

NORTH DAKOTA LEGISLATIVE MANAGEMENT

Minutes of the

INFORMATION TECHNOLOGY COMMITTEE

Wednesday, August 31, 2016
Harvest Room, State Capitol
Bismarck, North Dakota

Representative Mark S. Owens, Chairman, called the meeting to order at 9:00 a.m.

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

Members absent: Representatives Ben Koppelman and Christopher D. Olson; Senator Richard Marcellais

Others present: See [Appendix A](#)

It was moved by Senator Robinson, seconded by Representative Thoreson, and carried on a voice vote that the minutes of the June 21, 2016, meeting be approved as distributed.

REPORT FROM THE CHIEF INFORMATION OFFICER
Information Technology Department Updates

Mr. Mike Ressler, Chief Information Officer, Information Technology Department, presented information ([Appendix B](#)) regarding cybersecurity task force updates, the department's annual report, the department's plan to meet general fund budget reductions, and the status of a report on the recommendations for prioritizing large projects for the 2017-19 biennium. He said the cybersecurity task force is in the process of completing a report for the Governor's consideration related to recommendations for cybersecurity enhancements. He said the annual report provides information on the department's annual customer satisfaction survey, highlights of the department's activities, billing rates, and the department's financial statements. He said the department's 2015-17 biennium general fund budget decreased by \$1,827,842, or 6.55 percent, pursuant to Senate Bill No. 2379 as approved during the August 2016 special legislative session. He said the State Information Technology Advisory Committee's prioritization of large projects for the 2017-19 biennium will be emailed to the Information Technology Committee in October 2016 because state agencies have not yet completed their 2017-19 biennium budget requests.

In response to a question from Senator Davison, Mr. Ressler said the department added a broker fee to the billing rates relating to the department's cost of conducting vendor evaluations when state agencies procure cloud-based software applications from vendors.

In response to a question from Senator Rust, Mr. Ressler said the department's 2017-19 biennium total budget is not subject to the 10 percent reduction included in the Governor's budget guidelines because a large portion of the department's budget includes special funds. He said anticipated increases in staff and vendor costs limited the department's options to submit a reduced budget.

In response to a question from Senator Davison, Mr. Ressler said the Center for Distance Education is increasing user fees charged to schools to partially offset the general fund reductions for the program due to the allotment process.

Statewide Interoperable Radio Network Report

Mr. Duane Schell, Director, Network Services, Information Technology Department, presented information ([Appendix C](#)) regarding a statewide interoperable radio network study report. He said the results of the study included an inventory of the current system along with a comparison of various options to implement a new interoperable network. He said the study identified a hybrid VHF portable network as the most cost-effective solution to meet the needs of public safety personnel. He said the estimated cost to implement the hybrid VHF portable network is \$172.2 million with ongoing annual operating costs of approximately \$12.9 million. He said the study recommended implementing the interoperable network in phases over a 5-year period with approximately \$64 million of the \$172.2 million project costs anticipated in the 2017-19 biennium. He said the estimated cost to upgrade and replace the equipment of the current network is \$185 million.

In response to a question from Senator Schaible, Mr. Schell said approximately 50 percent of the equipment at the public safety answering points, 35 percent of the tower units, and 40 percent of the handheld radio units will need to be replaced in 2018 due to required upgrades.

In response to a question from Senator Robinson, Mr. Schell said the vendor, Televate, researched radio networks in other states as a part of the study but did not identify a model for North Dakota because of the unique nature of networks in each state.

In response to a question from Senator Schaible, Mr. Schell said the study recommended state funding sources provide 80 percent of the capital and operational costs while local funding sources provide the remaining 20 percent of the capital and operational costs.

Statewide Longitudinal Data System Committee Report

Mr. Tracy Korsmo, Program Manager, Enterprise Services Division, Information Technology Department, presented information ([Appendix D](#)) regarding the statewide longitudinal data system. He said the department continues to provide instructional support and security enhancements for the system. He said the education portal of the system now includes the ability to apply for scholarships and track scholarship eligibility. He said the Statewide Longitudinal Data System Committee recommended a bill draft to the interim Higher Education Committee to require schools to use approved course codes and to use eTranscripts for scholarship applications. He said future enhancements to the system include additional reporting capabilities for higher education and the ability to measure workforce program outcomes.

EDUCATION-RELATED INFORMATION TECHNOLOGY UPDATES

Higher Education

Mr. Darin King, Chief Information Officer, North Dakota University System, presented information ([Appendix E](#)) regarding higher education information technology activities. He said the University System is in the process of developing a plan to implement functional consolidation for certain information technology administration services and database management services. He said consolidating the email systems from each campus into a single system has been completed for all of the campuses except North Dakota State University and Valley City State University. He said the University System is planning a learning management system consolidation project. He said the University System anticipates renegotiating an existing contract with Blackboard to replace a variety learning management systems. He said the consolidation of learning management software is anticipated to result in cost savings and improved student and faculty user experiences.

In response to a question from Senator Davison, Mr. King said not all K-12 schools are currently using the same learning management software. He said consolidating the learning management software for K-12 schools could result in cost savings and improve the dual-credit process.

Elementary and Secondary Education

Ms. Jody French, Director, Educational Technology Council, Information Technology Department, presented information ([Appendix F](#)) regarding elementary and secondary education information technology activities. She said EduTech continues to manage PowerSchool application upgrades and to assist faculty and staff with the implementation of Microsoft Office 365 in schools. She said North Dakota enrollments in distance education for 2016 totaled 4,940. She said preliminary data for enrollments in 2017 indicate a slight increase compared to 2016.

LARGE INFORMATION TECHNOLOGY PROJECT REPORTING

Information Technology Department Updates

Mr. Justin Data, Program Manager, Enterprise Services Division, Information Technology Department, presented information ([Appendix G](#)) regarding the most recent quarterly summary status report on large information technology projects. He said all five of the information technology projects with budgets over \$5 million remained within the budget and schedule variances, which was the same status as the previous quarter.

Bank of North Dakota Project Updates

Mr. Joe Herslip, Chief Technology and Operations Officer, Bank of North Dakota, presented information ([Appendix H](#)) regarding schedule adjustments for the managed file transfer project. He said the workflow requirements of transferring financial data files securely are significantly more complex than initially anticipated. He said the project schedule is in the process of being revised, which may also impact the project budget. He said an estimated completion date has not yet been determined.

Department of Emergency Services Project Closeout Report

Mr. Mike Lynk, Director, Division of State Radio, Department of Emergency Services, presented information ([Appendix I](#)) regarding the closeout report for the statewide seamless base map project. He said the project created a database with detailed, seamless maps of the entire state to aid emergency service personnel with incident responses. He said new high-resolution imagery provides accuracy to within one foot or less. He said the project was completed in 59 months, which was 6 months behind schedule. He said the actual project cost was \$3,900,000, or \$27,957 less than the budget of \$3,927,957.

In response to a question from Chairman Owens, Mr. Lynk said the map images will need to be revised periodically to maintain accuracy. He said the department anticipates revising the images for one-third of the state each time an update is completed.

Department of Human Services Project Updates

Ms. Jennifer Witham, Director, Information Technology Services, Department of Human Services, presented information ([Appendix J](#)) regarding the status of the eligibility systems modernization project and an update on the progress to resolve system issues related to the Medicaid management information system project. She said the second phase of the eligibility systems modernization project is scheduled to be completed by October 31, 2016, but is progressing more slowly than planned. She said the department is in the process of developing alternate plans to maintain the project schedule. She said the primary care provider defects in the Medicaid management information system have been resolved. She said the department continues to resolve the issues related to recipient liability in the Medicaid management information system. She said the department is in the process of transferring call center services from Xerox to the department to more efficiently and effectively assist healthcare providers with questions about the Medicaid management information system.

Chairman Owens asked the Department of Human Services to continue to provide periodic email updates to the committee regarding the status of the two projects until December 2016.

SECURITY AUDIT REPORT

Mr. John Stiffler, Security Consultant, ManTech International Corporation, presented information ([Appendix K](#)) regarding the North Dakota information technology security audit vulnerability assessment and penetration testing report. He said the testing was conducted from January 2016 to March 2016 and included external and internal vulnerability assessments, a security infrastructure review, an incident response review, application vulnerability assessments, and penetration testing.

Mr. Stiffler provided the following summary of the findings:

Test	Findings
External and internal vulnerability assessments	The assessment tested 57 publicly accessible network segments and 127 internal network segments. Vulnerability findings were present for all risk levels (critical, high, medium, low). The findings were classified into two categories--patch management and configuration management.
Security infrastructure review	The test team evaluated the Information Technology Department's policies and procedures. The review identified no critical risk vulnerability findings, but did include high-, medium-, and low-risk vulnerability findings.
Incident response review	The test team evaluated an incident response exercise performed by the Information Technology Department staff. The review identified no critical- or low-risk vulnerability findings, but did include high- and medium-risk vulnerability findings.
Application vulnerability assessments	The North Dakota Workforce Safety and Insurance web application was tested. There were no critical- or high-risk vulnerability findings, but medium- and low-risk vulnerability findings were present.
Penetration testing	The test team executed multiple direct exploitation scenarios depicting an employee-based attack. The test team achieved direct system access under all scenarios.

Mr. Stiffler said the findings are typical with an enterprise system that is similar in size to the state of North Dakota. He said the recommendations include enforcing a structured patch management program, providing additional staff training, updating and enforcing policies and procedures, reviewing and updating all encryption, and implementing and enforcing policies and procedures for effective continuous network monitoring.

Mr. Ressler said the Information Technology Department concurs with the findings. He said maintaining network security is a high priority for the department. He said the department continues to review and enhance network security.

In response to a question from Senator Robinson, Mr. Dan Sipes, Director of Operations/Deputy Chief Information Officer, Information Technology Department, said the department is in the process of evaluating staffing

needs related to information technology security for the 2017-19 biennium. He said the department received authorization for an additional 4 full-time equivalent positions during the 2015 legislative session for information technology security.

It was moved by Senator Robinson, seconded by Representative Thoreson, and carried on a voice vote that the Chairman and the Legislative Council staff be requested to prepare a report and to present the report to the Legislative Management.

No further business appearing, Chairman Owens adjourned the committee sine die at 12:15 p.m.

Adam Mathiak
Fiscal Analyst

ATTACH:11