

NORTH DAKOTA LEGISLATIVE MANAGEMENT

Minutes of the

INFORMATION TECHNOLOGY COMMITTEE

Tuesday, December 15, 2015
Harvest Room, State Capitol
Bismarck, North Dakota

Representative Mark S. Owens, Chairman, called the meeting to order at 12:00 noon.

Members present: Representatives Mark S. Owens, Christopher D. Olson, Blair Thoreson, Nathan Toman, Robin Weisz; Senators Kyle R. Davison, David S. Rust, Donald Schaible; Citizen Member Mike Ressler

Members absent: Representative Ben Koppelman; Senators Richard Marcellais, Larry J. Robinson

Others present: See [Appendix A](#)

It was moved by Senator Schaible, seconded by Representative Thoreson, and carried on a voice vote that the minutes of the September 9, 2015, meeting be approved as distributed.

REPORT FROM THE CHIEF INFORMATION OFFICER

Mr. Mike Ressler, Chief Information Officer, Information Technology Department, presented information ([Appendix B](#)) regarding the department's annual report, desktop support services, information technology security, the State Radio interoperable network initiative, and an overview of the state's contract for Internet and Ethernet access. He said the department is meeting customer needs based on the results of a customer satisfaction survey conducted in conjunction with the annual report. He said highlights from fiscal year 2015 include the completion of seven information technology projects. He said of the seven projects, six were completed within budget and schedule variances while one project was completed within budget but behind schedule. He said the department is focused on improving security, project management, and cloud computing solutions. He said one of the biggest challenges for the Information Technology Department is recruiting qualified applicants. He said workforce shortages in the information technology industry span the entire industry and make recruitment and retention challenging.

Mr. Ressler said the department has implemented desktop support services for 12 state agencies as of December 2015 with plans to implement services to the remaining seven state agencies by June 2016. He said the Governor created a cybersecurity task force to identify information technology security policies, procedures, and equipment to enhance the state's network security.

In response to a question from Chairman Owens, Mr. Dan Sipes, Deputy Chief Information Officer, Information Technology Department, said the department includes provisions for security measures in contracts with vendors that provide software as a service. He said the department does not conduct security testing on the vendors because the vendors are tested during federal audits.

In response to a question from Representative Toman, Mr. Ressler said the department is looking at solutions to address the major findings identified in the security audit report. He said the department anticipates solutions will be implemented before the next audit.

Mr. Ressler said the Statewide Interoperability Executive Committee issued a request for proposal to conduct a study of a technical and feasible plan to deploy an integrated public safety radio network. He said the contract for the study was awarded to Televate. He said the results of the study will be available in the summer of 2016.

Mr. Ressler provided a copy of the contract ([Appendix C](#)) with Televate related to a statewide interoperable network study. He said the contract details the scope of work which includes an assessment of the current network, a proposed system design with a phased implementation strategy, and an analysis of the estimated cost to implement the design.

Mr. Ressler said the department issues a request for proposal every 2 to 6 years for network and Internet connectivity. He said the three components of the network include backbone connectivity, endpoint connectivity,

and Internet access. He said Dakota Carrier Network currently holds contracts for all three components. He said the department spends approximately \$3.9 million annually for the three components.

LARGE INFORMATION TECHNOLOGY PROJECT REPORTING

Information Technology Department

Mr. Justin Data, Manager, Enterprise Services Division, Information Technology Department, presented information ([Appendix D](#)) regarding the most recent quarterly summary status report on large information technology projects. He said two projects are using iterative reporting procedures because the projects will be completed in multiple phases. He said both projects are within the budget and schedule variances. He said the four active projects with budgets in excess of \$5 million are within the budget and schedule variances. He said seven other projects are currently active, of which four are within budget and schedule variances and three are within budget but behind schedule.

Mr. Data presented information ([Appendix E](#)) regarding the Bank of North Dakota's managed file transfer project. He said the project will replace existing file transfer systems with a single streamlined and secure system. He said the project is scheduled to be complete by May 2016 with a budget of approximately \$650,000.

Workforce Safety and Insurance

Mr. Timothy Schenfisch, Director, Information Technology, Workforce Safety and Insurance, presented information ([Appendix F](#)) regarding a startup report related to a data processing system project. He said the project will replace core business applications with web-based technology. He said the system will provide enhanced reporting capabilities. He said the project consists of four phases and has multiple projects within each phase. He said the first phase includes business analysis and detailed planning. He said Workforce Safety and Insurance began work on the second phase in July 2015. He said the first project of the second phase is scheduled to be complete by May 2016 with a budget of approximately \$1.6 million. He said the estimated cost of the entire project is approximately \$30 million.

In response to a question from Chairman Owens, Mr. Schenfisch said settlement discussions are ongoing in a lawsuit related to the agency's previous information technology transformation program project.

Department of Human Services

Ms. Jennifer Witham, Director, Information Technology Services, Department of Human Services, presented information ([Appendix G](#)) regarding a startup report related to the eligibility systems modernization project. She said the project includes multiple phases with a total estimated cost of \$110 million. She said the project is anticipated to be complete at the end of calendar year 2017. She said the objectives of the project include increased efficiency, easy-to-use features, and enhanced reporting.

In response to a question from Chairman Owens, Ms. Witham said the system will include a feature to allow individuals to complete a preliminary screening to determine potential eligibility for various assistance programs. She said the feature can help guide individuals to various programs, but the individuals will still need to complete an application process for assistance programs.

In response to a question from Representative Weisz, Ms. Witham said the state's share of the \$110 million estimated cost is approximately \$30 million.

Ms. Witham said the Medicaid management information system replacement project was implemented in October 2015. She said the department contracted with Xerox to provide call center services during the stabilization period. She said the call center handled an average of approximately 1,500 calls per week through November 2015. She said calls are anticipated to decrease as health care providers become more familiar with the new system.

Ms. Witham said monthly average payments under the new system have been approximately \$20.1 million compared to \$22.1 million under the legacy system. She said the decrease in payments is primarily related to automatic claims denial built into the new system. She said if health care providers incorrectly enter the required information, the claim is automatically denied. She said the department is in the process of training users and anticipates the average monthly payments will return to the same level as the legacy system within a few months.

In response to a question from Representative Weisz, Ms. Witham said the claims backlog is lower than anticipated. She said the decrease may be related to the automatic denial of some claims. She said the department will continue to monitor the backlog and will continue to process the backlogged claims as quickly as possible to provide payments to health care providers.

EDUCATION-RELATED INFORMATION TECHNOLOGY UPDATES

Mr. Darin King, Deputy Chief Information Officer, North Dakota University System, presented information ([Appendix H](#)) regarding higher education information technology activities. He said the University System is in the process of completing information technology security enhancements, including updates to policies and procedures and vulnerability management. He said the University System anticipates 40 data inconsistencies among the institutions will be corrected by October 2016. He said data consistency is important for reporting capabilities and comparability. He said the University System issued a request for proposal related to email archiving and consolidation and anticipates vendor selection in February 2016.

In response to a question from Senator Rust, Mr. King said the email systems at 7 of the 11 campuses have been consolidated. He said the email systems at North Dakota State University, Mayville State University, Minot State University, and Valley City State University have not yet been consolidated.

In response to a question from Chairman Owens, Mr. King said some of the project managers for the University System are in the process of becoming certified. He said the University System currently does not require project managers to be certified.

Dr. Mark R. Hagerott, Chancellor, North Dakota University System, provided comments regarding higher education technology activities. He said a University System task force was formed to review system cybersecurity issues. He said the task force will compliment the Governor's cybersecurity task force. He said the University System is planning initiatives to develop or enhance high performance computing and unmanned aerial system technology. He said the initiatives will help to create a quality workforce and new economic opportunities for the state.

Ms. Jody French, Director, Educational Technology Council, Information Technology Department, presented information ([Appendix I](#)) regarding the status of elementary and secondary education information technology activities. She said all schools are using an upgraded version of the PowerSchool application. She said the updated version of E-Transcripts allows E-Transcripts to be sent electronically to any institution that is a member of the National Clearinghouse. She said the SENDIT email system will be discontinued on January 1, 2016, and will be replaced with Office 365.

Ms. French said enrollment growth in the Centers for Distance Education program has stabilized. She said the department is less concerned about a potential funding shortage compared to information presented at the last meeting because of the stabilization. She said 94 percent of the students enrolled in distance education courses are anticipated to successfully complete the courses for the fall semester. She said the department is in the process of eliminating all printed course materials in a planned conversion to digital content. She said the printed materials will be sold primarily to students in home schooling programs. She said the department continues to enhance and upgrade distance education with encryption, records management, and communication features such as Skype for business.

OTHER

Dakota Fiber Initiative

Ms. Deana Wiese, Executive Director, Information Technology Council of North Dakota, presented information ([Appendix J](#)) regarding the status of the Dakota Fiber Initiative. She said the objective of the initiative is to provide affordable, world-class Internet speed and reliability to every individual in the state. She said the Dakota Fiber Initiative began in October 2013. She said over the past 2 years, the Information Technology Council of North Dakota has assessed the status of broadband in the state and worked to expand the availability of broadband. She said as a result of the initiative, the state currently ranks first in the country for high-speed fiber optic access to the home according to the United States Department of Agriculture Rural Development. She said the Information Technology Council of North Dakota will continue to monitor broadband access and affordability in the state. She suggested the committee consider making permanent the sales tax exemption for telecommunications infrastructure.

In response to a question from Senator Rust, Ms. Wiese provided information ([Appendix K](#)) regarding the state's sales tax exemption for telecommunications infrastructure and an assessment of the economic impact of taxation on communications infrastructure. She said the sales tax exemption is currently the state's only tax incentive for telecommunications infrastructure.

Internet Availability

Mr. David Crothers, Executive Vice President and General Manager, North Dakota Association of Telecommunications Cooperatives, presented information ([Appendix L](#)) regarding the status of Internet availability in rural North Dakota. He said North Dakota ranks seventh in the nation for fastest average peak connection speeds at 66.9 megabits per second (Mbps). He said 59.5 percent of North Dakota's population has access to a

fiber optic internet connection, which ranks sixth in the nation, based on a report from the Federal Communications Commission. He said Rhode Island has the highest percentage of fiber optic coverage at 97.9 percent. He said North Dakota ranks third in the nation for gigabit data transmission affordability after Vermont and Nevada.

In response to a question from Senator Rust, Mr. Crothers said the rural areas increase the average peak connection speeds in North Dakota because of the availability of fiber optic high speed access.

The committee received a copy of a letter ([Appendix M](#)) from the Secretary of State certifying that the information technology components of the electronic filing system are ready for implementation pursuant to 2015 House Bill No. 1330.

Chairman Owens said the next committee meeting is tentatively scheduled for Thursday, March 10, 2016, at the Information Technology Department building, 4201 Normandy Street, Bismarck.

No further business appearing, Chairman Owens adjourned the meeting at 2:20 p.m.

Adam Mathiak
Fiscal Analyst

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