

NORTH DAKOTA LEGISLATIVE COUNCIL

Minutes of the

INFORMATION TECHNOLOGY COMMITTEE

Thursday, June 5, 2008
Roughrider Room, State Capitol
Bismarck, North Dakota

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

Members present: Senators Larry J. Robinson, Randel Christmann, Richard Marcellais, Tom Seymour, Rich Wardner; Representatives Craig Headland, Keith Kempenich, David Monson, Kenton Onstad; Chief Information Officer Lisa Feldner

Members absent: Representatives Mark S. Owens and Robin Weisz

Others present: Jim W. Smith, Legislative Council, Bismarck

John Bjornson, Legislative Council, Bismarck

Representative Bob Skarphol, member of the Legislative Council, was also in attendance.

See attached [appendix](#) for additional persons present.

It was moved by Senator Seymour, seconded by Senator Wardner, and carried on a voice vote that the minutes of the March 26, 2008, meeting be approved as distributed.

LARGE INFORMATION TECHNOLOGY PROJECT REPORTING

Legislative Assembly - Legislative Applications Replacement System Computer Project

Mr. Jim Gienger, President, Enterprise Solutions, Inc., and project manager for the Legislative Assembly's legislative applications replacement system computer project, provided information regarding the status of the project. A copy of the information presented is on file in the Legislative Council office. He said the legislative applications replacement system computer project consists of 15 application bundles. He said PTC Global Services, the project vendor, recently delivered two of the three application bundles scheduled for delivery in May 2008. He said individual components for the remaining application bundle scheduled for delivery in May 2008 have been built; however, the integration of the components is more difficult than expected. He said PTC Global Services estimates the delivery of the application bundle to be delayed approximately three months. He said PTC Global Services is determining the impact of the delay on the overall status of the project. He said PTC Global Services will report on the status of the project to the project executive committee during the first week of July 2008.

Mr. John Bjornson, counsel, Legislative Council, provided a demonstration of the functionality of the new system relating to importing North Dakota Century Code (NDCC) provisions into a bill draft.

In response to a question from Senator Robinson, Mr. Gienger said he will continue to communicate with members of the Legislative Assembly regarding the status of the project.

In response to a question from Senator Christmann, Mr. Gienger said the project could benefit from PTC Global Services assigning additional staff resources to gather additional information regarding legislative activities that need to be a part of the system.

Public Employees Retirement System - Legacy Application System Replacement Project

Ms. Sharon Schiermeister, Public Employees Retirement System, provided information regarding the agency's legacy application system replacement project. A copy of the information presented is on file in the Legislative Council office. She said the agency is implementing a new integrated benefits administration system that will include web-enabled, self-service functionality. She said the implementation is based on a feasibility study and request for proposal completed by the agency in 2006. She said the feasibility study and request for proposal were both extensive documents with information regarding the agency's business function, technical, and administrative requirements. She said the agency received one proposal for the project. She said some vendors did not submit a proposal because they believed the project budget was not sufficient. She said the agency determined that the one proposal submitted met all requirements; therefore, the agency entered into a contract with the vendor for the project. She said lessons learned to date relating to the project include:

- Support, advice, and expertise of other state agencies is valuable.
- A knowledgeable consultant is critical.
- Support of the Legislative Assembly and the Governor is key in setting a budget and resources, such as staffing.

In response to a question from Representative Kempenich, Ms. Schiermeister said the agency required a 20 percent performance bond for the project. She said several vendors expressed

concerns with the performance bond requirement. She said the total cost of the performance bond for the project, which was approximately \$405,000, was added by the vendor to the cost of the contract for the project.

In response to a question from Representative Monson, Ms. Schiermeister said the project began in October 2007 and is anticipated to be completed in October 2010. To date, she said, the agency is satisfied with the project vendor and the status of the project.

In response to a question from Representative Skarphol, Ms. Schiermeister said the project consists of four major pilots or milestones. She said the agency has established project deliverables with associated payments. She said the agency is providing payment to the project vendor based on acceptance of each deliverable. She said the agency is retaining approximately 20 percent of each vendor payment until the project is completed.

In response to a question from Representative Skarphol, Ms. Schiermeister said the 2007 Legislative Assembly authorized four new full-time equivalent (FTE) positions for the agency to assist with the project. At this time, she said, the agency anticipates needing the additional FTE positions through the 2011-13 biennium.

Department of Human Services - Medicaid Management Information System Replacement Project

Ms. Jennifer Witham, Director, Information Technology Services, Department of Human Services, provided information regarding the status of the department's Medicaid management information system replacement project. She said ACS State Healthcare, LLC (ACS), the project vendor, is also deploying the same Medicaid management information system in New Hampshire and Alaska. She said ACS may be behind schedule in its development of the Medicaid management information system. She said the department is working with ACS to understand the status of the project and to determine if there is an impact to the estimated July 2009 implementation date. She said a delay in the project schedule should not have an impact on the project's budget.

Chairman Robinson asked the Department of Human Services to keep the committee informed regarding the status of the Medicaid management information system replacement project.

REPORT FROM THE CHIEF INFORMATION OFFICER

Ms. Lisa Feldner, Chief Information Officer, Information Technology Department, and representatives of the Information Technology Department provided:

- Updates on various information technology initiatives.

- The status of the department's implementation of the recommendations from the vulnerability assessment and penetration testing.
- Information technology rates for the 2009-11 biennium.
- The estimated cost of providing a comparable salary increase to information technology personnel employed by other state agencies.
- The information technology planning cycle, including the process of prioritizing proposed major information technology projects by the State Information Technology Advisory Committee.
- Recommended information technology statutory changes.

Updates on Various Information Technology Initiatives

Ms. Feldner said the Statewide Longitudinal Data System Committee is meeting regularly. She said the committee awarded a contract to Claraview for assistance with a plan for a statewide longitudinal data system. She said Claraview is to provide the committee with a plan and budget for implementing a longitudinal data system on June 12, 2008.

Ms. Feldner said the Information Technology Department has issued a request for information relating to a new data center for the department and has received two responses. She said the department will provide more information to the committee at the committee's next meeting.

Status of Implementation of Recommendations From the Vulnerability Assessment and Penetration Testing

Mr. Dan Sipes, Director, Administrative Services Division, Information Technology Department, provided information regarding the status of implementation of the recommendations from the vulnerability assessment and penetration testing. A copy of the information presented is on file in the Legislative Council office. He said the State Auditor's office conducts a Statement on Auditing Standards (SAS) No. 70 audit of the Information Technology Department each biennium. As part of the most recent audit, he said, ManTech Security and Mission Assurance performed a vulnerability assessment and penetration test. He said the vulnerability assessment and penetration testing consisted of the following four phases:

- Phase 1 - External vulnerability assessment.
- Phase 2 - Internal vulnerability assessment.
- Phase 3 - Penetration testing.
- Phase 4 - Application security assessment.

Mr. Sipes provided the following summary of the department's implementation of the recommendations from the vulnerability assessment and penetration testing:

Phase	Recommendation	Current Status
Phase 1 - External vulnerability assessment	Review content available on publicly accessible servers	The department reviews server content on a regular basis and is comfortable with the information that is currently published.
	Filter inbound access to all state systems	The department only allows external access to servers where there is a business need. This recommendation is primarily an issue for higher education and kindergarten through grade 12.
	Ensure segregation between kindergarten through grade 12 and other education networks and the state network	The department has separated access between the state, higher education, and kindergarten through grade 12 networks.
Phase 2 - Internal vulnerability assessment	Segment public servers from internal network	To the extent possible, the department architects its servers and the network according to this recommendation.
	Internal segregation of critical servers and development systems	The department maintains current patch levels and security configurations on all servers in the data center.
	Include applications in formal patch management program	To the extent possible, the department applies current patches for operating systems and application software on a regular basis. The department's monthly server scan assists in identifying high-risk security vulnerabilities if patches are not applied.
	Implement outbound access control	The department does not intend to implement the recommendation beyond the passive monitoring currently in place. The department does restrict certain outbound traffic in response to identified security risks.
Phase 3 - Penetration testing	Require the use of encrypted protocols for remote management	The department is using encrypted protocols for remote management of most systems. The department is evaluating solutions for the remaining systems that will address the recommendation without causing significant business impact to users.
	Educate users on social engineering techniques	The department and the State Auditor's office coordinated information technology coordinator briefings to raise awareness levels. The department provides online security awareness training on its website. The one system successfully compromised has been patched.
Phase 4 - Application security assessment	Ensure servers and desktops are kept current on all operating system and application patches	
	Ensure systems hosting applications are kept up to date Prevent simultaneous logins	The department has addressed the recommendation. The ConnectND team is evaluating the security risk versus the loss of business functionality. The department considers the recommendation a low-risk recommendation.

In response to a question from Senator Seymour, Mr. Sipes said the department monitors website activity by computer and user ID.

In response to a question from Senator Marcellais, Mr. Sipes said the department employs three FTE positions in the security area and each state agency is to designate an information technology security officer.

Information Technology Rates - 2009-11 Biennium

Mr. Mike Ressler, Deputy Chief Information Officer, Information Technology Department, said the department has finalized information technology billing rates for the 2009-11 biennium. The following is a summary of select rates for the 2009-11 biennium:

Description of Service	2007-09 Rate	2009-11 Rate
Architect	\$75.00 per hour	\$79.00 per hour
Senior software developer and project manager III	\$63.00 per hour	\$75.00 per hour
Software developer and project manager II	\$63.00 per hour	\$69.00 per hour
Junior developer and project manager I	\$58.00 per hour	\$63.00 per hour
Device fee	\$30.75 per device per month	\$43.50 per employee per month

Mr. Ressler said the increase in rates for software development services is necessary to provide salary increases for software developers. He said the rate increases will allow the department to provide

software developers a 15 percent salary increase for the 2009-11 biennium.

Mr. Ressler said the department's rates for the 2009-11 biennium include a change in network rates. For the 2007-09 biennium, he said, the department is charging state agencies a monthly fee of \$30.75 per device. For the 2009-11 biennium, he said, the department will be charging state agencies a monthly technology fee of \$43.50 per employee. He said the department estimates generating approximately \$29,000 per month in additional revenue from changing the device fee to a technology fee.

Assuming state agencies purchase identical amounts of services in the 2009-11 biennium as the most recent 12-month period, Mr. Ressler said the department estimates the fee increases for the 2009-11 biennium will generate approximately \$4.5 million in additional revenue.

In response to a question from Senator Robinson, Mr. Ressler said the department supplements its software developers with contract programmers from the department's vendor pool.

In response to a question from Representative Monson, Mr. Ressler said the salary increases for software developers are necessary in order for the department to compete with private sector salaries.

**Information Technology
Personnel Salary Increases**

Mr. Ken Purdy, Human Resource Management Services Division, Office of Management and Budget, provided information regarding the estimated cost of providing a comparable salary increase to information technology personnel employed by the Information Technology Department and other state agencies. A copy of the information presented is on file in the Legislative Council office. He said the Human Resource Management Services Division developed the following comparison based on employees in all information technology job classes in the Information Technology Department and other state agencies:

	Number of Employees	Biennial Cost of a 1 Percent Salary Increase	Biennial Cost of a 1 Percent Salary Increase Including Benefits
Information Technology Department	203	\$218,745	\$255,057
Other state agencies	171	157,697	183,875
Total	374	\$376,442	\$438,932

In response to a question from Senator Robinson, Mr. Purdy said several state agencies are experiencing staff turnover because of noncompetitive wages.

Information Technology Vendor Pool

Mr. Patrick Forster, Information Technology Department, provided information regarding the department's information technology vendor pool. A copy of the information is on file in the Legislative Council office. Due to an ongoing need for information technology contract professionals in a variety of skill-set categories, he said, the department established an information technology vendor pool in July 2005. He said the department's contracts for the vendor pool expire on June 30, 2008; therefore, the department issued a request for proposal for a rebid of the vendor pool. He said the vendor pool includes vendors for the following information technology service categories:

Information Technology Service	Number of Categories
Software development	10
Web design and e-government	2
Project management and business analyst	2
Geographic information systems	3
Database administration	3
System and server administration	3
Business intelligence	2
Network and telecommunications	3
Quality assurance	2
Information systems security	1
PC support	1
Total	32

Mr. Forster said the department accepted 38 of the 46 proposals received for the vendor pool. He said

the new contract term is from July 1, 2008, through September 30, 2010. He said the department has the option to extend the contract to September 30, 2011. The following is a summary of vendor pool contract awards:

Vendor	City	Number of Categories
22 nd Century Technologies	Olympia, Washington	8
Agency MABU	Bismarck, North Dakota	1
Applied Data Consultants, Inc.	Eau Claire, Wisconsin	4
Applied Engineering, Inc.	Bismarck, North Dakota	3
Bahwan CyberTek, Inc.	Natick, Massachusetts	8
Bartlett and West, Inc.	Bismarck, North Dakota	2
BITS Corporation	Bismarck, North Dakota	1
Boden, Inc.	Somerset, New Jersey	18
CedarCrestone	Alpharetta, Georgia	2
CIBER, Inc.	Sacramento, California	4
Compuware Corporation	Eden Prairie, Minnesota	13
Data Transfer Solutions	Denver, Colorado	4
Eide Bailly LLP	Fargo, North Dakota	9
Enterprise Solutions, Inc.	Bismarck, North Dakota	4
Everest Consultants, Inc.	Beaverton, Oregon	2
Federal Engineering, Inc.	Fairfax, Virginia	4
GeoComm, Inc.	St. Cloud, Minnesota	2
GeoDecisions	Camp Hill, Pennsylvania	5
GeoNorth, LLC	Portland, Oregon	4
HCL America, Inc.	Vienna, Virginia	26
Houston Engineering, Inc.	Maple Grove, Minnesota	2
IMC	Reston, Virginia	1
iNet Technologies	Bismarck, North Dakota	1
Infotech Enterprises	Pittsburgh, Pennsylvania	3
Knowledge-IT, Inc.	South St. Paul, Minnesota	3
ManTech International Corporation	Falls Church, Virginia	1
MAXIMUS, Inc.	Rancho Cordova, California	2
McCain and Associates, Inc.	Bismarck, North Dakota	1
NDACo Resources Group	Bismarck, North Dakota	1
Nexus Innovations	Bismarck, North Dakota	6
Programming Solutions, Inc.	Brooklyn Park, Minnesota	1
Pro-West & Associates, Inc.	Walker, Minnesota	3
QA Technologies, Inc.	Omaha, Nebraska	3
Quintegra Solutions Company	San Jose, California	12
Softech & Associates, Inc.	Costa Mesa, California	1
SysTest Labs	Denver, Colorado	2
Vision Technology, Inc.	Bismarck, North Dakota	4

Mr. Forster said a state agency using the vendor pool will issue a work order to the applicable vendors, including a description of work, skill-sets required, and project schedule and deliverables. He said the vendors in the contract pool will respond with a project offer. He said agencies are responsible for selecting a vendor and reviewing and accepting the vendor's deliverables.

In response to a question from Representative Skarphol, Mr. Ressler said the department needs to

increase its oversight of information technology contract vendors.

In response to a question from Senator Christmann, Mr. Mark Molesworth, Enterprise Project Manager, Information Technology Department, said state agencies may include a liquidated damages clause in information technology contracts. He said a liquidated damages clause allows a party to be compensated for losses caused by the other party's breach of contract.

Information Technology Planning Cycle

Mr. Jeff Swank, Information Technology Department, provided information regarding the information technology planning cycle, including the process of prioritizing proposed major information technology projects by the State Information Technology Advisory Committee. A copy of the information presented is on file in the Legislative Council office. He said NDCC Section 54-59-11 requires each executive branch state agency or institution, excluding institutions under the control of the State Board of Higher Education, to prepare an information technology plan and submit the plan for acceptance to the Information Technology Department by July 15 of each even-numbered year. Based on the information included in the plans, he said, the department is to prepare a statewide information technology plan with emphasis on long-term strategic goals and objectives. He said the statewide information technology plan is to be distributed to members of the Legislative Assembly.

Mr. Swank said the State Information Technology Advisory Committee reviews information regarding proposed major information technology projects for executive branch state agencies, excluding institutions under the control of the State Board of Higher Education and the judicial and legislative branches, and ranks those projects that receive the committee's affirmative recommendation. He said the State Information Technology Advisory Committee will complete its prioritization of major information technology projects for the 2009-11 biennium in August 2008. He said the department will forward the prioritization to the Information Technology Committee and the Office of Management and Budget for consideration in the development of the Governor's budget recommendation.

Recommended Information Technology Statutory Changes

Ms. Feldner said the Criminal Justice Information Sharing Board is considering a statutory change to increase the membership on the board. She said the department will have a draft of the proposed legislation available for discussion at the committee's next meeting.

HIGHER EDUCATION INFORMATION TECHNOLOGY INITIATIVES

Mr. Rich Lehn, Assistant to the Chief Information Officer, North Dakota University System, provided information regarding the quarterly summary status report on large information technology projects and the higher education planning cycle. A copy of the information presented is on file in the Legislative Council office.

For the period ending March 31, 2008, Mr. Lehn said University System major projects included the TouchNet project and a campus solutions upgrade.

Mr. Lehn said the purpose of the TouchNet project is to implement software modules that will allow all campuses to begin accepting online credit card payments with payments processed through a payment card industry-compliant vendor. He said the project will eliminate any card information being retained by campuses and will eliminate compliance requirements and related risks. He said the project is to be implemented in four phases. As of March 31, 2008, Phases 1 and 2 have been completed on budget and within a two-week delay. He said Phase 3 was completed in May 2008. He said the project was originally scheduled to be completed in February 2008, but campuses have requested the project be delayed due to the campus solutions upgrade project. He said the revised estimated completion date is July 2008.

Mr. Lehn said the campus solutions upgrade project includes the upgrade of the ConnectND student administration system from Version 8 to the new PeopleSoft campus solutions Version 9, the changing of the database from Microsoft SQL to Oracle, and the implementation of the user productivity kit. He said the project's estimated cost is \$1,350,000 and the project is estimated to be completed in August 2008. He said the project is on budget, on schedule, and has two changes in scope. He said the two scope changes include the implementation of the campus solutions portal instead of the enterprise portal and the implementation of a new security environment to decrease complexity and improve efficiency.

Mr. Lehn said the University System will be following a similar schedule as the Information Technology Department for information technology planning. He said the University System is working on a strategic plan that consists of defined goals with strategy objectives. The following is a summary of draft goals and a description of each one's purpose:

Goal	Description
Improve University System information technology-enabled business processes and services while providing and managing resources to align with strategic goals	This goal is the core that supports business processes of the higher education institutions and the University System. The University System will strive to deliver the most cost-effective technology within available resources.
To support University System infrastructure needs	This goal is the foundation for information technology in support of University System business

Goal	Description
	processes. Infrastructure holds information technology systems together and allows systems to communicate with each other over a network such as the statewide wide area network.
To improve and enhance University System collaboration efforts	Working with state government, kindergarten through grade 12, and other constituents, the University System is able to bring and support new and existing technologies.
To improve and enhance University System student learning	Empower student learning and development through the use of technology. Provide a near seamless environment for learning through boundless access to educational and research resources both inside and outside the classroom for all types of students from undergraduates to the lifelong learners.
To increase University System customer focus	The University System - System Information Technology Services encourages and supports an operational environment in which characteristics of its customers are identified, their needs are understood, relationships and expectations are effectively managed, and quality assurance is fostered for high-quality services and support.

Mr. Lehn said higher education institutions and the University System office are to submit initiatives relating to the goals to the Chief Information Officer by June 30, 2008. He said the University System will be refining its information technology plan in July and August 2008. He said the final information technology plan will be submitted to the State Board of Higher Education for approval in September 2008.

In response to a question from Representative Skarphol, Mr. Lehn said the campus solutions upgrade project is progressing well. He said the upgrade includes only a small amount of new functionality; therefore, campus representatives will notice only minimal changes with the new version.

In response to a question from Representative Monson, Mr. Lehn said the University System is involved with the Statewide Longitudinal Data System Initiative.

The committee recessed for lunch at 12:08 p.m. and reconvened at 1:00 p.m.

ELEMENTARY AND SECONDARY EDUCATION INFORMATION TECHNOLOGY INITIATIVES

Mr. Dan Pullen, Director, Educational Technology Council, provided information regarding elementary and secondary education information technology initiatives for the 2007-09 biennium and anticipated budget needs for the 2009-11 biennium. He said the Educational Technology Council was established to develop technology systems and coordinate their use to enhance and support the educational opportunities for elementary and secondary education. He said the council's initiatives for the 2007-09 biennium include:

- Classroom transformation grants - The council awarded 22 classroom transformation grants to schools in February 2008. The grants require a 50 percent local school match.
- Video classroom grants - The council awarded four video classroom grants to kindergarten through grade 12 video network consortiums for new or upgraded video classrooms in January 2008. The grants require a 60 percent local match.

Mr. Pullen said the Center for Distance Education, formerly known as the Division of Independent Study, has developed and published North Dakota studies fourth grade workbooks and eighth grade textbooks. He said the center and the State Historical Society are collaborating to develop and publish a high school textbook entitled *North Dakota History*. He said the textbook will be available for the 2008-09 school year.

Mr. Pullen said EduTech offers a variety of services to help North Dakota schools and educators improve student achievement. He said EduTech provides support to schools for the PowerSchool application, a student information system. At the present time, he said, 93 schools are utilizing the PowerSchool application and 3 additional schools will be implementing the application in the future.

Mr. Pullen said the Educational Technology Council and related entities will submit a 100 percent budget request for the 2009-11 biennium in accordance with the Governor's budget guidelines. He said the entities are in the process of finalizing initiatives to submit as optional budget adjustments.

OTHER BUSINESS

Mr. Thomas L. Trenbeath, Chief Deputy Attorney General, provided information regarding limiting liability for information technology professional services contracts and the Attorney General's authority to temporarily close records relating to personal information. A copy of the information presented is on file in the Legislative Council office.

Mr. Trenbeath said NDCC Section 32-12.2-15 provides that a state agency may agree to limit the liability of a contractor to the state. He said the liability limitation must be approved by the Attorney General and the director of the Office of Management and Budget in writing and may only be approved for contracts for the purchase or lease of software, communication, or electronic equipment. He said the Attorney General's office has consistently taken the position that the statutory provisions apply to contracts involving the purchase or lease of "tangible goods," and does not apply to contracts involving the purchase of services. He said liability limitation is becoming more common in information technology contracts. He said the Attorney General's office recommends that NDCC Section 32-12.2-15 be amended to provide that limitations of liability be expanded to include information technology services contracts.

Mr. Trenbeath said all records of a public entity are open to the public, unless otherwise provided by law. He said the Attorney General does not have authority to temporarily close personal information of public employees. Rather, he said, the Legislative Assembly has made personal information "exempt," which means each individual public entity has the discretion to choose whether or not to disclose personal information of its employees pursuant to an open records request.

In response to a question from Representative Skarphol, Mr. Trenbeath said a public employee's photograph is an exempt record; therefore, each public entity could decide what photographs, if any, to include in the state's e-mail system.

LARGE INFORMATION TECHNOLOGY PROJECT REPORTING

Mr. Molesworth provided:

- Information regarding the quarterly summary status report on large information technology projects, including any department concerns regarding information technology projects.
- An oversight review of the Attorney General's automated fingerprint identification system.
- A project closeout report for the department's project management information system.
- Information regarding total costs of information technology projects.

A copy of the information presented is on file in the Legislative Council office.

For the period ending March 31, 2008, Mr. Molesworth said the following eight projects were reported in the planning stage:

Agency	Project
Secretary of State	Data processing system
Department of Human Services	Master client index Electronic benefits transfer reprocurement
Department of Public Instruction	Foundation aid system rewrite Teacher licensure application rewrite Direct certification
Information Technology Department	Statewide automated victim information notification system
Department of Emergency Services	Computer-aided dispatch

Mr. Molesworth said the following four projects were moved into the executive phase:

Agency	Project
Department of Human Services	Children and family services front end
Department of Public Instruction	Special education individualized education program
Public Employees Retirement System	PERSLink
Job Service North Dakota	Unemployment insurance modernization

Mr. Molesworth said the following three projects were reported complete or terminated:

Agency	Project	Budget Variance	Schedule Variance
Information Technology Department	Project management information system	Under budget	On schedule
Department of Human Services	Children with disabilities	Under budget	On schedule
Secretary of State	Knowledge base/central indexing system	Not applicable - Project was terminated	Not applicable - Project was terminated

Mr. Molesworth said the following five projects have reported budget or schedule variances and are being monitored closely:

Agency	Project	Budget or Schedule Variance
Attorney General's office	Automated fingerprint identification system	The project is delayed; however, the agency has established a June 2008 "go live" date.
Department of Human Services	Medicaid management information system replacement project	The Information Technology Department is monitoring this project closely because the project has not been able to produce an integrated schedule. Without the integrated schedule, the department is unable to verify any project schedule variance.
Job Service North Dakota	Case management system	The project was rolled out on schedule; however, the agency is trying to get full functionality from the system. The agency has extended the project schedule.
Job Service North Dakota	Unemployment insurance modernization program	The agency's unemployment insurance modernization program had one project, graphic user interface, which was terminated prior to completion. The project was originally budgeted under \$250,000 and was not under large project oversight. As the project schedule slipped, the agency reevaluated the project and determined the project would no longer provide significant benefit to the agency within a reasonable time period; and, therefore, the agency terminated the project. The total cost of the project was \$306,617.
Legislative Assembly	Legislative applications replacement system	The project has experienced schedule delays that have resulted in a schedule variance greater than 20 percent. In accordance with NDCC Section 54-59-23, representatives of the Legislative Council reported to the State Information Technology Advisory Committee in June 2008.

Mr. Molesworth said the Information Technology Department conducted an oversight review of the Attorney General's automated fingerprint identification system pursuant to a request by the Information Technology Committee at the committee's March 26, 2008, meeting. He said the department specifically reviewed the working relationship between the Attorney General's office and the department, database and system administration of the system's technology housed at and maintained by the Attorney General's office, the issue of "system instability," and any efforts to identify lessons learned and resolve issues. He said the department concluded that the Attorney General's project team has been proactive in pursuing improved project controls and has increased testing, documentation, and communication in an effort to bring the project to a successful conclusion.

Mr. Molesworth provided a project closeout report for the department's project management information system. A copy of the information presented is on file in the Legislative Council office. He said the project involved the purchase and implementation of Primavera--an enterprise project management software system--to be used by state agencies to support the application of project management principles and methodologies. He said lessons learned from the project include documenting lessons learned on an ongoing basis, having one person or a small team responsible for authoring the request for proposal to ensure consistency, and separating project manager and core project team member responsibilities. He said the project was completed on schedule and under budget with actual expenditures of \$296,892, compared to estimated expenditures of \$310,603.

Pursuant to a recommendation from the department's Enterprise Project Management Advisory Group, Mr. Molesworth said state agencies will be reporting the estimated total cost for information technology projects to be considered by the 2009 Legislative Assembly. He said the total cost includes direct project costs, indirect project costs, and "reallocated" project costs. He said "reallocated" project costs are costs paid from a source other than project funds; however, the effort is directly attributed to the project or task and the costs are tracked as if they were project costs. He said the department is encouraging state agencies to also include funding for project management, backfill staff, risk contingencies, and a management reserve in the estimated total cost for information technology projects.

Senator Christmann expressed concern regarding state agencies including project contingency funding in all budget requests for information technology projects. He said this may result in more funding being appropriated for a project than necessary.

Elementary and Secondary Education Video Services

Ms. Kathy McCracken, Director, North Central Distance Learning Consortium and Central Dakota

Telecommunications Consortium, provided comments regarding the transition of kindergarten through grade 12 video services from higher education to the Information Technology Department. She said her job responsibilities include coordinating, scheduling, and registering students for interactive television (ITV) classes and troubleshooting technical problems. She said the transition of kindergarten through grade 12 video services to the Information Technology Department has been completed. She said the department involved representatives of kindergarten through grade 12 in the transition.

In response to a question from Senator Seymour, Ms. McCracken anticipates kindergarten through grade 12 video services continuing to grow in the future.

Mr. Bill Strasser, Director, Great Western Network Distance Learning Consortium, commented regarding the transition of kindergarten through grade 12 video services from higher education to the Information Technology Department. He said the consortium consists of 41 schools representing approximately 850 students. He said the video services being provided by the Information Technology Department are working well.

In response to a question from Representative Kempenich, Mr. Strasser said to the extent possible, schools provide core curriculum courses using their own teachers and provide elective classes using ITV.

In response to a question from Representative Skarphol, Mr. Strasser said research indicates no difference in test scores between students taking a traditional classroom course and students taking an ITV course.

In response to a question from Senator Marcellais, Mr. Strasser said the video equipment in the classrooms belongs to the video network consortium.

In response to a question from Representative Skarphol, Mr. Strasser said the video classrooms could be used during the summer to provide remedial education.

In response to a question from Senator Christmann, Mr. Strasser said each school decides whether or not to join a video network consortium.

Ms. Feldner said there are multiple kindergarten through grade 12 video networks in the state primarily because the video networks were implemented before the implementation of the statewide wide area network. She said the statewide wide area network allows the video networks to connect to each other.

ConnectND System

Ms. Feldner provided comments on behalf of the Office of Management and Budget regarding future initiatives relating to the ConnectND system. She said the ConnectND project team is finalizing project planning for implementing the absence management module. She said agencies involved in the implementation of the module include Tax Department, Bank of North Dakota, Workforce Safety and Insurance, judicial branch, Office of Management

and Budget, and Public Employees Retirement System. She said the project team is also conducting planning relating to implementation of a business intelligence or data warehouse component. During the 2009-11 biennium, she said, the state's ConnectND project team will be planning for the conversion of the PeopleSoft product to the Fusion product, including estimated costs.

Secretary of State - Central Indexing System

Mr. Alvin A. Jaeger, Secretary of State, provided information regarding the agency's plan for a new system for the agency's central indexing system functions. A copy of the information presented is on file in the Legislative Council office. He said the agency discontinued its knowledge base/central indexing system project on February 15, 2008, because the application source code was dysfunctional. Due to the importance, critical need, and public demand for enhanced services, he said, the agency is working on a new plan for enhancing the agency's central indexing system functions. He said the agency issued a request for proposal to four interested vendors on May 16, 2008, for a commercial off-the-shelf data processing system to replace the current central indexing system. He said proposals are due on June 9, 2008. He said the agency anticipates issuing a notice of intent to award to the selected vendor by June 20, 2008.

Job Service North Dakota - Unemployment Insurance Modernization Program

Ms. Heather Raschke, Job Service North Dakota, provided information regarding the agency's unemployment insurance modernization program. A copy of the information presented is on file in the Legislative Council office. She said the agency's unemployment insurance modernization program, Program AIM, is a 7- to 9-year program representing Phase 2 of the agency's overall information technology upgrade plan. She said Program AIM will convert unemployment insurance system functionality to a modern integrated system that can more quickly adapt to the changing needs of internal and external stakeholders.

Ms. Raschke said Program AIM projects will belong to one of the following categories:

- Tax - This group of projects will provide automated employer registration and customer self-service capabilities as well as enhanced staff-assisted functions.
- Benefits - This group of projects will provide automated claims processing and benefit payment and control improvements.
- Appeals - This group of projects will focus on enhancing the appeals and quality assurance processing within the agency.
- Infrastructure - This group of projects addresses the technology infrastructure and toolset needs.

Ms. Raschke said Program AIM is estimated to cost over \$15 million, the funding for which will be from Reed Act and other federal funding.

Department of Corrections and Rehabilitation - Inmate Medical System

Ms. Brandi Fagerland, Information Technology Department, provided information regarding the Department of Corrections and Rehabilitation's inmate medical system. A copy of the information presented is on file in the Legislative Council office. She said Section 12 of 2007 House Bill No. 1015 provides that the Department of Corrections and Rehabilitation provide an update on the inmate medical system to the Information Technology Committee and the Budget Section at the completion of the project planning phase and prior to the project implementation phase. She said the section also provides that Budget Section approval is required before the department proceeds with project implementation.

Ms. Fagerland said the Department of Corrections and Rehabilitation is completing its request for proposal process to select a vendor to supply a commercial off-the-shelf inmate medical system. Subject to Budget Section approval, she said, the department is prepared to begin implementing the system. She said the department will present a project startup report for the inmate medical system to the Budget Section for approval on June 18, 2008.

Mr. David Huhncke, Director, Information Services Division, Department of Corrections and Rehabilitation, provided a project startup report regarding the department's inmate medical system. A copy of the report is on file in the Legislative Council office. He said the purpose of the project is to obtain an electronic medical record system that allows the department to administer, manage, and record all aspects of medical care provided to both adults and juvenile offenders. He said the system will also provide an integrated pharmacy system, including automated drug inventory ordering, dosage tracking, and drug cost analysis reporting. He said the project will begin in June 2008 and is estimated to be complete in May 2009. He said the project is estimated to cost \$1 million.

In response to a question from Senator Robinson, Mr. Huhncke said it may be possible for the inmate medical system selected by the department to also be implemented at the State Hospital and the University of North Dakota School of Medicine and Health Sciences.

Department of Public Instruction

Mr. Jerry Coleman, Department of Public Instruction, provided a project startup report for the department's foundation aid system rewrite project. A copy of the information presented is on file in the Legislative Council office. He said the purpose of the project is to establish an educational portal to be accessed by department staff, school administrators,

and special education administrators to aid in reducing duplicate data collection and collaborating on information dissemination. He said the focus of the project will be to improve the workflow for student contracts, automate the process for school district financial reporting, and to collect the data needed for taxable valuation and mill levy reporting. He said the project started in October 2007 and is estimated to be complete by June 30, 2009. He said the project is estimated to cost \$350,000. He said funding for the project is provided from the funding available for contingent per student and transportation aid distributions for the 2005-07 biennium.

Mr. John Porter, Department of Public Instruction, provided a project startup report for the department's special education individualized education program project. A copy of the information presented is on file in the Legislative Council office. He said the department, in collaboration with local school district and special education unit personnel, is implementing a statewide web-based special education case management system. He said the system will:

- Allow for a more streamlined special education process.
- Increase monitoring capabilities.
- Enhance data reporting capabilities.
- Improve management tools.
- Improve the student contract system for state reimbursement.

Mr. Porter said the project began in March 2008 and is to be completed in December 2008. He said the estimated cost of the project is \$1 million.

In response to a question from Representative Monson, Mr. Porter said the project is being funded with federal funds, and the project is currently on budget.

Mr. G. David Massey, Assistant Superintendent, Department of Public Instruction, provided a project startup report for the rewrite of the teacher licensure application used by the department and the Education Standards and Practices Board. A copy of the information presented is on file in the Legislative Council office. He said the project will rewrite the department and the Education Standards and Practices Board systems from the mainframe to a modern architecture capable of meeting the data-reporting demands that are required by federal and state laws. He said the new environment will allow the department and the Education Standards and Practices Board to cost-effectively provide online services to districts. He said the project began in February 2008 and is to be complete June 30, 2009. He said the estimated cost of the project is \$665,400. He said funding for the project is provided from the funding available for contingent per student and transportation aid distributions for the 2005-07 biennium and the Education Standards and Practices Board.

Department of Human Services

Ms. Witham provided:

- A project startup report for the department's master client index project.
- A project startup report for the department's children and family services front-end project.
- A project startup report for the department's continuous eligibility project.
- A project closeout report for the department's children with disabilities project.

A copy of the information presented is on file in the Legislative Council office.

Ms. Witham said the department's master client index project will provide the base architecture needed to create a single-client view across the department's services and programs. She said the primary focus of the initiative is to enable the sharing of member information with the new Medicaid management information system; however, the base architecture will be extendable to all department applications and programs. She said the project will begin in July 2008 and is estimated to be completed in October 2009. She said the project is estimated to cost \$686,603.

Ms. Witham said the purpose of the department's children and family services front-end project consists of the implementation of a single case management system for the department's child abuse and neglect, in-home treatment and wraparound, and foster care programs. She said the case management system will provide a new web application to address the business problems and needs of the counties and regions. She said the project is estimated to cost \$1,027,257 and is to be completed in August 2009.

Ms. Witham said the 2007 Legislative Assembly provided for continuous Medicaid eligibility for children under 19 years of age who are either categorically needy or optionally categorically needy beginning January 2008. She said the department's eligibility system, Vision, must be modified to accommodate continuous eligibility. She said the project began in April 2008 and is to be completed in October 2008. She said the project is estimated to cost \$366,502.

Ms. Witham said 2007 Senate Bill No. 2326 provides optional medical assistance for families of children with disabilities whose net income does not exceed 200 percent of the federal poverty guidelines. She said the department's children with disabilities project consisted of the information technology changes necessary to implement the new program. She said the project was completed under budget with actual expenditures of \$170,213, compared to the budget of \$284,406, and the project was completed on schedule in February 2008.

In response to a question from Senator Robinson, Ms. Witham said the National Child Support Enforcement Association has awarded the Department of Human Services the 2008 Outstanding Program Award and the Child Support Enforcement Division Director, Mike Schwindt, the Outstanding Manager Award. During 2007, she said, North Dakota

received regional and national awards for its innovative program that helps noncustodial parents find work or better paying jobs, and set a new collection record of \$114 million.

Chairman Robinson said the committee may receive a report at the committee's next meeting from the Department of Human Services regarding the department's Child Support Enforcement Division awards.

COMMITTEE DISCUSSION

Ms. Feldner suggested the committee receive a report at the committee's next meeting regarding the Statewide Longitudinal Data System Initiative, including information regarding the status of the Department of Public Instruction's efforts to submit a proposal for a federal grant to assist with the implementation of a statewide longitudinal data system.

Representative Skarphol suggested the committee receive information regarding best practices in information technology contracts.

Chairman Robinson said the committee may receive a report from the North Dakota Health Information Technology Steering Committee at the committee's next meeting.

No further business appearing, Chairman Robinson adjourned the meeting at 3:23 p.m.

Roxanne Woeste
Assistant Legislative Budget Analyst and Auditor

Allen H. Knudson
Legislative Budget Analyst and Auditor

ATTACH:1