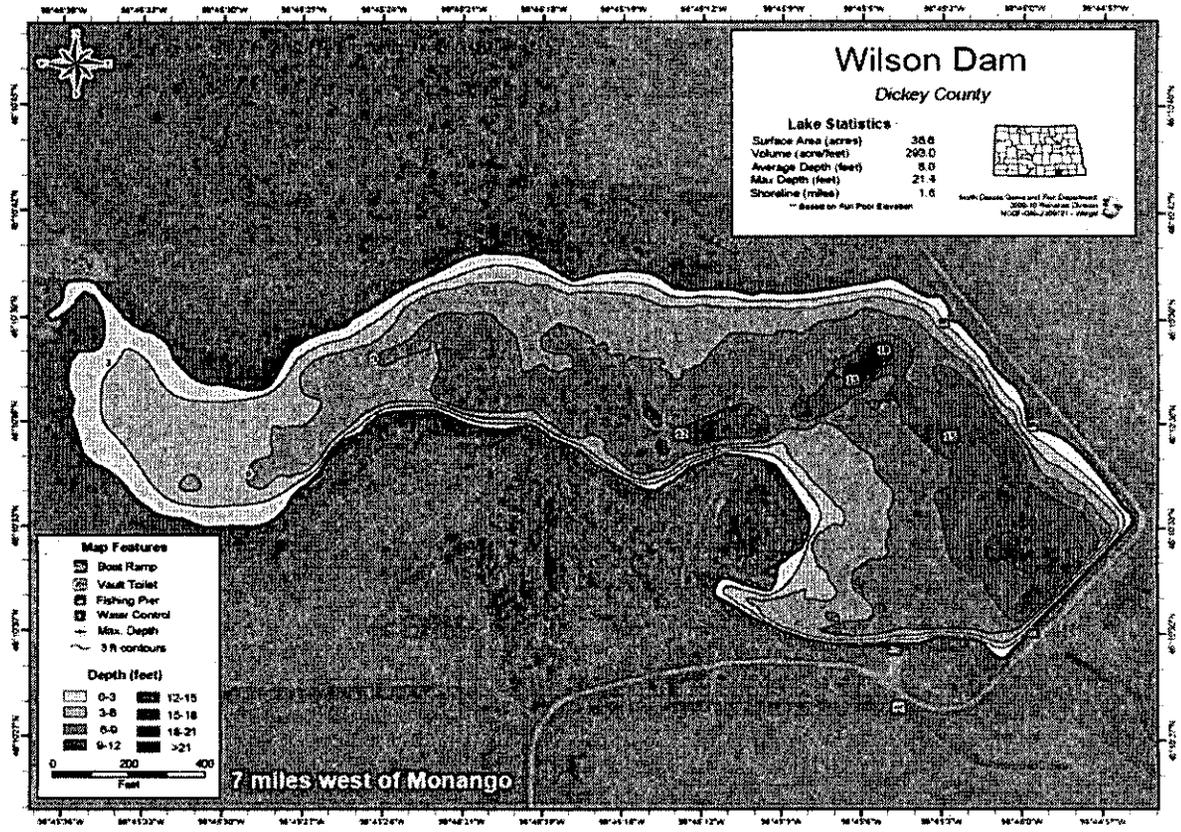


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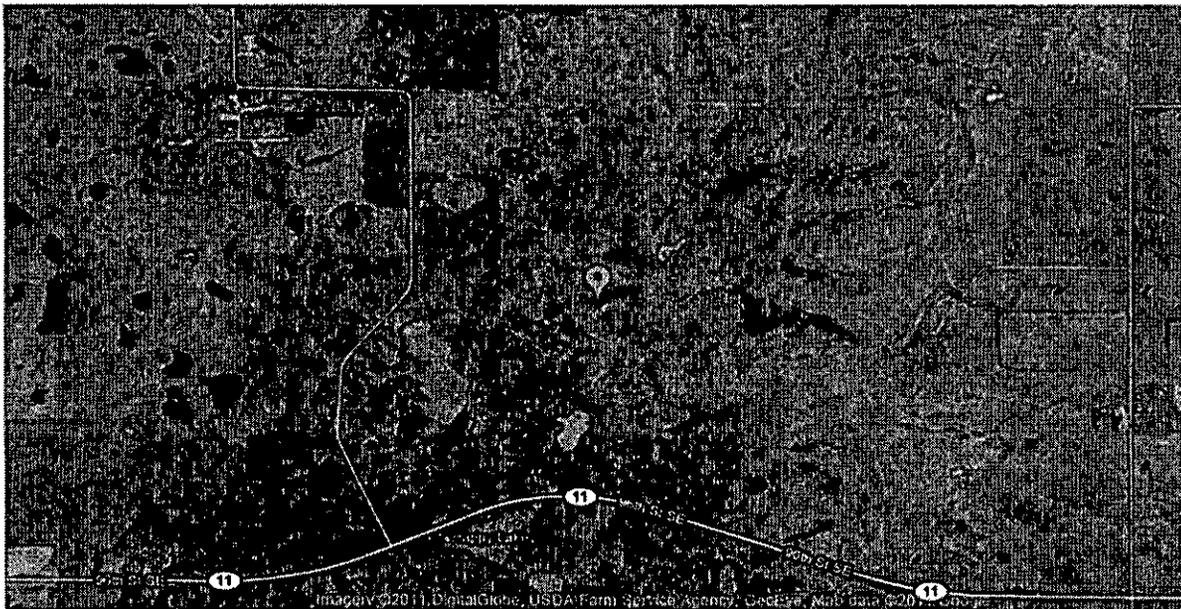


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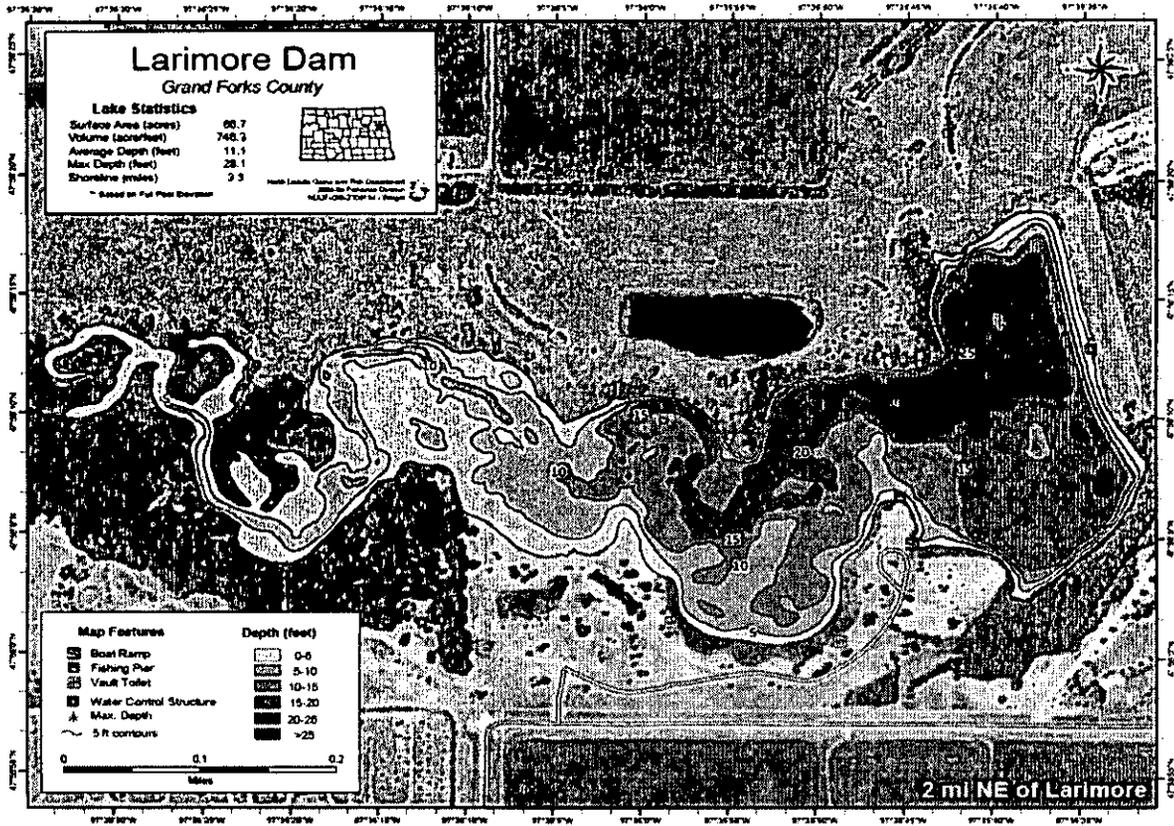


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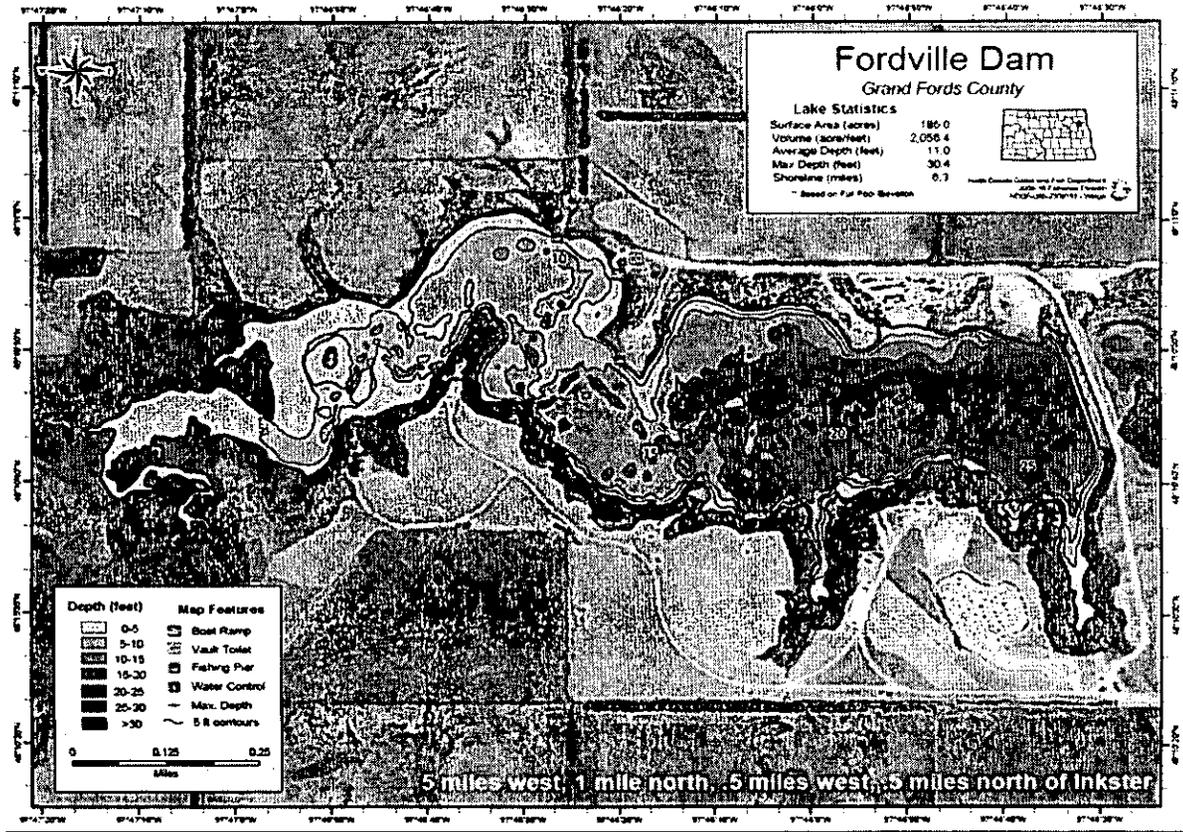


Exhibit 14:

Defense & Industrial Base Sector		
Subsector	Dickey County, ND	Grand Forks, ND
<i>Missile</i>	<u>Institution</u> 1 N/A	<u>Institution</u> 1 N/A
<i>Aircraft</i>	<u>Institution</u> 1 N/A	<u>Institution</u> 1 Grand Forks AFB 2 Northrop Grumman 3 General Atomics
<i>Troop Support</i>	<u>Institution</u> 1	<u>Institution</u> 1 Altru Health System Grand Forks Clinic Pharmacy
<i>Space</i>	<u>Institution</u> 1 N/A	<u>Institution</u> 1 N/A
<i>Combat Vehicle</i>	<u>Institution</u> 1 Oshkosh Corporation	<u>Institution</u> 1 American Defense Industries, Inc. 2 Diamond Engineering Inc 3 Pribbs Steel & Manufacturing
<i>Ammunition</i>	<u>Institution</u> 1 N/A	<u>Institution</u> 1 N/A
<i>Weapons</i>	<u>Institution</u> 1 N/A	<u>Institution</u> 1 N/A
<i>Information Technology</i>	<u>Institution</u> 1 Dickey Rural Communications	<u>Institution</u> 1 BoldMethod, LLC 2 Laserlith
<i>Shipbuilding</i>	<u>Institution</u> 1 N/A	<u>Institution</u> 1 N/A
<i>Electronics</i>	<u>Institution</u> 1 N/A	<u>Institution</u> 1 Bergstrom Unitech Electronic 2 Dakota Supply Group, Inc 3 Appareo Systems

Exhibit 15:

Energy Sector		
	Dickey County, ND	Grand Forks, ND
Subsector		
<i>Electric Power</i>	Institution 1. Xcel Energy 2. Montana-Dakota Utilities, Co. 3. Moorhead Public Services 4. Dakota Valley Electric Cooperative 5. Next Era Energy 6. Acciona Windpower	Institution 1. Nodak Electric Cooperative 2. Xcel Energy 3. Minnkota Power Cooperative 4. Petersberg Wind Project
<i>Petroleum (pipelines)</i>	Institution 1. TransCanada 2. NuStar	Institution 1. Enbridge Oil 2. Magellan Midstream Partners
<i>Natural Gas</i>	Institution 1. Alliance	Institution 1. Willston Basin Gas

Exhibit 16:

Ellendale, Dickey County ND Active Wind Projects							
In Service Farms							
Project Name	Owner	Location	Turbines	Capacity (MW)	Manufacturer	Notes	
Edgeley/Kulm Wind Project	FPLE / BEPC	Edgeley	27	40	GE 1.5 MW	In Service	
	Tatanka Wind Power, LLC	Dickey/McIntosh County	60	90	Acciona AW 1500	In Service	
Total In Service			87	130			
Proposed Farms							
Project Name	Owner	Location	Turbines	Capacity (MW)	Manufacturer	Notes	
Dickey County Wind Farm	Rough Rider Wind 1, LLC	15 miles NW of Ellendale	100	150	GE 1.5 MW	Permit issued 8/12/09	
Merricourt Project	enXco	McIntosh/Dickey ctys	150	150		Letter of Intent Filed Dec 2008	
Ashley Wind Power Project	CPV Ashley Renewable Energy Company, LLC	McIntosh County	212	488		Hearing scheduled 8/23/10	
Total Proposed			312	788			
Total				918			

Exhibit 17:

Grand Forks ND Active Wind Projects							
In Service Farms							
Project Name	Owner	Location	Turbines	Capacity (MW)	Manufacturer	Notes	
Petersberg Wind Project	Minnkota Power Cooperative	Petersberg	1	0.9	NEG Micon NMS2/901	In Service	
Total In Service			1	0.9			

Exhibit 18:

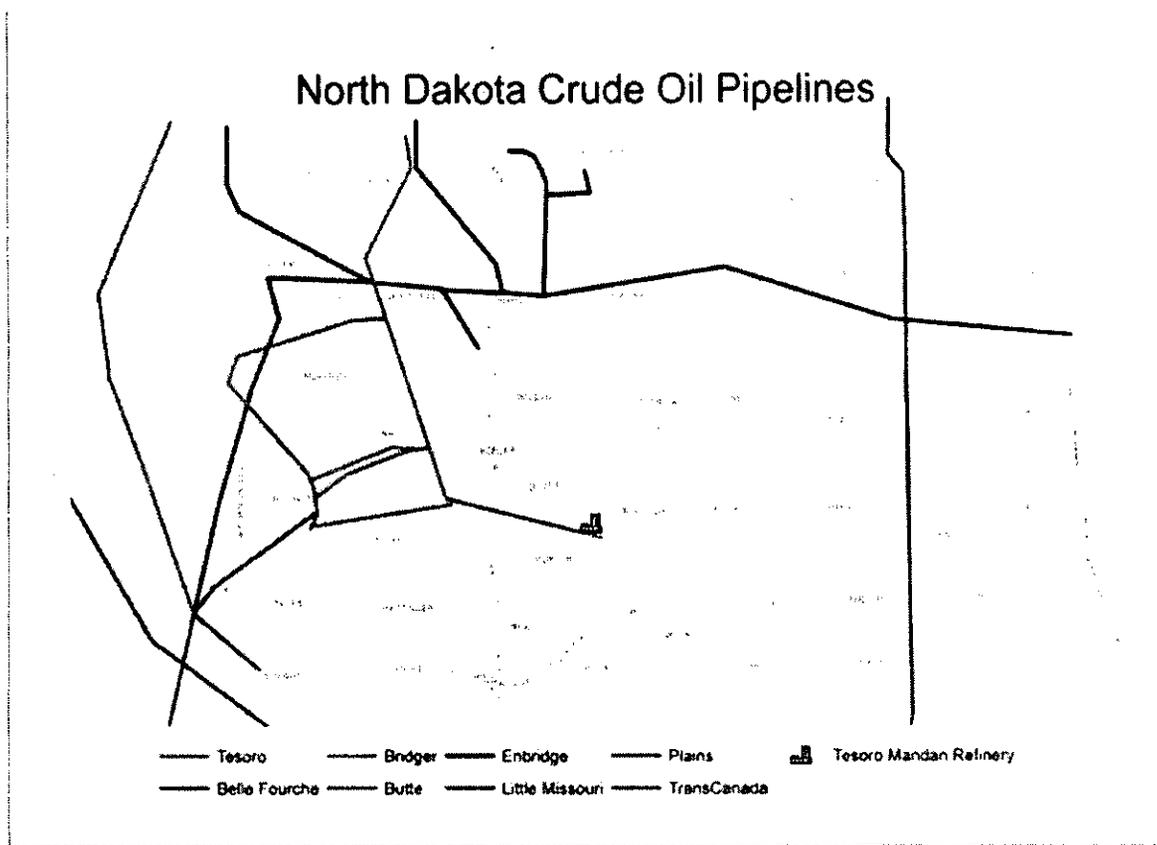


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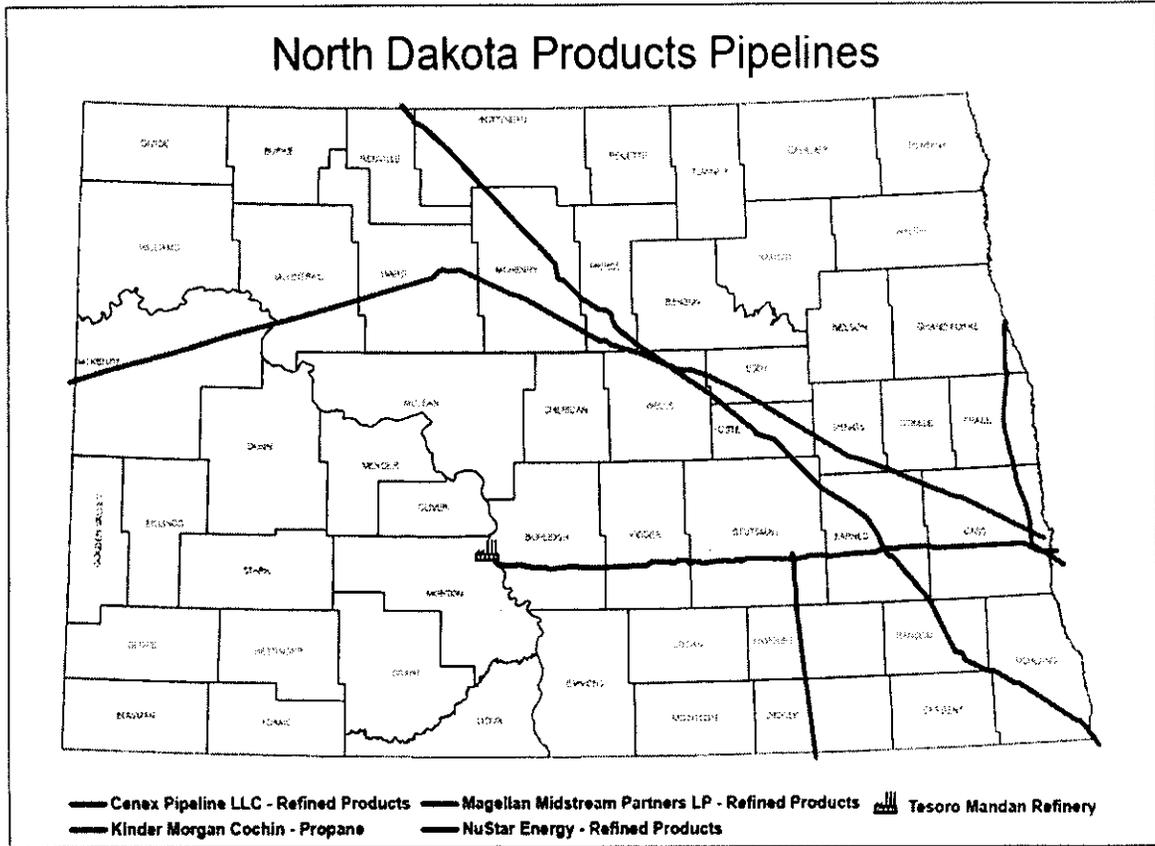


Exhibit 21:

Information Technology Sector		
	Dickey County, ND	Grand Forks, ND
Sector Function		
<i>IT Products & Services</i>	<u>Institution</u> 1 N/A	<u>Institution</u> 1 N/A
<i>Incident Management Capabilities</i>	<u>Institution</u> 1 OSSI	<u>Institution</u> 1 N/A
<i>Domain Name Resolution Services</i>	<u>Institution</u> 1 N/A	<u>Institution</u> 1 N/A
<i>Identity Management & Associated Trust Support Services</i>	<u>Institution</u> 1 N/A	<u>Institution</u> 1 N/A
<i>Internet-Based Content Information & Communication Services</i>	<u>Institution</u> 1 Dickey Rural Networks	<u>Institution</u> 1 Direct TV 2 Comcast 3 Midcontinent Communications 4 Wikstrom Internet
<i>Internet Routing, Access & Connection Services</i>	<u>Institution</u> 1 N/A	<u>Institution</u> 1 N/A

Exhibit 22:

Monuments and Icons Sector	
Dickey County, ND	Grand Forks, ND
<u>Institution</u> 1 Historic Places (7) 2 Historic Landmarks (0)	<u>Institution</u> 1 Historic Places (61) 2 Historic Landmarks (0)

Exhibit 23:

Transportation Systems Sector		
Sector Function	Dickey County, ND	Grand Forks, ND
<i>Aviation</i>	<p><u>Institution</u></p> <ol style="list-style-type: none"> 1 Oakes Municipal Airport 2 Ellendale Municipal Airport 3 Larson Landing Strip 4 Were Landing Strip 	<p><u>Institution</u></p> <ol style="list-style-type: none"> 1 Grand Forks International Airport 2 Grand Forks Air Force Base 3 Northwood Municipal Airport 4 Larimore Municipal Airport 5 Bakke Airport 6 Frokjer Airport 7 Cassindan Airport 8 Gensrich Airport 9 Inkster Airport 10 Morten Airport 11 Heyde Airport 12 Kylio Airport 13 Saure Airport 14 Knutson Airport
<i>Maritime</i>	<p><u>Institution</u></p> <ol style="list-style-type: none"> 1 N/A 	<p><u>Institution</u></p> <ol style="list-style-type: none"> 1 N/A
<i>Mass Transit</i>	<p><u>Institution</u></p> <ol style="list-style-type: none"> 1 N/A 	<p><u>Institution</u></p> <ol style="list-style-type: none"> 1 City of Grand Forks Cities Area Transit (CAT) 2 University of North Dakota Campus Bus (UNDCB)
<i>Highway</i>	<p><u>Institution</u></p> <ol style="list-style-type: none"> 1 U.S. 281 	<p><u>Institution</u></p> <ol style="list-style-type: none"> 1 U.S. 81/7-29
<i>Freight Rail</i>	<p><u>Institution</u></p> <ol style="list-style-type: none"> 1 Red River Valley & Western Railroad, Co 2 DMVW 3 Crete Grains 	<p><u>Institution</u></p> <ol style="list-style-type: none"> 1 Con Agra 2 Peavey 3 Strata Corp
<i>Pipeline</i>	<p><u>Institution</u></p> <ol style="list-style-type: none"> 1 TransCanada 2 NuStar Energy 3 Enbridge Oil 	<p><u>Institution</u></p> <ol style="list-style-type: none"> 1 Enbridge Oil 2 Williston Basin Gas 3 Magellan Midstream Partners

Exhibit 24:

Water Sector	
Dickey County, ND	Grand Forks, ND
Institution	Institution
1. City of Oakes Water Treatment Plant	1. Grand Forks Wastewater Treatment Plant
2. Oakes City Water Department	2. Grand Forks County Water
3. City of Ellendale Water Department	

Appendix E:

Land Cost Perspective Charts

Exhibit 25:

Commercial Land Sales*						
City/Township	Date of Sale	Buyers	Acreage	Sale Price	Sale Price/Acre	
Ellendale	8/27/09	Farmers Union Oil Co	3.45	\$ 30,000.00	\$ 8,695.65	
Ellendale	3/11/09	Dennis & Sharon Huenefeld	0.33	\$ 2,987.00	\$ 9,051.52	
Ellendale	9/30/09	Jerry & Deann Reif	1.15	\$ 91,000.00	\$ 79,130.43	
Ellendale	11/6/09	Dickey Co Motel Group	4.94	\$ 40,000.00	\$ 8,097.17	
Oakes	3/3/09	SD Wheat Growers	14.09	\$ 125,700.00	\$ 8,921.22	
Oakes	8/3/09	Dean & Marvel Fiala	0.72	\$ 3,000.00	\$ 4,166.67	
Oakes	5/26/09	Arnold & Virginia Widmer	0.13	\$ 49,000.00	\$ 376,923.08	
Oakes	8/25/09	Tompkins Partnership, LLP	0.07	\$ 27,500.00	\$ 392,857.14	
Oakes	10/7/09	Robert Wick - Et Al	0.32	\$ 4,000.00	\$ 12,500.00	
Oakes	10/16/09	Jerome & Dusty Hollingsworth	0.07	\$ 27,500.00	\$ 392,857.14	
Oakes	12/14/09	Donna Handt	0.23	\$ 142,500.00	\$ 619,565.22	
Oakes	12/15/09	SD Wheat Growers	2.09	\$ 25,000.00	\$ 11,961.72	
Total			27.59	\$ 568,187.00		
Average			2.30	\$ 82,513.00	\$ 20,593.95	

*Sales may include land with improvements or existing structures

Exhibit 26:

Agricultural Land Sales						
City/Township	Date of Sale	Buyers	Acreage	Sale Price	Sale Price/Acre	
Port Emma	1/23/09	Harold & Madella Scheffert	457.9	\$ 206,055.00	\$ 450.00	
Port Emma	6/9/09	Scott Hansen	66.23	\$ 97,500.00	\$ 1,472.14	
Port Emma	1/28/09	Jason Spencer	80	\$ 180,336.00	\$ 2,254.20	
Ada	4/1/09	David & Connie Finley	158.79	\$ 358,140.00	\$ 2,255.43	
Ada	10/15/09	Reinke Investments, LLP	10.05	\$ 25,000.00	\$ 2,487.56	
Elm	5/21/09	Kenneth Cooper	80	\$ 45,000.00	\$ 562.50	
Elm	10/1/09	Paul & Deanne Olson	158	\$ 232,000.00	\$ 1,468.35	
Lorraine	4/2/09	Michael & Valerie Martin	320	\$ 128,000.00	\$ 400.00	
Hudson	8/25/09	Brandon Swanson	18.7	\$ 85,000.00	\$ 4,545.45	
Kentner	3/16/09	Richard & Peggy Olson	40	\$ 17,480.00	\$ 437.00	
Kentner	4/8/09	Richard & Peggy Olson	80	\$ 112,000.00	\$ 1,400.00	
Kentner	5/15/09	Zack Hofer	118	\$ 247,800.00	\$ 2,100.00	
Elden	5/11/09	Thomas & Susan Karlen	80	\$ 176,000.00	\$ 2,200.00	
Grand Valley	7/13/09	Cody & Deanna Sand	155.97	\$ 183,300.00	\$ 1,175.23	
Grand Valley	9/23/09	Robert Sumpton	652.02	\$ 186,000.00	\$ 285.27	
Bear Creek	1/14/09	Patrick & Tammy Awender	40.18	\$ 22,000.00	\$ 547.54	
Bear Creek	2/20/09	Chad Visto	73.08	\$ 144,500.00	\$ 1,977.29	
Bear Creek	8/25/09	Christopher Erlandson	302.33	\$ 400,000.00	\$ 1,323.06	
Bear Creek	5/4/09	Chad Visto	160	\$ 307,625.00	\$ 1,922.66	
Clement	3/13/09	Robert & LouAnn Munson	13.3	\$ 46,550.00	\$ 3,500.00	
Clement	5/12/09	Kyle Courtney	160	\$ 256,000.00	\$ 1,600.00	
Clement	4/3/09	Roy & Julianna Becker	163.5	\$ 195,600.00	\$ 1,196.33	
Clement	5/30/09	Jeff & Lacy Anderson	158.02	\$ 240,000.00	\$ 1,518.80	
Clement	10/15/09	Randy Heier	14.38	\$ 7,190.00	\$ 500.00	
Yorktown	4/7/09	Lawrence & Dann Ulmer	538.36	\$ 210,000.00	\$ 390.07	
Yorktown	10/2/09	Dana & Layna Gramlow	9.04	\$ 200,000.00	\$ 22,123.89	
Maple	6/17/09	Michael Stepina	6.65	\$ 6,000.00	\$ 902.26	
Hamburg	7/13/09	Bryan & Iva Brandenburger	4	\$ 85,000.00	\$ 21,250.00	
German	5/26/09	Rae & Linda Walsh	320	\$ 262,000.00	\$ 818.75	
Divide	3/27/09	Douglas & Karen Nelson	160	\$ 155,000.00	\$ 968.75	
Divide	9/28/09	Jason & Jill Thompson	155.99	\$ 403,000.00	\$ 2,583.50	
Divide	3/26/09	Andrew & Renee Seyer	160	\$ 310,000.00	\$ 1,937.50	
Divide	4/6/09	Lamont Albers	308.52	\$ 504,550.00	\$ 1,635.39	
Divide	8/3/09	Timothy & Barbara Erlandson	320	\$ 162,000.00	\$ 193.75	
Porter	7/14/09	Trevor & Almee Teske	160	\$ 288,000.00	\$ 1,800.00	
Porter	10/26/09	Duane & Patricia Peterson	320	\$ 475,000.00	\$ 1,484.38	
Valley	1/5/09	Jason & Sabrina Hildenbrand	160	\$ 341,000.00	\$ 2,131.25	
Potsdam	01/08/09	Tanner Ray & Kali Michelle Kieckel	295.68	\$ 524,500	\$ 1,773.88	
Potsdam	06/03/09	Paul & Deanne Olson	160.00	\$ 167,000	\$ 1,043.75	
Young	03/21/09	Victor & Marie Lagodinski	160.00	\$ 320,000	\$ 2,000.00	
Young	08/11/09	Richard & Lona Mathern	320.00	\$ 550,000	\$ 1,718.75	
Young	11/02/09	Scott & Traci Musland	160.00	\$ 296,000	\$ 1,850.00	
Young	11/05/09	Mathern Cattle Company	6.42	\$ 55,000	\$ 8,566.98	
Northwest	02/09/09	Ted & Rebecca Hollan	158.02	\$ 136,000	\$ 860.65	
Total			7,443	\$ 9,249,126.00		
Average			169.162045	\$ 267,883.33	\$ 1,242.64	

Exhibit 27:

Commercial Land Sales *				Acreage	Sale Price	Sale Price/Acre
City/Township	Date of Sale	Buyers				
Ellendale	1/13/10	New Life Assembly of God		1.32	\$ 66,000.00	\$ 50,000.00
Ellendale	4/15/10	Roland & Annette Knox		0.08	\$ 10,000.00	\$ 125,000.00
Ellendale	12/29/10	Aaron & Amy Taylor		0.31	\$ 30,000.00	\$ 96,774.19
Oakes	1/29/10	John & Amy Bakke		0.31	\$ 20,020.00	\$ 64,580.65
Oakes	6/24/10	Richard Lauderdale		1.04	\$ 5,500.00	\$ 5,288.46
Oakes	7/28/10	Dani Dahlstrom		4.77	\$ 65,000.00	\$ 13,626.83
Oakes	8/13/10	Michael & Suzanne Spiese		0.07	\$ 35,000.00	\$ 500,000.00
Oakes	8/13/10	Michael & Suzanne Spiese		0.07	\$ 60,000.00	\$ 857,142.86
Oakes	9/1/10	DL Properties, LLC		0.14	\$ 60,000.00	\$ 428,571.43
Oakes	10/29/10	Phillip & Heather Roney		0.15	\$ 145,000.00	\$ 966,666.67
Oakes	5/18/10	Kristen & Brenda Klein		0.11	\$ 18,500.00	\$ 168,181.82
		Average		0.76	\$ 54,722.96	\$ 61,531.66
		Total		8.37	\$ 515,020.00	

* Sales may include land with improvements or existing structures

Exhibit 28:

Agricultural Land Sales					
City/Township	Date of Sale	Buyers	Acreage	Sale Price	Sale Price/Acre
Lovell	2/25/10	Harold Scheffert Jr.	154.68	\$100,000	\$ 646.50
Port Emma	5/29/10	Carmelita Privatt	6.83	\$42,000	\$ 6,149.34
Ada	6/1/10	Scott D Hansen Farms Inc	56.4	\$130,100	\$ 2,306.74
Ada	6/1/10	Scott D Hansen Farms Inc	102.39	\$189,900	\$ 1,854.67
Van Meter	6/4/10	Daniel & Lucy Naption	17	\$65,000	\$ 3,823.53
Ellendale	4/7/10	Darryl & Deborah Tank	22.5	\$125,000	\$ 5,555.56
Ellendale	6/29/10	Ben Galbreath - Et Al	10	\$40,000	\$ 4,000.00
Ellendale	12/13/10	Reed Merkel	10	\$165,000	\$ 16,500.00
Ellendale	12/13/10	Reed Merkel	125	\$248,000	\$ 1,984.00
Elm	1/28/10	Grant Petersen	601.73	\$661,903	\$ 1,100.00
Lorraine	5/24/10	Kevin & Charlene Kinzler	20.03	\$40,000	\$ 1,997.00
Hudson	7/26/10	Jason & Jessica Quandt	480	\$268,000	\$ 558.33
Hudson	11/24/10	Richard Henninger & Donald Henninger	308	\$120,000	\$ 389.61
Hudson	12/8/10	Clint & Lisa Plath	72	\$110,000	\$ 5,000.00
Kent	11/24/10	Scott & Denise German	480	\$500,000	\$ 1,041.67
Kentner	1/25/10	Casey Petersen	143.56	\$350,000	\$ 2,438.01
Elden	1/28/10	Randal & Norma Trautmann	0.82	\$82,000	\$ 100,000.00
Elden	3/29/10	Kristi Lechner	22.88	\$119,000	\$ 5,201.05
Elden	3/25/10	Dennis & Susan Koch	80	\$176,000	\$ 2,200.00
Albion	7/1/10	Doug & Cheryle Muckey	8.8	\$46,000	\$ 5,227.27
Albion	10/5/10	Jeremy Malsam	110	\$187,000	\$ 1,700.00
Grand Valley	4/16/10	Reinke Investments LLP	158.4	\$365,000	\$ 2,304.29
Grand Valley	10/29/10	Paul & Deanne Olson	160	\$137,600	\$ 860.00
Grand Valley	11/24/10	Bradley Wendell & Dawn Normall-Wendell	20	\$70,000	\$ 3,500.00
Grand Valley	12/6/10	Taylor Sumption - Et Al	1057	\$490,667	\$ 464.21
Grand Valley	12/6/10	Taylor Sumption - Et Al	652	\$256,000	\$ 392.64
Grand Valley	12/6/10	Taylor Sumption - Et Al	652	\$85,333	\$ 130.88
Spring Valley	8/30/10	Brent Klipfel Trust	131.12	\$161,510	\$ 1,231.77
Bear Creek	3/5/10	Matthew & Nancy Domine	381.68	\$865,000	\$ 2,266.30
Bear Creek	3/11/10	Adam & Virginia Gramlow	1.03	\$105,000	\$ 101,941.75
Bear Creek	8/12/10	Central Power Electric Coop Inc	2	\$10,000	\$ 5,000.00
Clement	1/30/10	GRG Grain Farms	20	\$50,000	\$ 2,500.00
Clement	4/2/10	Galazin Family LLC	160	\$204,000	\$ 1,275.00
Clement	9/10/10	Douglas & Lorraine Ptacek	10.32	\$27,000	\$ 2,616.28
Clement	11/24/10	Richard Henninger & Donald Henninger	160	\$120,000	\$ 750.00
Yorktown	5/11/10	Norman Andrus - Et Al	478	\$32,000	\$ 66.95
Yorktown	4/27/10	Norman Andrus - Et Al	478	\$25,000	\$ 52.30
Yorktown	10/28/10	Lynn & Marianne Arndt	160	\$500,000	\$ 3,125.00
Maple	2/3/10	Timothy & Geraldine Glynn	160	\$51,025	\$ 318.91
Maple	9/7/10	Quinten & Donna Streich	12.38	\$105,000	\$ 8,481.42
Keystone	11/29/10	Agassiz 1031 Holdings, LLC	143	\$200,000	\$ 1,398.60
Keystone	12/14/10	Steven & Carol Petersen	143	\$200,000	\$ 1,398.60
Hamburg	12/14/10	Timothy & Maria Petersen	160	\$346,720	\$ 2,167.00
Whitestone	11/22/10	Kevin Kasprick	77	\$130,000	\$ 1,688.31
German	5/10/10	Brent Klipfel Trust	120	\$135,000	\$ 1,125.00
German	8/30/10	Brent Klipfel Trust	40	\$161,510	\$ 4,037.74
Jr. Valley	5/27/10	Brent & Toni Ptacek	301	\$84,000	\$ 279.07
Wright	4/7/10	Lawerance Ulmer - Et Al	298.63	\$690,000	\$ 2,310.55
Wright	5/5/10	LaRoy Anderson	105.22	\$180,000	\$ 1,710.70
Porter	4/1/10	Jeff & Ann Jordahl	10	\$250,000	\$ 25,000.00
Porter	9/13/10	Patrick & Kathleen Hay	21.2	\$23,500	\$ 1,108.49
Porter	9/17/10	Chad & Tenille Ulmer	21.2	\$42,000	\$ 1,981.13
Valley	9/17/10	Spencer & Jacque Deering	29.7	\$35,000	\$ 1,178.45
Northwest	5/7/10	Victor & Maria Lagodinski	155.99	\$255,000	\$ 1,634.72
Northwest	7/1/10	Caleb Nill	19.5	\$24,000	\$ 1,230.77
Northwest	7/22/10	Jeremy Mueller - Et Al	387.73	\$38,000	\$ 98.01
Northwest	7/30/10	Green Oak Partners	160	\$143,000	\$ 893.75
Northwest	7/30/10	Carolee Gruneich Ketelaar	160	\$181,000	\$ 1,131.25
Average			172.2	\$ 282,868.49	\$ 1,655.46
Total			9,990	\$ 10,543,767.20	

Appendix F:
Flood Plain Charts

Exhibit 29:

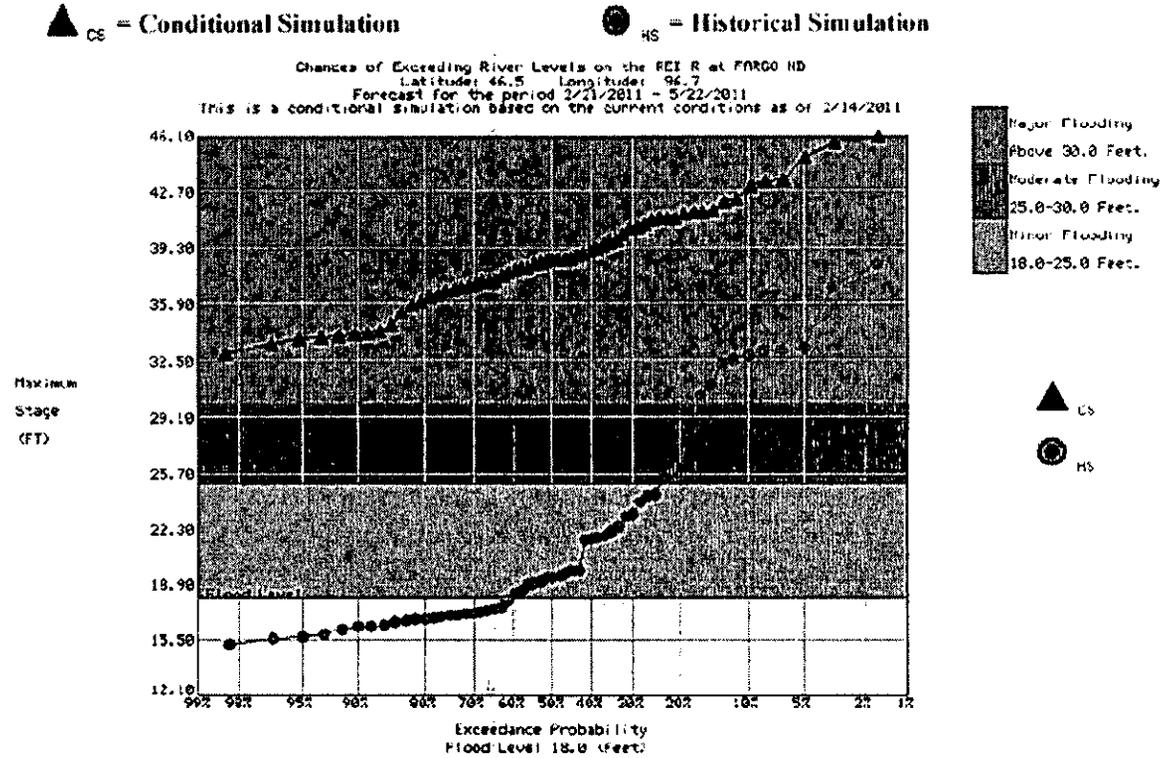


Exhibit 30:

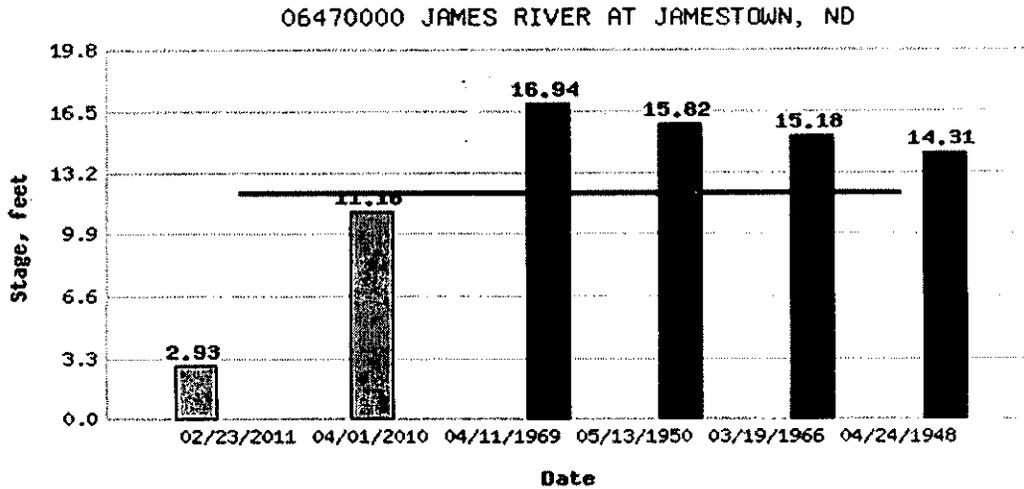
Probabilistic Hydrologic Outlook

Taken from the NWS Hydrologic Outlook

Red River, Main Stem - Dated: March 3, 2011; Valid 3/7/11-6/5/11

Forecast Sites	Probability of Exceedance			Departure from Normal	Minor Flooding		Moderate Flooding		Major Flooding		Flood of Record Stage (ft)	Flood of Record Flow (cfs)	Year	Chance of Exceedance					
	Minor Flooding	Moderate Flooding	Major Flooding		Stage Height (ft)	Flow (cfs)	Stage Height (ft)	Flow (cfs)	Stage Height (ft)	Flow (cfs)				90%	50%	10%	Stage (ft)	Flow (cfs)	
Walpyton	>98%	>98%	>98%	+63%	10	3,240	12	4,810	14	6,600	19.42	12,800	1997	16.2	8,890	17.3	10,200	18.4	11,500
Fargo	>98%	>98%	>98%	+38%	18	4,060	25	8,860	30	12,100	40.65	29,800	2009	36.4	20,800	38.8	25,700	43	n/A
Hahstad	>98%	>98%	98%	+76%	26	19,300	32	27,000	40	59,900	40.74	n/A	1997	38.5	37,800	39.5	47,700	40.8	n/A
Grand Forks	>98%	>98%	>98%	+46%	28	20,100	40	36,300	46	58,500	54.35	117,000	1997	48	70,200	50.4	86,200	54	114,000
Oshtemo**	>98%	>98%	>98%	+41%	26	18,450	30	22,700	36	38,982	38.17	93,483	2009	36.9	71,667	37.9	88,424	39.2	n/A
Drayton	>98%	>98%	98%	+61%	33	28,500	38	36,500	43	55,500	45.55	107,000	1997	42.6	62,400	43.9	79,700	45.4	105,000
Pembina**	>98%	>98%	94%	+58%	42	31,650	47	39,817	52	89,133	54.04	138,434	1997	52.6	97,735	53.8	117,072	54.9	137,823

Exhibit 31:



- ▣ Current Stage 2.93 feet recorded 02/23/2011 06:15:00 (provisional)
- ▣ Recent Maximum Daily Average Stage (in last 14 months) 11.16 feet, 04/01/2010
- Highest Recorded Peak Stages
- National Weather Service Flood Stage 12 feet



Appendix G:

Energy Infrastructure Charts

Exhibit 32:

North Dakota Historical Monthly Oil Production

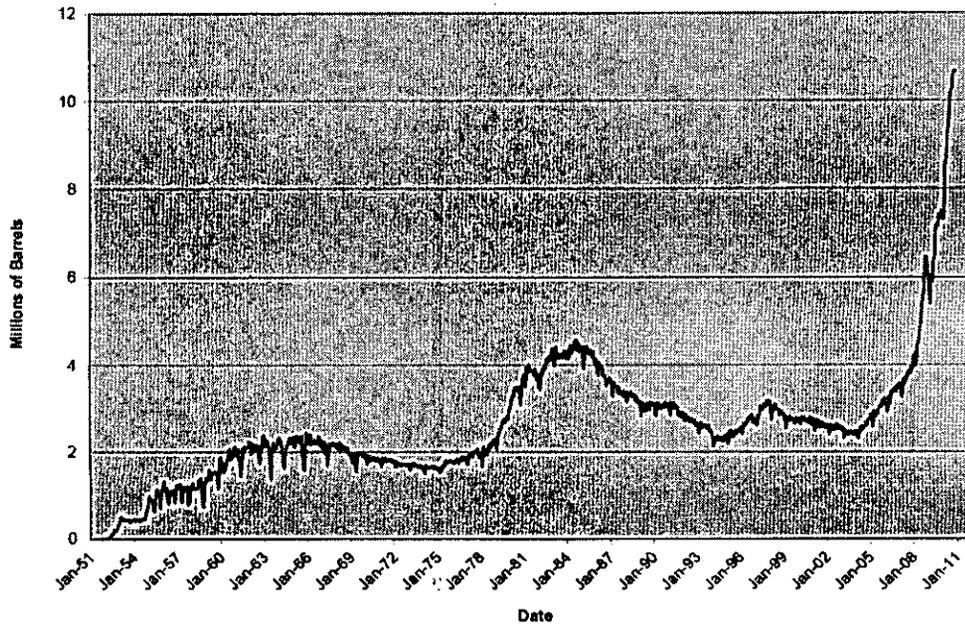


Exhibit 33:

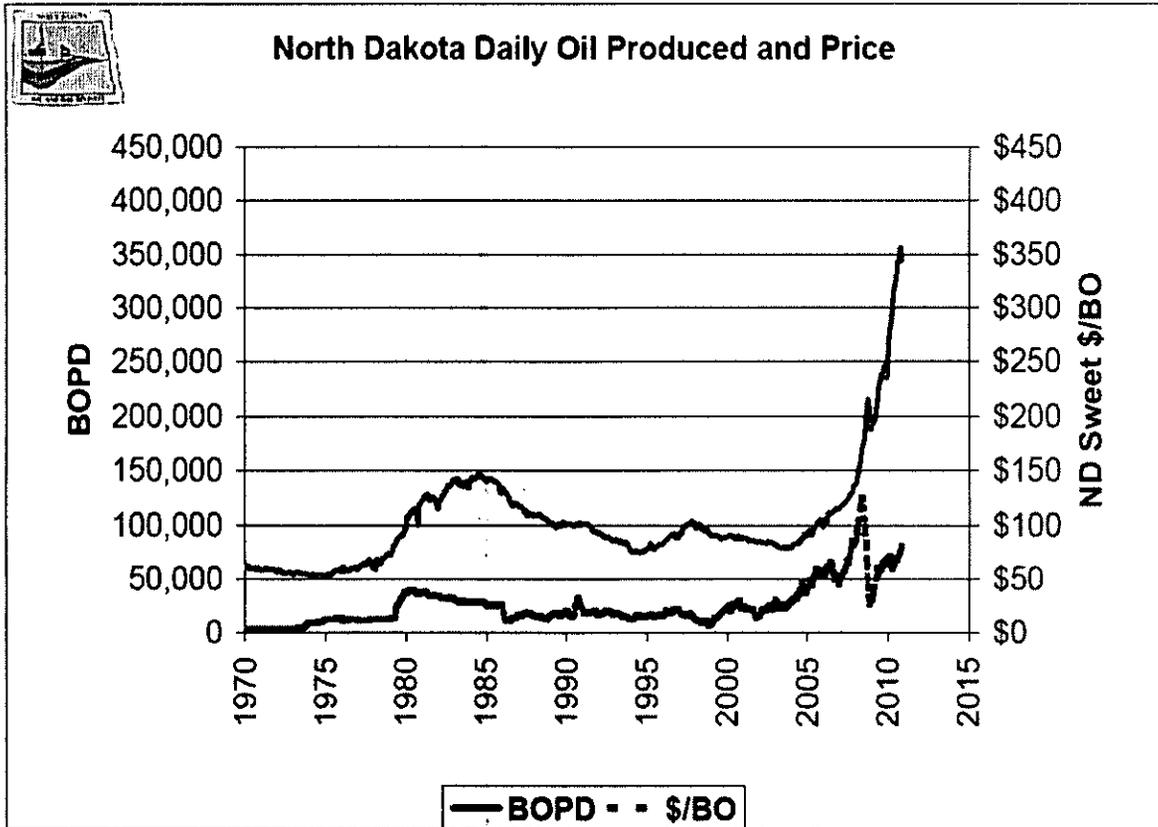
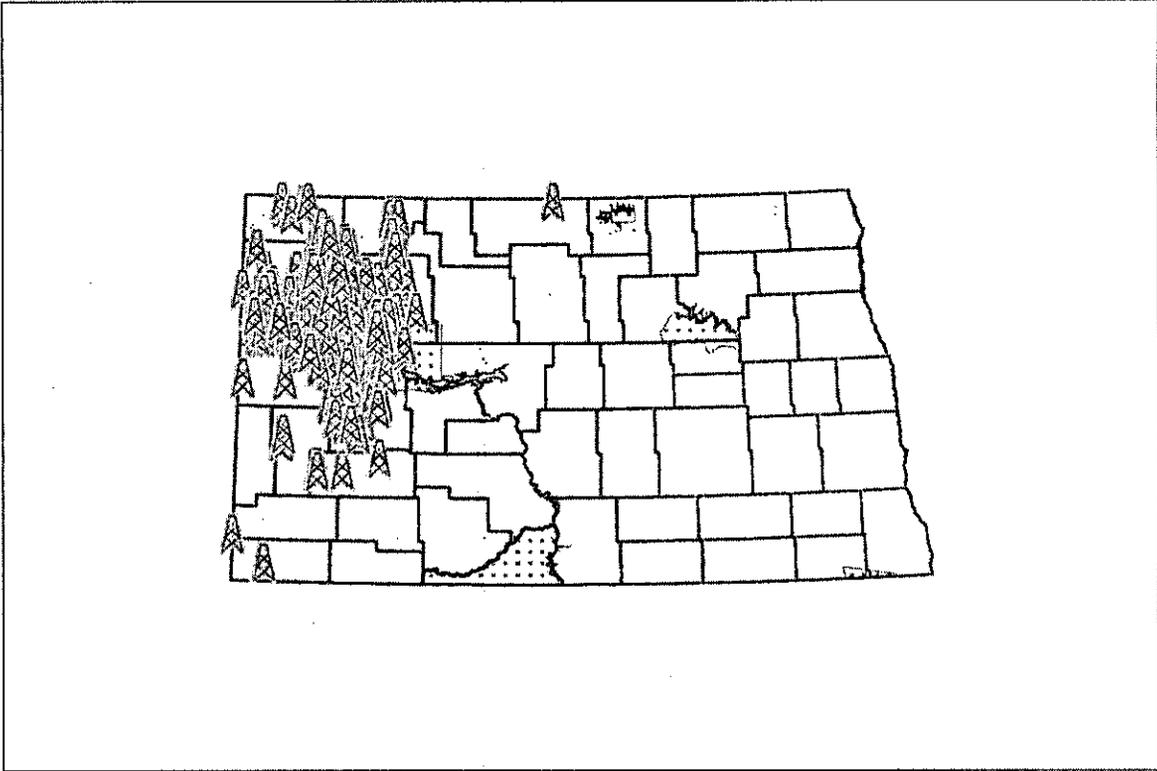
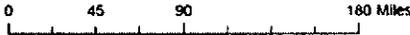


Exhibit 34:



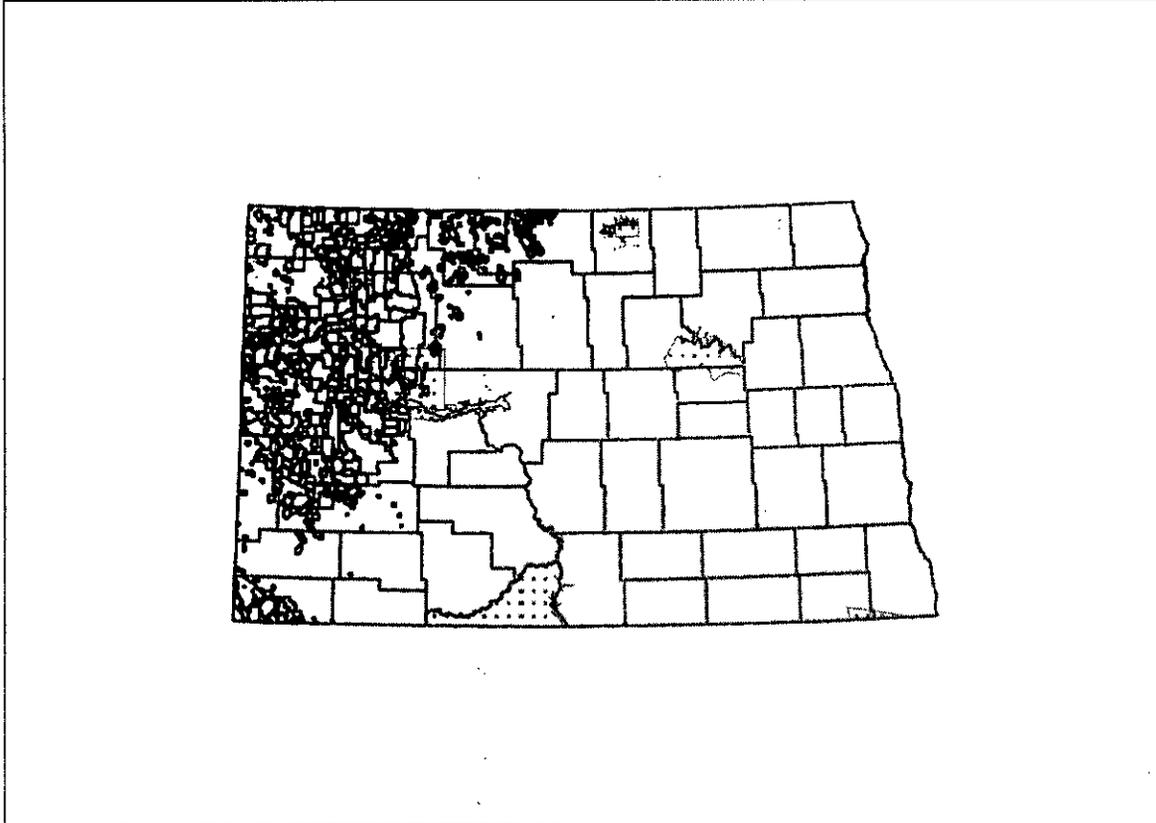
Disclaimer: Neither the State of North Dakota, nor any agency, officer, or employee of the State of North Dakota warrants the accuracy or reliability of this product and shall not be held responsible for any losses incurred by reliance on the product. Readers of the information may be interested or not of state. Any person or entity that relies on any information contained from this product does so at his or her own risk.



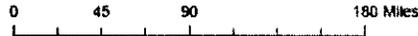
Prepared by N.D.I.C.
04 Jan 04 04:05:04
DATE: 3/1/2011
Time: 5:25:08 PM



Exhibit 35:



Disclaimer: Neither the State of North Dakota, nor any agency, officer, or employee of the State of North Dakota warrants the accuracy or reliability of this product and shall not be held responsible for any losses caused by reliance on this product. Notices of the information may be incorrect or out of date. Any person or entity that relies on any information obtained from this product does so at his or her own risk.



Prepared by: N.D.I.C.
Oil and Gas Division
DATE: 3/1/2011
Time: 5:27:51 PM

Exhibit 36:

Transportation System Capacity, Barrels Per Day	2007	2008	2009	2010
Pipeline Transportation				
Butte Pipeline	92,000	104,000	118,000	118,000
Enbridge North Dakota	80,000	110,000	110,000	161,500
Tesoro Mandan Refinery	58,000	58,000	58,000	58,000
Pipeline Only Total	230,000	272,000	286,000	337,500

Exhibit 37:

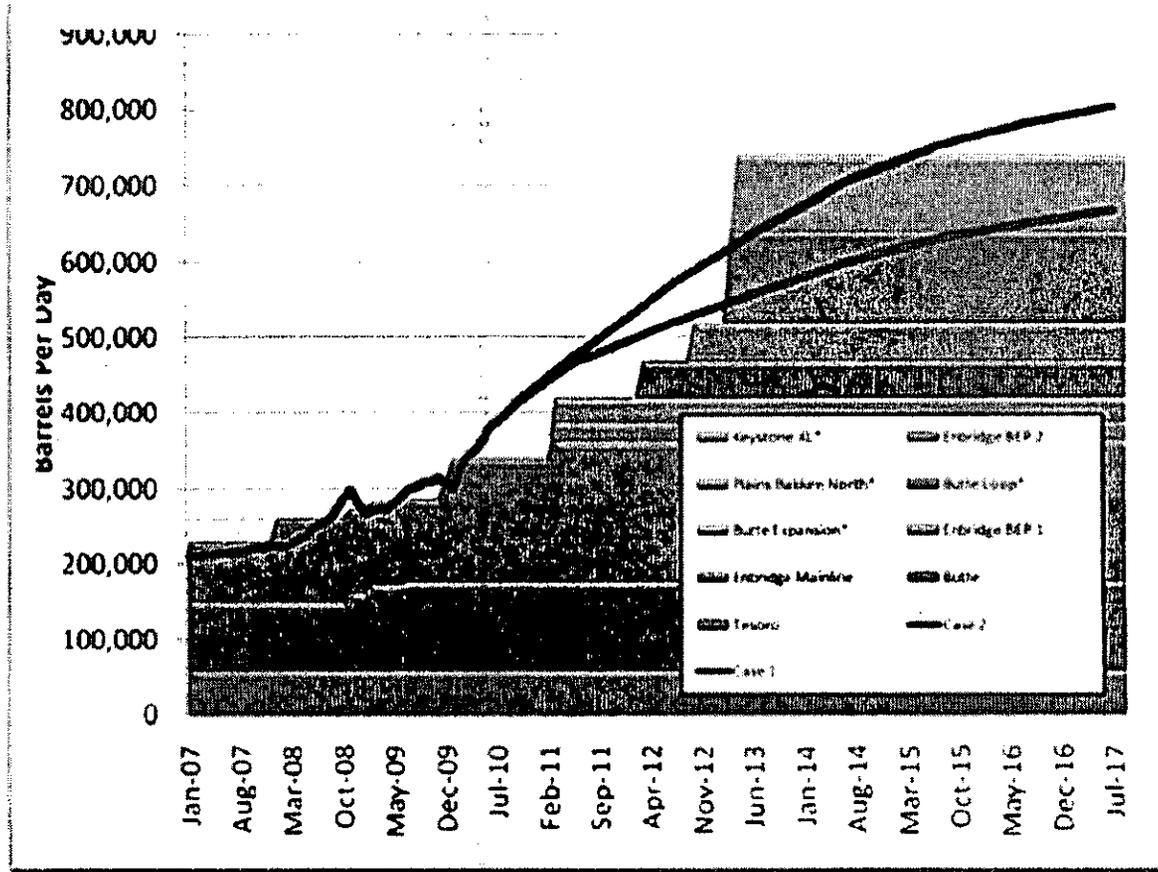


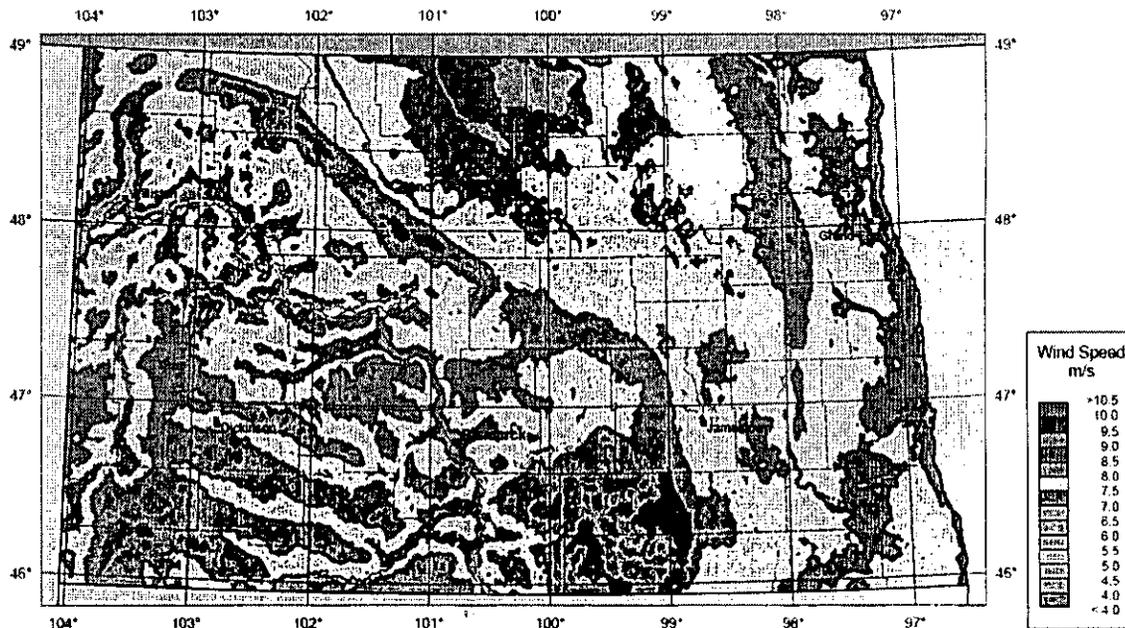
Exhibit 38:

Transportation System Capacity, Barrels Per Day	2007	2008	2009	2010	2011	2012	2013
Pipeline Transportation							
Butte Pipeline	92,000	104,000	118,000	118,000	118,000	118,000	118,000
Enbridge North Dakota	80,000	110,000	110,000	161,500	161,500	161,500	161,500
Tesoro Mandan Refinery	58,000	58,000	58,000	58,000	58,000	58,000	58,000
Enbridge Sweet Only	-	-	-	-	23,500	23,500	23,500
Enbridge Bakken Expansion	-	-	-	-	25,000	25,000	145,000
Butte Pipeline Expansion*	-	-	-	-	32,000	32,000	32,000
Butte Loop*	-	-	-	-	-	50,000	50,000
Plains Bakken North*	-	-	-	-	-	50,000	50,000
Keystone XL Interconnect*	-	-	-	-	-	-	100,000
Pipeline Only Total	230,000	272,000	286,000	337,500	418,000	518,000	738,000

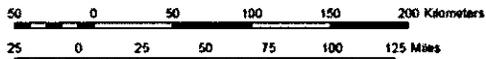
*Project still in the proposed or internal review phase

Exhibit 39:

North Dakota - Annual Average Wind Speed at 80 m



Source: Wind resource estimated developed by AWS Truepower, LLC for windNavigator®. Web: <http://www.windnavigator.com> | <http://www.awstruepower.com>. Spatial resolution of wind resource data: 2.5 km. Projection: Lambert Equal Area Azimuthal WGS84.



Appendix H:

Dickey County Agricultural Descriptors

Dickey County Agricultural Descriptors	
Average size of farms:	1125 acres
Average value of agricultural products sold per farm:	\$135,065
Average value of crops sold per acre for harvested cropland:	\$141.16
The value of livestock, poultry, and their products as a percentage of the total market value of agricultural products sold:	29.87%
Average total farm production expenses per farm:	\$105,822
Harvested cropland as a percentage of land in farms:	59.66%
Irrigated harvested cropland as a percentage of land in farms:	2.83%
Average market value of all machinery and equipment per farm:	\$143,154
The percentage of farms operated by a family or individual:	90.06%
Average age of principal farm operators:	55 years
Average number of cattle and calves per 100 acres of all land in farms:	9.23
Milk cows as a percentage of all cattle and calves:	1.07%
Corn for grain:	87310 harvested acres
All wheat for grain:	74135 harvested acres
Soybeans for beans:	95965 harvested acres

Appendix I

Dickey County Unemployment Data

Unemployment Rates for States

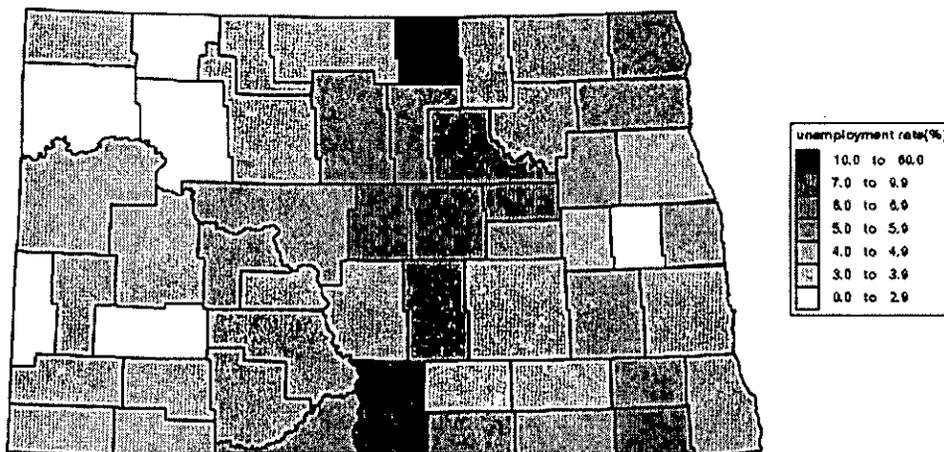
Unemployment Rates for States Monthly Rankings Seasonally Adjusted Jan. 2011 ^P		
Rank	State	Rate
1	NORTH DAKOTA	3.8
2	NEBRASKA	4.2
3	SOUTH DAKOTA	4.7
4	NEW HAMPSHIRE	5.6
5	VERMONT	5.7
6	IOWA	6.1
7	HAWAII	6.3
7	WYOMING	6.3
9	VIRGINIA	6.5
10	OKLAHOMA	6.6

select a state: Select dataview type: Unemployment Rate 12 Month Net Change
 Select Year: Select Month:

Not Seasonally Adjusted

[Draw Map](#)

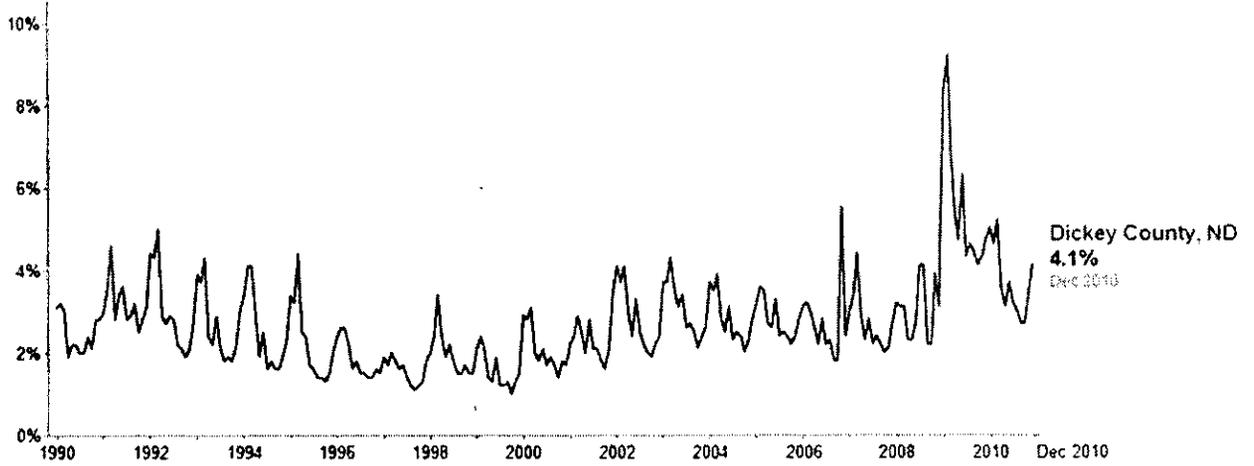
Unemployment rates by county, not seasonally adjusted, North Dakota December 2010



U.S. Bureau of Labor Statistics: www.bls.gov/data/, unemployment rates by county, state of North Dakota

Unemployment rate

The percent of the labor force that is unemployed, not seasonally adjusted [More info](#)



US Bureau of Labor Statistics: www.bls.gov/data/

Appendix J

Crime Statistics, City of Ellendale, Dickey County Seat

According to city-data.com these are the Crime Statistics for Ellendale in 2009:

Crime in Ellendale, 2009

0 murders (0.0 per 100,000)

0 rapes (0.0 per 100,000)

0 robberies (0.0 per 100,000)

1 assault (69.2 per 100,000)

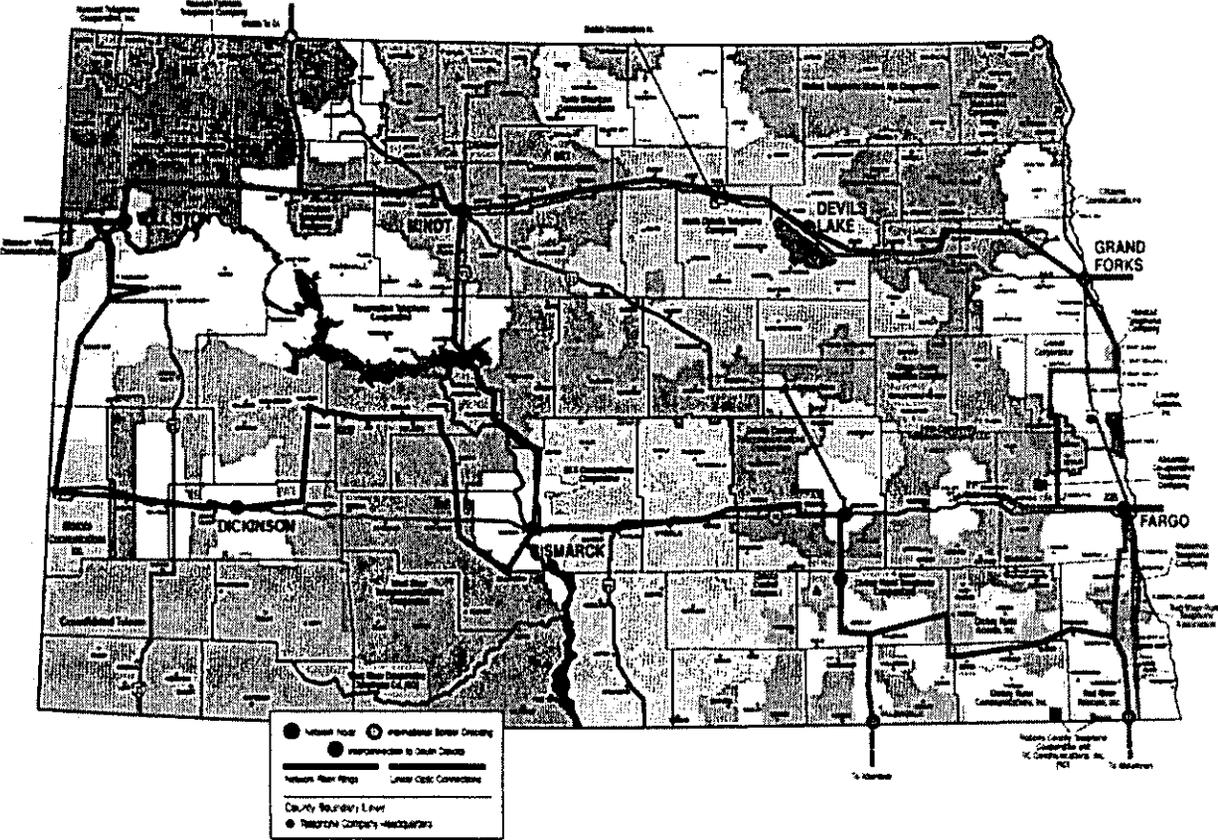
11 burglaries (760.7 per 100,000)

4 thefts (276.6 per 100,000)

0 auto thefts (0.0 per 100,000)

* City-data.com crime index = 78.1 (higher means more crime, US average = 278.6)

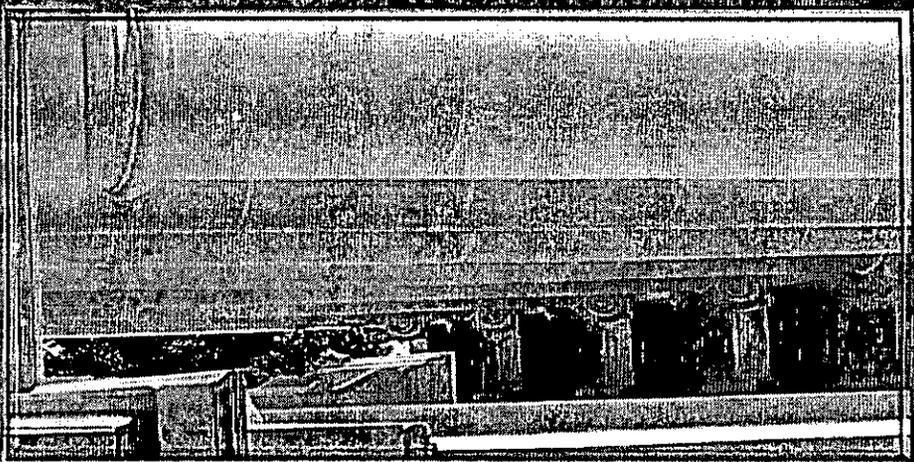
Appendix K
Dickey County Fiber Map



HB 1021
Information Technology
Department

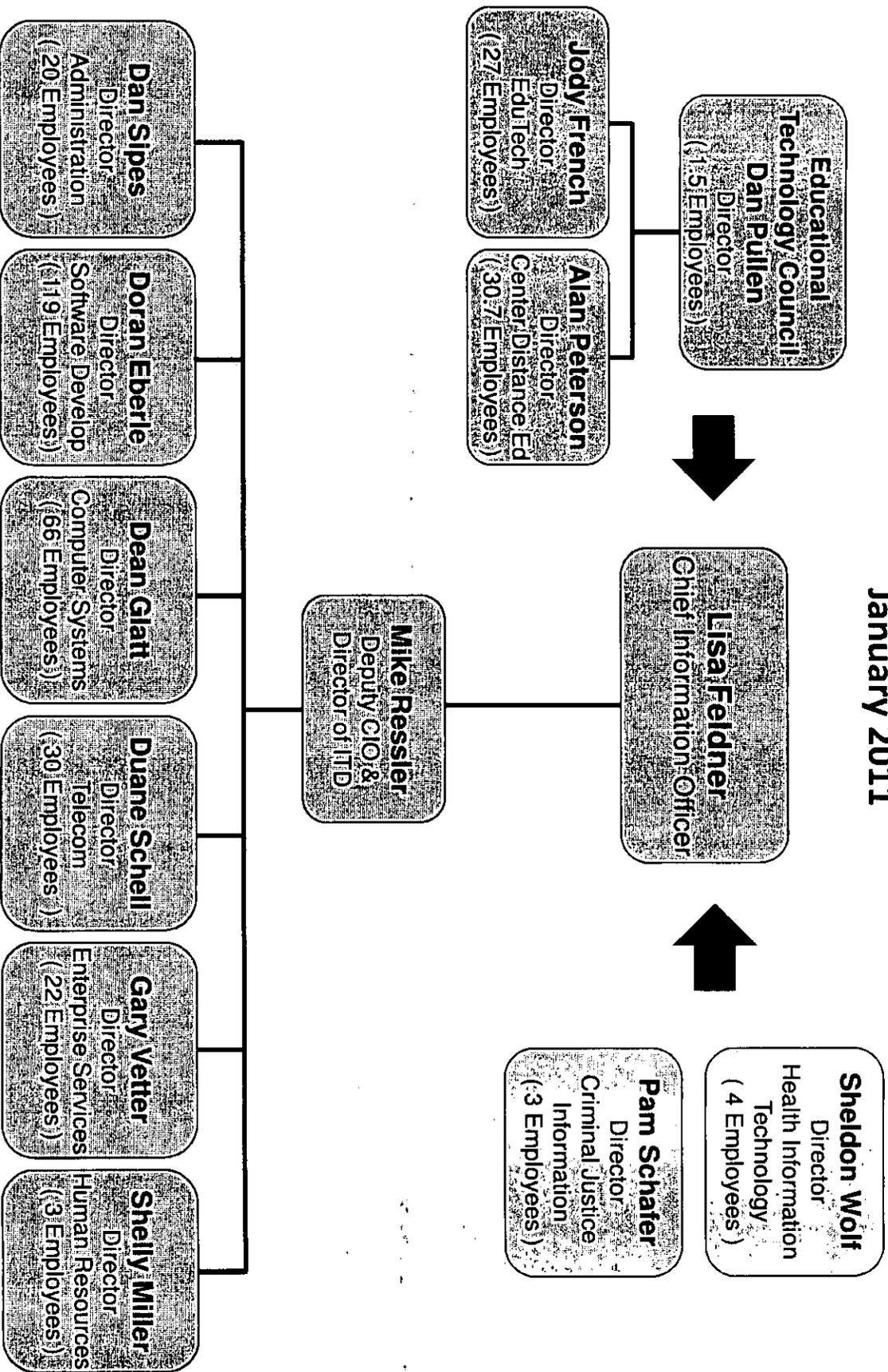
Presentation to the
Senate Appropriations
Committee

March 7, 2011
Harvest Room



Information Technology Department

January 2011



ITD 2009-11 Budget

Program	General Funds	Special Funds	Federal Funds	Total
ITD Operations	673,025	109,998,346	3,000,000	113,671,371
K-12 Network	5,568,970	408,000		5,976,970
Geographic Information System	714,678		75,000	789,678
Longitudinal Data System	2,466,325		12,263,883	14,730,208
Educational Technology Council	974,986	50,000		1,024,986
Center for Distance Education	1,249,504	5,436,281		6,685,785
EduTech	5,104,699	2,648,903		7,753,602
Criminal Justice Information Sharing	2,566,316	180,000	1,360,641	4,106,957
Health Information Technology	350,000	8,000,000	80,000,000	88,350,000
Total	19,668,503	126,721,530	96,699,524	* 243,089,557

* Includes \$13,025,000 added to ITD's budget by Emergency Commission Request #1718 in December 2009

ITD 2011-13 Budget Request

Program	General Funds	Special Funds	Federal Funds	Total
ITD Operations	705,020	11,586,223	4,400,000	116,691,243
2009 -11 Budget	673,025	109,998,346	3,000,000	113,671,371
Difference	31,995	1,587,877	1,400,000	3,019,872



ITD Operations

Federal Fund Appropriation

Next Generation 911 Federal Grant

From the National Highway Traffic Safety Admin

Requesting 2011-13 \$1,500,000 Authority

Awarded **\$912,722** – September 2009

Expires September 2012

Broadband Mapping Grant

From the Department of Commerce – ARRA

Requesting 2011-13 \$2,900,000 Authority

Awarded **\$3,664,087** – December 2009

Expires December 2014



K-12 Network

ITD provides bandwidth to the schools and Internet access services

In 2009-11 ITD Upgraded all K-12 schools from

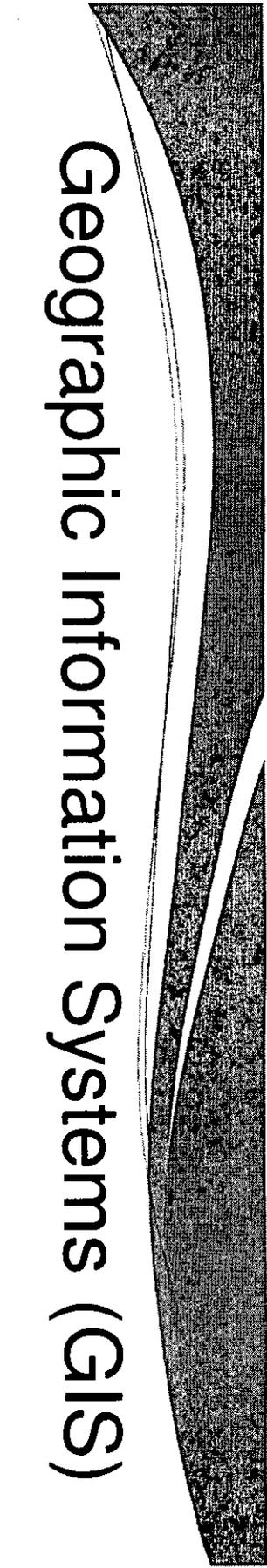
ATM T-1 (1.5 MB) circuits to Ethernet (10 MB) circuits

Approximately 64% or \$ 4,000,000 is paid by the Federal E-rate program each biennium

ITD purchases these services from Dakota Carrier Network (DCN) and the ND Telecom's

ITD 2011-13 Budget Request

Program	General Funds	Special Funds	Federal Funds	Total
K-12 Network	4,667,992	408,000		5,075,992
2009-11 Budget	5,568,970	408,000		5,976,970
Difference	-900,978	0		-900,978



Geographic Information Systems (GIS)

- GIS is the use of computer systems for storing, assembling, manipulating, and displaying geographically referenced material.
- State government agencies were creating and storing data separately with numerous versions. Data sharing was problematic.
- 1995 Gov. Shafer issued an Executive Order creating a technical committee with representatives from 7 state agencies.
- 2001 ITD was given general fund dollars to implement a central hub for the sharing of data and the coordination of GIS activities.

ITD 2011-13 Budget Request

Program	General Funds	Special Funds	Federal Funds	Total
Geographic Info System (GIS)	1,037,065		75,000	1,112,065
2009 -11 Budget	714,678		75,000	789,678
Difference	322,387		0	322,387



GIS 2011-13 Budget Request

Staffing & Operations

\$ 236,381

(staffing, supplies, training)

Data Hosting (Hub)

\$ 800,684

(software / hardware / data)

Total General Funds

\$ 1,037,065

Federal Funds (spending authority)

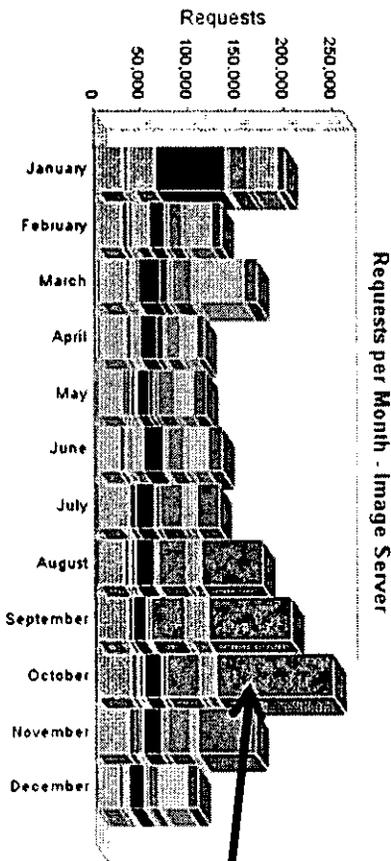
\$ 75,000

Total Budget Request

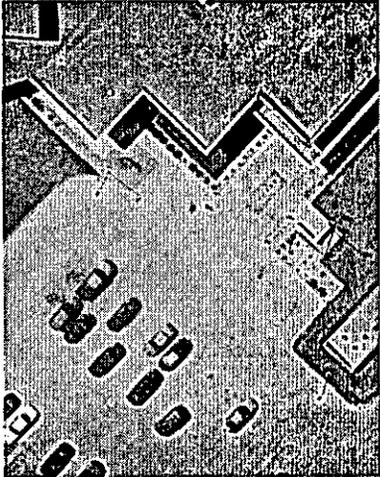
\$ 1,112,065
=====

GIS Program Value

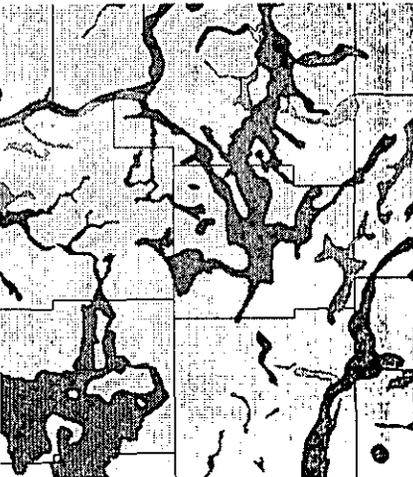
GIS Hub
map services



Game & Fish
service



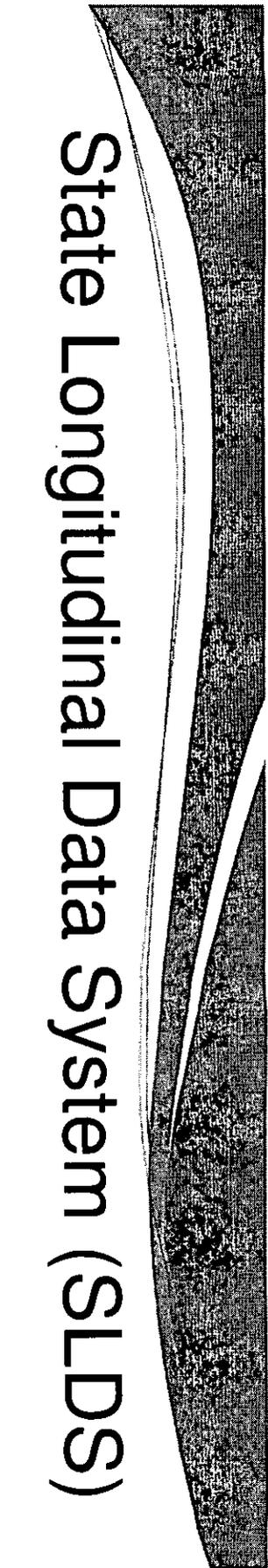
High Resolution
Aerial Photography
(Grand Forks)



Surficial Aquifers
(Statewide)



High Resolution
Elevation (Red River)



State Longitudinal Data System (SLDS)

- **2007-09** Created the SLDS Committee

Committee Membership

- Higher Education
- Dept. of Public Instruction
- Chief Information Officer
- Career & Technical Education
- Job Service
- Commerce Dept.
- Human Services
- Educational Technology Council
- ND Council of Educational Leaders
- Workforce Development Council
- 2 Members of Legislative Assembly



State Longitudinal Data System (SLDS)

2007-09

- Create Plan and Recommend Roadmap for a SLDS
- Additionally build foundational data warehouses
 - Primary and Secondary (DPI K-12)
 - Post secondary (Higher-Ed)
 - Workforce and Training (JSND & Economic Development)

2009-11

- ITD received general funds of \$2,200,000 for initial phase of SLDS
- DPI received a NCEES grant for \$6,800,000 (K-12)
- Higher-Ed initiates the building of a postsecondary data warehouse
- OMB and DHS started the development of data warehouses



State Longitudinal Data System (SLDS)

American Recovery & Reinvestment Act (ARRA)

2009 State Fiscal Stabilization Funds - Phase I

- State Fiscal Stabilization Funds accepted by the state require the building of educational outcome and workforce LDS system (K12, Pre-K, post secondary, workforce linkages)

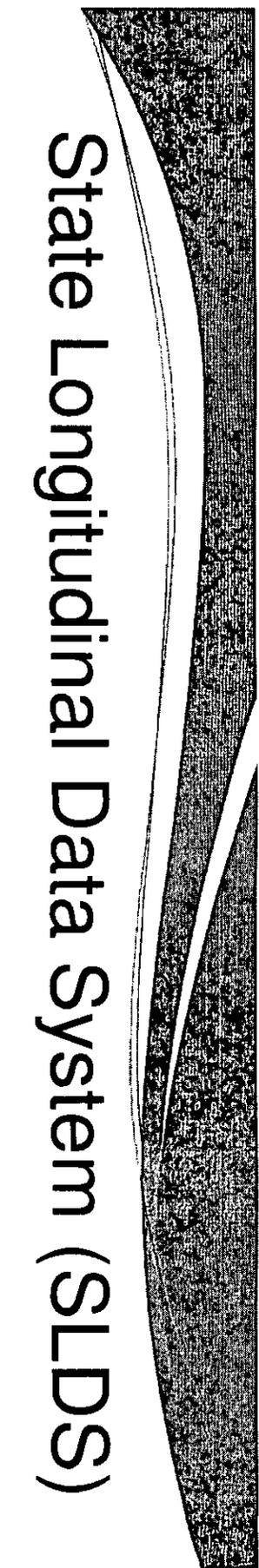
2010 State Fiscal Stabilization Funds - Phase II

- Further commits the state to ensuring the SLDS system contains P-16 data such as:
 - Provide HS graduate numbers & percentage to SEA, LEA, HS who enrolled in IHE within 16 months of receiving a regular HS diploma
 - Many demands requiring information on teacher & administrator performance
 - Report those students that have at least one year of college applicable to a degree within 2 years of enrollment in the IHE
 - Student growth is reported to teachers

ITD 2011-13 Budget Request

Program	General Funds	Special Funds	Federal Funds	Total
State Longitudinal Data System	3,626,867	0	0	3,626,867
2009 - 11 Budget	2,466,325		12,263,883	14,730,208
Difference	1,160,542		12,263,883	14,103,341

\$ 1,757,624 is one-time



State Longitudinal Data System (SLDS)

Staffing and Operations (Competency Center) \$ 2,017,743

(Program Coordinator, Business Intelligence Analyst,
Report Developer, Training Officer & Statistician)

Contractors \$ 1,504,124

Implementation of application / one-time dollars

Hardware / Software \$ 105,000

Hosting fees from ITD

Total 2011-13 Budget Request \$ 3,626,867



ND Educational Technology Council (ETC)

Mission

Develop technology systems and coordinate their use to enhance and support educational opportunities for elementary and secondary education.

ETC Membership

Voting Members

- ND Chief Information Officer
- NDUS-Chief Information Officer
- ND Assn. of Technical Leaders
- ND Career & Technical Education
- ND Council of Education Leaders
- ND School Board Assn.
- ND Special Education Directors
- State Assn. of Non-Public Schools
- Two School District Reps (one teacher)
- Two Dept. of Public Instruction Representatives

Non-Voting Members

- Director of ND ETC
- Director of the ND CDE
- Director of the EduTech

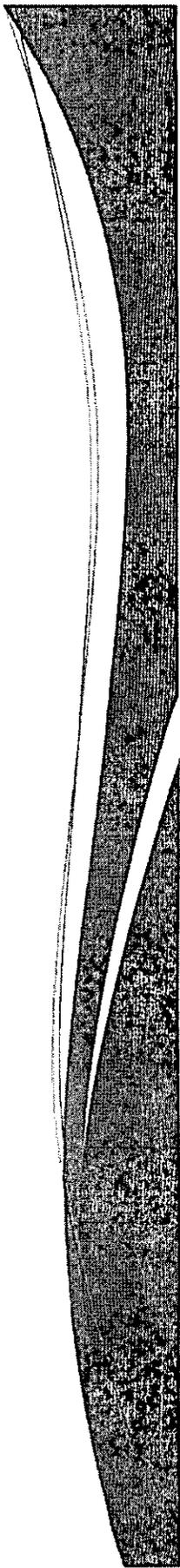
Dan Pullen, Director
ND ETC

Dr. Alan Peterson, Director
ND Center for Distance Ed

Jody French, Director
EduTech

ITD 2011-13 Budget Request

Program	General Funds	Special Funds	Federal Funds	Total
Educational Technology Council	1,000,403	75,000		1,075,403
2009 -11 Budget	974,986	50,000		1,024,986
Difference	25,417	25,000		50,417



ND Educational Technology Council (ETC)

\$ 1,000,403

- Staff: director and administrative assistant
- Council meetings and operating expenses
- Video Grants to schools to support building new video classrooms and upgrading existing video classrooms
- Classroom Transformation Grants to schools to support implementation of emerging teaching and learning technologies in schools



ndCED North Dakota
CENTER FOR DISTANCE EDUCATION

Mission

Ensure that all North Dakota middle and high school students, regardless of location, have access to educational opportunities that meet or exceed all expectations for quality.



ndcde North Dakota
CENTER FOR DISTANCE EDUCATION

ND Commission on Education Improvement Report

The Commission reported the following to the Governor, the ND Interim Committee on Education Finance, and the North Dakota Legislative Assembly, as ordered by House Bill 1400

- The ND CDE needs reorganization
- The ND CDE needs general fund budget enhancement
- The services provided by ND CDE are an essential element in K-12 education in a sparsely populated state with a large number of school districts
- The services provided by a ND CDE are especially critical at this time of increased need for courses in math, science, world languages, career and technical areas



ndced North Dakota
CENTER FOR DISTANCE EDUCATION

Key results to be realized through reorganization are:

- Control online vendor quality via competition
- Make highly qualified teachers available to all ND schools
- Help ND schools make appropriate and sustainable choices
- Develop and share practical online and classroom education models with all ND schools
- Assist ND schools and students apply the best, online, learning practices to achieve maximum performance gains

ITD 2011-13 Budget Request

Program	General Funds	Special Funds	Federal Funds	Total
Center for Distance Education	2,625,395	4,250,811		6,876,206
2009 11 Budget	1,249,504	5,436,281		6,685,785
Difference	1,375,891	-1,185,470		190,421

House Amendment
 Removed 1.9 Vacant FTEs -226,968

Amended Request	2,625,395	4,023,843		6,649,238
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EDU TECH
education technology services

Mission

Provide North Dakota educators and students with opportunities that extend learning in the classroom and beyond focusing on the use of technology to improve student achievement.



EDU TECH

education technology services

Services to Schools:

- **Professional Development** for PK-12 educators to use software/hardware and to integrate technology into classroom instruction
- **Regional IT Specialists** to deliver customized professional development to educators in their regions
- **Videoconference Enrichment Events** to offer students and teachers the opportunity to participate in national/international collaborations, content programs and professional development



EDUTECH

education technology services

Services to Schools:

- **PowerSchool Services** to provide training, implementation and support to schools that use PowerSchool
- **IT Services** to provide e-mail, web hosting, internet filtering, desktop anti-virus and blogging/podcasting services
- **E-rate Support Services** to provide training and information for compliance with the E-rate program
- **Helpdesk Services** to support customers in the use of EduTech's services such as PowerSchool, EduSocial and internet filtering

ITD 2011-13 Budget Request

Program	General Funds	Special Funds	Federal Funds	Total
EduTech	3,044,096	4,882,351		7,926,447
2009 - 11 Budget	5,104,699	2,648,903		7,753,602
Difference	-2,060,603	2,233,448		172,845



EDU TECH

education technology services

Change in Funding Source

As Recommended by the ND Commission On Education Improvement Report

2009-11 Biennium ITD received general funds to pay for K-12 schools using PowerSchool

2011-13 Biennium DPI will receive money through the school funding formula and pay ITD (tracked as special funds to ITD) for the cost of K-12 schools using PowerSchool



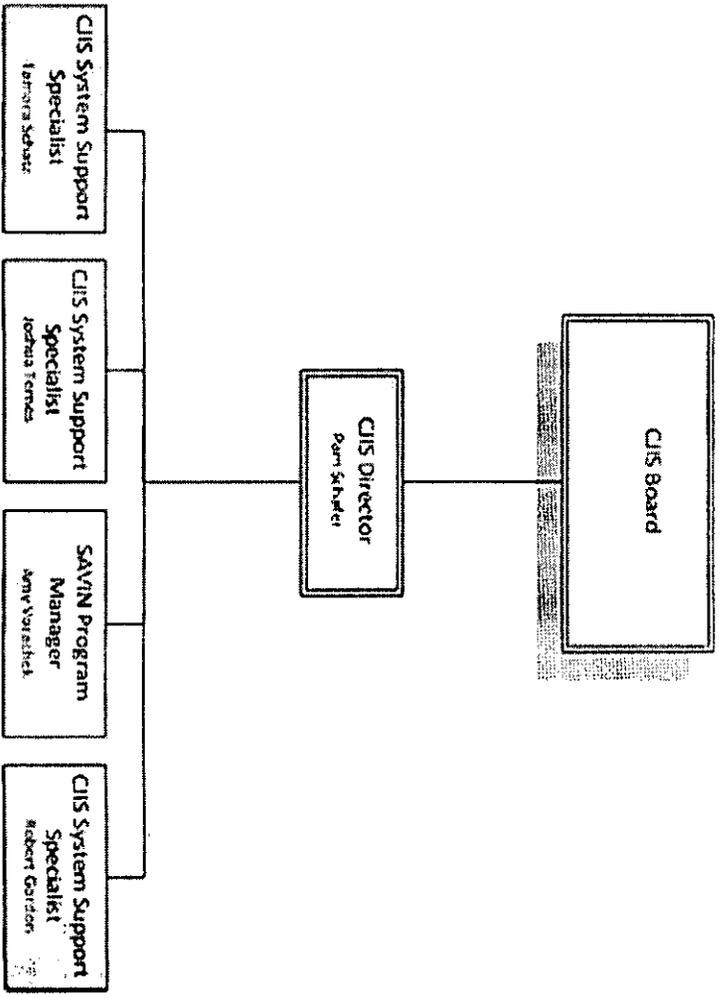
Criminal Justice Information Sharing Program (CJIS)

- **PORTAL:** is a statewide system where users are able to search information in a one stop system. Current information includes Criminal History records, Protection Orders, Parole and Probation information, DNA, Offender Registration, Concealed Weapons, CWIS, Motor Vehicle, Drivers License information, Watercraft Licenses, and various law enforcement incident records. In addition to the search functionality, the system includes notification capabilities that facilitates the tracking of an individual or event.
- **STARS:** is a statewide records management system offered to State's Attorneys to automate business process, enable work flows, and allow information sharing with other agencies.
- **LERMS:** is a statewide records management system offered to law enforcement to automate business process, enable workflows, and allow information sharing with other agencies.
- **SAVIN:** is the Statewide Automated Victim Information Notification system. Victims may register to receive important offender status notification.

Criminal Justice Information Sharing (CJIS) Governance

CJIS Board (sets policy and provides oversight)

- CIO of State of North Dakota
Lisa Feldner
- Office of Attorney General
Thomas Trenbeath
- Judicial Branch
Sally Holewa
- Chiefs of Police Association
Keith Witt
- Bureau of Criminal Investigation
Dallas Carlson
- Department of Corrections
Charles Placek
- Highway Patrol
Dave Kleppe
- ND State's Attorney Association
Kara Schmitz-Olson
- ND Sheriffs and Deputies Association
Glenn Ellingsberg
- Department of Transportation
Russ Buchholz
- Department of Emergency Services
Mike Lynk
- Member at Large
Kelly Janke



ITD 2011-13 Budget Request

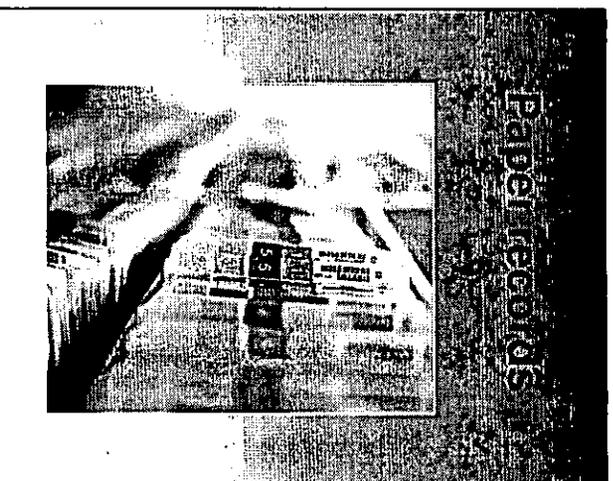
Program	General Funds	Special Funds	Federal Funds	Total
Criminal Justice Info Sharing (CJIS)	2,051,394	180,000	750,000	2,981,394
2009 - 11 Budget	2,566,316	180,000	1,360,641	4,106,957
Difference	-514,922	0	610,641	-1,125,563

\$ 200,000 is one-time

CJIS 2011-13 Projects

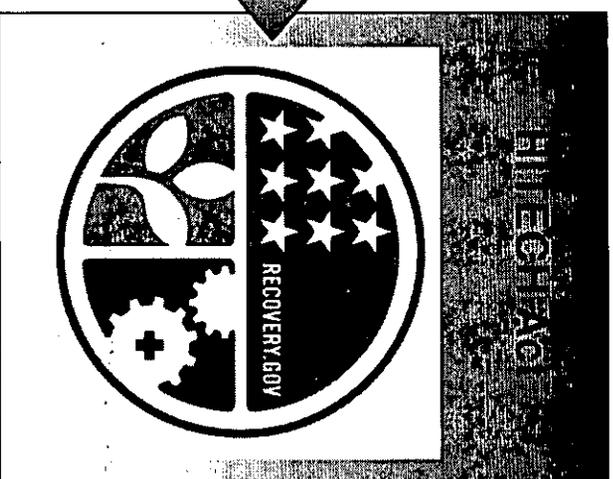
	General	Special	Federal	Total
Justice Information Foundation Study (JIFS)	\$113,908			\$113,908
Portal Enhancements	\$41,092			\$41,092
Federal Search Enhancements (NCIC)	\$45,000			\$45,000
CJIS Enhancements – Possible Grants			\$750,000	\$750,000
Total Project Dollars	\$200,000	\$0	\$750,000	\$950,000

Health Information Technology (HIT)



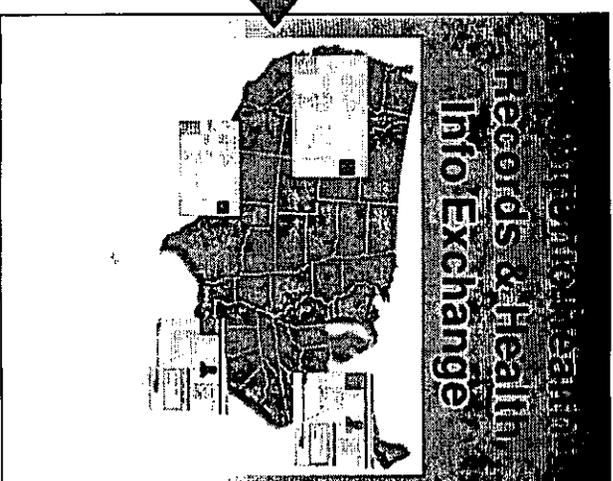
Pre 2009

A system plagued by inefficiencies. 2004-Exec. Order Calling for everyone to have an Electronic Health Record by 2014.



2009

Electronic Health Records Incentive Program, State HIEs developed, Regional Extension Centers, HIT Workforce Education and Training



2014

Widespread adoption and meaningful use of Electronic Health Records



ND HIT Advisory Committee

- **Governor's Office** – representing state government interests
- **North Dakota Legislature** – representing state legislature
- **Center for Rural Health** – representing rural healthcare facilities/communities & academic institutions
- **ND State CIO** – representing state government interests
- **ND Department of Health** – representing the Department of Health
- **ND Department of Human Services** – representing the Department of Human Services
- **North Dakota Health Care Review** - representing Quality Improvement Organization (QIO)
- **ND Medical Association** – representing physicians
- **ND Healthcare Association** – representing hospitals
- **ND BlueCross BlueShield** - representing third-party payer
- **ND Health Information Management Association (HIMA)** - representing health information management workforce
- **Local Public Health Unit** – representing local public health units
- **AARP** – representing consumers
- **Large tertiary and small rural hospitals** – representing hospitals
- **Long Term Care Association** – representing long term care
- **EMS Association** – representing EMS
- **ND Attorney General's Office** – representing government interest
- **Liaison to the Advisory Committee Senator Kent Conrad's office** – representing federal government

ITD 2011-13 Budget Request

Program	General Funds	Special Funds	Federal Funds	Total
Health Information Technology (HIT)	362,972	13,596,266	5,100,000	19,059,238
2009 - 11 Budget	350,000	8,000,000	80,000,000	88,350,000
Difference:	12,972	5,596,266	- 74,900,000	- 69,290,762

\$8,000,000 is one-time



Health Information Technology (HIT)

Health Information Technology Office \$ 362,972

Operations \$ 13,596,266

(Provides authority for billing healthcare facilities)

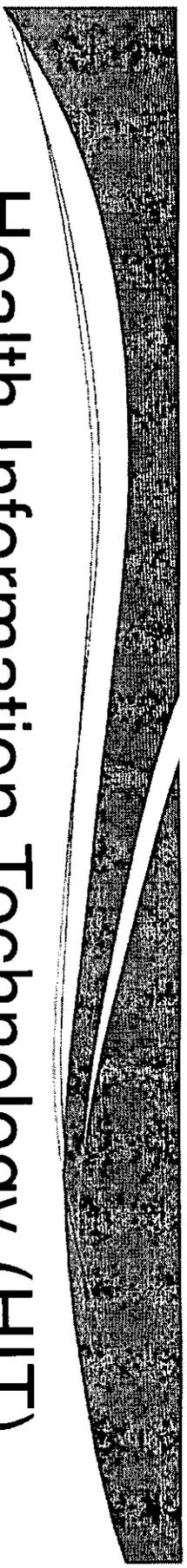
Federal Health Info Exchange Grant \$ 5,100,000

Total 2011-13 Budget Request \$ 19,059,238



State HIE Cooperative Agreement

- Establish a Statewide Health Information Exchange (HIE)
 - Governance, policies & network services
 - Improve the Coordination, Efficiency and Quality of Care
 - Ability to Connect to the National Health Information Network (NHIN)
- Implementation Strategy
 - Phase 1 - Develop HIE Strategic and Operational Plans
 - Phase 2 - HIE Implementation & Ongoing Operations
- Status of Project
 - Four Year Grant - ND was awarded \$5,343,733 Spent approximately \$250,000
 - Planning – 10%
 - Intrastate Implementation – 55%
 - Interstate Implementation – 35%
 - Award Announcement & Project Start Date – March 15, 2010
 - State Match Required by Federal Fiscal Year (Oct. 1 to Sep. 30)
 - Year 1 - \$0 State for every \$1 Federal
 - Year 2 - \$1 State for every \$10 Federal
 - Year 3 - \$1 State for every \$7 Federal
 - Year 4 - \$1 State for every \$3 Federal



Health Information Technology (HIT)

HB 1021 – ITD Appropriation Bill

Section 8. Bank of ND Transfers

Industrial Commission shall transfer up to \$8,000,000 from the current earnings & accumulated profits to the health information technology loan fund to meet any required match for federal funds, or to the electronic health information exchange fund for match or for operations of the health information exchange.

These are not new (additional) dollars in 2011-13 but reflect the transfer of unspent dollars from the 2009-11 budget.



Health Information Technology (HIT)

HB 1021 – ITD Appropriation Bill

Section 4. Bank of ND Transfer

Industrial Commission shall transfer up to \$5,000,000 from the current earnings & accumulated profits to the health information technology loan fund in the 2011-13 biennium.

These dollars are not transferred to ITD's budget – they will be administered directly by the Bank of ND as loans to healthcare entities, similar to the \$5,000,000 authorized in 2009-11.

House Amendment - \$5,000,000 from the BND PACE Program

ITD 2011-13 Budget Request

Program	General Funds	Special Funds	Federal Funds	Total
ITD Operations	705,020	111,586,223	4,400,000	116,691,243
K-12 Network	4,667,992	408,000		5,075,992
Geographic Information System	1,037,065		75,000	1,112,065
Longitudinal Data System	3,626,867			3,626,867
Educational Technology Council	1,000,403	75,000		1,075,403
Center for Distance Education	2,625,395	* 4,023,843		* 6,649,238
EduTech	3,044,096	4,882,351		7,926,447
Criminal Justice Information Sharing	2,051,394	180,000	750,000	2,981,394
Health Information Technology	362,972	13,596,266	5,100,000	19,059,238
Total	19,121,204	134,751,683	10,325,000	164,197,887

* Reflects House Amendment Reduction of \$226,968

ITD 2011-13 Budget Changes

Program	General Funds	Special Funds	Federal Funds	Total
ITD Operations	31,995	1,587,877	1,400,000	3,019,872
K-12 Network	- 900,978			- 900,978
Geographic Information System	322,387			322,387
Longitudinal Data System	1,160,542		- 12,263,883	- 11,103,341
Educational Technology Council	25,417	25,000		50,417
Center for Distance Education	1,375,891	* - 1,412,438		* - 36,547
EduTech	- 2,060,603	2,233,448		172,845
Criminal Justice Information Sharing	- 514,922		- 610,641	- 1,125,563
Health Information Technology	12,972	5,596,266	- 74,900,000	- 69,290,762
Difference	- 547,299	8,030,153	- 86,374,524	- 78,891,670

* Reflects House Amendment Reduction of \$226,968

ITD 2011-13 Budget Request

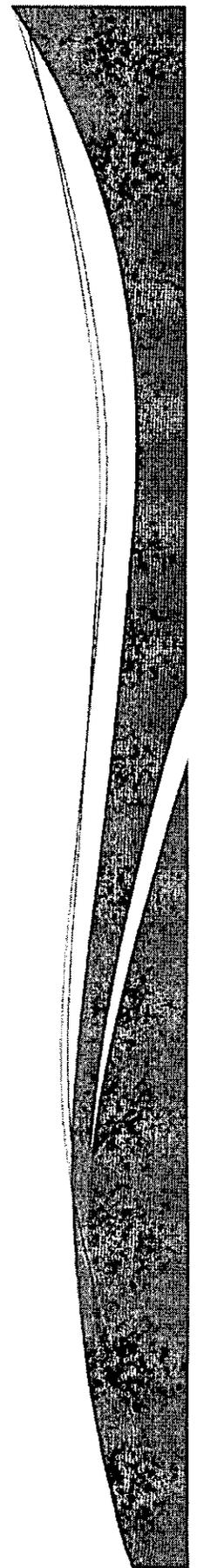
Program	General Funds	Special Funds	Federal Funds	Total	FTE's
2011 - 13 Budget	19,121,204	134,751,683	10,325,000	164,197,887	326.3
2009 - 11 Budget	19,668,503	126,721,530	96,699,524	243,089,557	328.2
Difference	- 547,299	8,030,153	-86,374,524	- 78,891,670	- 1.9

\$ 1,957,624 is one-time

\$ 8,000,000 is one-time

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THE
SCHOOL
OF
ARTS
AND
SCIENCE



1021.4.21.11A

Thoreson, Blair

From: Laschkewitsch, Lori L.
Sent: Wednesday, April 20, 2011 4:36 PM
To: Christmann, Randel D.; Thoreson, Blair; Pollert, Chet A.; Robinson, Larry J.; Glassheim, Eliot A.; Fischer, Tom L.
Subject: HB 1021 - Federal Funding Available for Eligibility Systems

Senators and Representatives,

Following is the link to a press release issued April 14th concerning a new rule that allows the use of 90 percent funding to states to upgrade eligibility systems for Medicaid and CHIP through December 31, 2015.

<http://www.hhs.gov/news/press/2011pres/04/20110414a.html>

...

- All states are eligible to receive more money to develop simpler and more efficient information technology (IT) systems to modernize Medicaid enrollment.

...

Developing and Upgrading Medicaid IT Enrollment Systems

New rules issued today will provide 90-percent of the cost for states to develop and upgrade their IT systems to help people enroll in Medicaid or the Children's Health Insurance Program (CHIP) – and 75-percent of ongoing operational costs. This increase over the previous federal matching rate of 50-percent will help states prepare for the Medicaid improvements and expansion that will come in 2014 from the Affordable Care Act, when many more Americans will be eligible for these programs, and to coordinate enrollment with the Exchanges. The rules establish performance standards for the improved eligibility systems to promote greater efficiency and a more consumer-friendly enrollment process.

The final regulation, CMS-2346-F, can be found at www.ofr.gov/inspection.aspx.

http://healthreform.kff.org/~media/Files/KHS/docfinder/medicaid_enrollment_funding.pdf

*Lori L. Laschkewitsch
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Office of Management and Budget
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Bismarck, ND 58505
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U.S. Department of Health & Human Services

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News Release

FOR IMMEDIATE RELEASE
Thursday, April 14, 2011

Contact: HHS Press Office
(202) 690-6343

New flexibility for states to improve Medicaid and implement innovative practices

New rules will make Medicaid more flexible and efficient, helping states provide better care and lower costs

CLARIFICATION BELOW

The U.S. Department of Health and Human Services (HHS) today announced four initiatives to give states more flexibility to adopt innovative new practices and provide better, more coordinated care for people with Medicaid and Medicare while helping reduce costs for states and families. The initiatives support the Obama administration's work to make Medicaid more flexible and efficient and to address long-term cost growth. Several of the announcements also help implement provisions of the Affordable Care Act. Today HHS announced:

Fifteen states will receive federal funding to develop better ways to coordinate care for people with Medicare and Medicaid coverage, also known as dual eligibles, who often have complex and costly health care needs.

- All states will receive increased flexibility to provide home and community-based services for more people living with disabilities.
- All states are eligible to receive more money to develop simpler and more efficient information technology (IT) systems to modernize Medicaid enrollment.
- A proposal by the state of New Jersey for flexibility to expand health coverage for nearly 70,000 low-income residents has been approved.

"Medicaid programs provide health coverage for millions of low-income Americans who otherwise would lack access to health care," said HHS Secretary Kathleen Sebelius. "With these new resources and flexibilities, states will have new options to make their Medicaid programs work better for the people they serve, while helping lower their costs."

Coordinated Care for People with Medicare and Medicaid

Under a new initiative funded by the Affordable Care Act, 15 states will receive up to \$1 million each to develop new ways to meet the often complex and costly medical needs of the approximately nine million Americans who are eligible for both the Medicare and Medicaid programs, known as "dual eligibles." The goal of the program is to eliminate duplication of services for these patients, expand access to needed care and improve the lives of dual eligibles, while lowering costs. The new Federal Coordinated Health Care Office, or the Duals Office, at the Centers for Medicare & Medicaid Services (CMS), was created by the Affordable Care Act to improve care for dual eligibles and will work with the states to implement the top strategies to coordinate primary, acute, behavioral and long-term supports and services for dual eligibles, improving quality and lowering costs.

The 15 states that will receive these funds are California, Colorado, Connecticut, Massachusetts, Michigan, Minnesota, New York, North Carolina, Oklahoma, Oregon, South Carolina, Tennessee, Vermont, Washington and Wisconsin.

"Beneficiaries who are in both Medicare and Medicaid can face different benefit plans, different rules for how to get those benefits and potential conflicts in care plans among providers who do not coordinate with each other," said Donald M. Berwick, M.D., administrator of CMS. "This can be disastrous for those beneficiaries who are most vulnerable and in need of help."

Helping People with Disabilities Live in their Communities

CMS proposed new rules today giving states new flexibility for their programs to help people with disabilities choose to live in their communities rather than in institutions. The proposed rules reduce administrative barriers for states seeking to help multiple populations, which may include seniors and/or people with different types of disabilities. They will also allow individuals to participate in the design of their own array of services and supports, including such things as personal care and respite services for caregivers.

"These long awaited rules will help people living with disabilities realize the promise of the ADA to live in the least restrictive environments possible for them—like their own homes," said Henry Claypool, director of the Office on Disability at HHS. "With these new tools as well as incentives included in the Affordable Care Act, states, working closely with advocacy groups, beneficiaries, and other stakeholders, can more easily develop effective plans to improve options for people with disabilities. We hope states will take advantage of this new flexibility."

The proposed rule, CMS-2296-P, can be found at www.ofr.gov/inspection.aspx.

Developing and Upgrading Medicaid IT Enrollment Systems

New rules issued today will provide 90-percent of the cost for states to develop and upgrade their IT systems to help people enroll in Medicaid or the Children's Health Insurance Program (CHIP) – and 75-percent of ongoing operational costs. This increase over the previous federal matching rate of 50-percent will help states prepare for the Medicaid improvements and expansion that will come in 2014 from the Affordable Care Act, when many more Americans will be eligible for these programs, and to coordinate enrollment with the Exchanges. The rules establish performance standards for the improved eligibility systems to promote greater efficiency and a more consumer-friendly enrollment process.

The final regulation, CMS-2346-F, can be found at www.ofr.gov/inspection.aspx.

<http://www.hhs.gov/news/press/2011pres/04/20110414a.html>

4/21/2011

Expanding Health Coverage in New Jersey

HHS Secretary Kathleen Sebelius today approved a Section 1115 demonstration for New Jersey that will expand health coverage to nearly 70,000 uninsured, low-income people through the Work First New Jersey program. In addition, the state will increase care coordination to improve health outcomes for participants in the program.

"This demonstration is yet another example of the many flexibilities states have to adapt their Medicaid programs to better serve their residents," said Secretary Sebelius. "I want to commend New Jersey for expanding coverage to people in need."

For more information about these announcements, visit www.cms.gov/apps/media/fact_sheets.asp.

****CLARIFICATION:** This release clarifies that this is a Medicaid coverage expansion: nearly 70,000 New Jersey residents will now be covered by Medicaid, including 10,000 currently uninsured people.

###

Note: All HHS press releases, fact sheets and other press materials are available at <http://www.hhs.gov/news>.

Last revised: April 14, 2011

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U.S. Department of Health & Human Services - 200 Independence Avenue, S.W. - Washington, D.C. 20201

**ITD Recommendation
Allocation of Eligibility System and Staff**

OAD Total 42,617,925

Program Distribution	Program Total	General	Federal / Other	Match Rate	
				General	Federal
Medicaid	25,570,754	2,557,075	23,013,679	10.00%	90.00%
TANF *	8,523,585	8,523,585		100.00%	0.00%
SNAP	6,392,689	3,196,345	3,196,344	50.00%	50.00%
Child Care *	1,278,538	1,278,538		100.00%	0.00%
LIHEAP	852,359		852,359	0.00%	100.00%
	42,617,925	15,555,543	27,062,382		

2011-13 Portion 25,300,000

Program Distribution	Program Total	General	Federal / Other	Match Rate	
				General	Federal
Medicaid	15,180,000	1,518,000	13,662,000	10.00%	90.00%
TANF *	5,060,000	5,060,000		100.00%	0.00%
SNAP	3,795,000	1,897,500	1,897,500	50.00%	50.00%
Child Care *	759,000	759,000		100.00%	0.00%
LIHEAP	506,000		506,000	0.00%	100.00%
	25,300,000	9,234,500	16,065,500		

* The funding for the TANF and Child Care Block Grants is shown as 100% general fund because the Department's 2011-13 Budget currently uses the entire anticipated annual allotment from each of these Block Grants.

10/11/12

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1021

Page 1, line 2, after the first semicolon insert "to provide for an appropriation to the department of human services;"

Page 1, line 2, remove "to provide legislative intent;"

Page 1, replace lines 15 through 17 with:

"Salaries and wages	\$42,564,943	\$7,094,443	\$49,659,386
Operating expenses	55,208,550	11,733,718	66,942,268
Capital assets	11,970,746	4,564,920	16,535,666"

Page 2, replace lines 4 and 5 with:

"Total all funds	\$221,825,725	(\$38,281,761)	\$183,543,964
Less estimated income	<u>206,907,171</u>	<u>(42,484,411)</u>	<u>164,422,760"</u>

Page 2, replace line 7 with:

"Full-time equivalent positions	328.20	8.10	336.30
---------------------------------	--------	------	--------

SECTION 2. APPROPRIATION. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$9,200,000, or so much of the sum as may be necessary, and from special funds derived from federal funds and other income, the sum of \$16,100,000, to the department of human services for the purpose of providing initial funding for an eligibility system replacement project, for the biennium beginning July 1, 2011, and ending June 30, 2013. The department of human services is authorized one new full-time equivalent position for this project."

Page 3, replace lines 1 through 5 with:

"SECTION 5. BANK OF NORTH DAKOTA TRANSFER. The industrial commission shall transfer, as requested by the health information technology office director, up to \$5,000,000 from the current earnings and accumulated profits of the Bank of North Dakota to the health information technology planning loan fund or to the health information technology loan fund, for the biennium beginning July 1, 2011, and ending June 30, 2013. The health information technology office director shall request transfers from the Bank only as necessary to meet cashflow needs of the fund and only upon certification by the health information technology office director of a demonstrated need for health information technology planning loans."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1021 - Summary of Senate Action

	Executive Budget	House Version	Senate Changes	Senate Version
Information Technology Department				
Total all funds	\$164,424,855	\$164,197,887	\$19,346,077	\$183,543,964
Less estimated income	145,303,651	145,076,683	19,346,077	164,422,760
General fund	\$19,121,204	\$19,121,204	\$0	\$19,121,204
Department of Human Services				
Total all funds	\$0	\$0	\$25,300,000	\$25,300,000
Less estimated income	0	0	16,100,000	16,100,000
General fund	\$0	\$0	\$9,200,000	\$9,200,000
Bill total				
Total all funds	\$164,424,855	\$164,197,887	\$44,646,077	\$208,843,964
Less estimated income	145,303,651	145,076,683	35,446,077	180,522,760
General fund	\$19,121,204	\$19,121,204	\$9,200,000	\$28,321,204

House Bill No. 1021 - Information Technology Department - Senate Action

	Executive Budget	House Version	Senate Changes	Senate Version
Salaries and wages	\$45,603,386	\$45,603,386	\$4,056,000	\$49,659,386
Operating expenses	53,152,191	53,152,191	13,790,077	66,942,268
Capital assets	15,035,666	15,035,666	1,500,000	16,535,666
Center for Distance Education	6,876,206	6,849,238		6,649,238
Statewide Longitudinal Data System	3,626,867	3,626,867		3,626,867
Educational Technology Council	1,075,403	1,075,403		1,075,403
EduTech	7,926,447	7,926,447		7,926,447
K-12 wide area network	5,075,992	5,075,992		5,075,992
Geographic Information System	1,112,065	1,112,065		1,112,065
Health Information Technology Office	13,959,238	13,959,238		13,959,238
Criminal Justice Information Sharing	2,981,394	2,981,394		2,981,394
Federal stimulus funds	8,000,000	8,000,000		8,000,000
Total all funds	\$164,424,855	\$164,197,887	\$19,346,077	\$183,543,964
Less estimated income	145,303,651	145,076,683	19,346,077	164,422,760
General fund	\$19,121,204	\$19,121,204	\$0	\$19,121,204
FTE	328.20	326.30	10.00	336.30

Department No. 112 - Information Technology Department - Detail of Senate Changes

	Adds Funding Associated With Eligibility System Replacement Project ¹	Total Senate Changes
Salaries and wages	\$4,056,000	\$4,056,000
Operating expenses	13,790,077	13,790,077
Capital assets	1,500,000	1,500,000
Center for Distance Education		
Statewide Longitudinal Data System		
Educational Technology Council		
EduTech		
K-12 wide area network		
Geographic Information System		
Health Information Technology Office		
Criminal Justice Information Sharing		

Federal stimulus funds		
Total all funds	\$19,346,077	\$19,346,077
Less estimated income	19,346,077	19,346,077
General fund	\$0	\$0
FTE	10.00	10.00

¹ Funding is added for expenses associated with the Department of Human Services' eligibility system replacement project. This includes 10 new FTE positions.

This amendment also removes the section of legislative intent added by the House to provide that the Bank of North Dakota PACE program is to be used to provide low-interest loans to finance health information technology projects and reinstates the section included in the bill as introduced which provides that the Industrial Commission transfer up to \$5 million from the current earnings and accumulated undivided profits of the Bank of North Dakota to the health information technology planning loan fund or to the health information technology loan fund for the 2011-13 biennium.

House Bill No. 1021 - Department of Human Services - Senate Action

	Executive Budget	House Version	Senate Changes	Senate Version
Eligibility system replacement project			\$25,300,000	\$25,300,000
Total all funds	\$0	\$0	\$25,300,000	\$25,300,000
Less estimated income	0	0	16,100,000	16,100,000
General fund	\$0	\$0	\$9,200,000	\$9,200,000
FTE	0.00	0.00	1.00	1.00

Department No. 325 - Department of Human Services - Detail of Senate Changes

	Adds Funding for Eligibility System Replacement Project ¹	Total Senate Changes
Eligibility system replacement project	\$25,300,000	\$25,300,000
Total all funds	\$25,300,000	\$25,300,000
Less estimated income	16,100,000	16,100,000
General fund	\$9,200,000	\$9,200,000
FTE	1.00	1.00

¹ Funding of \$25.3 million, of which \$9.2 million is from the general fund, is added for beginning the eligibility system replacement project. One new FTE position is also authorized.