

NORTH DAKOTA LEGISLATIVE COUNCIL

Minutes of the

INFORMATION TECHNOLOGY COMMITTEE

Thursday, June 27, 2002
Harvest Room, State Capitol
Bismarck, North Dakota

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

Members present: Senators Larry J. Robinson, Randy A. Schobinger, Ken Solberg; Representatives Robert Huether, Keith Kempenich, Bob Skarphol; Chief Information Officer Curtis L. Wolfe

Member absent: Representative Robin Weisz

Others present: See attached appendix

It was moved by Senator Solberg, seconded by Representative Skarphol, and carried on a voice vote that the minutes of the March 28, 2002, meeting be approved as distributed.

REPORT FROM THE CHIEF INFORMATION OFFICER

Mr. Curtis L. Wolfe, Chief Information Officer, Information Technology Department, provided information on the department's activities, including information on the criminal justice information sharing initiative, a status report on the statewide information technology network, a status report on the implementation of the enterprise resource planning (ERP) system initiative, and information on recommended statutory changes. A copy of the information is on file in the Legislative Council office.

Mr. Wolfe said in regard to the criminal justice information sharing initiative, the firm MTG Consulting has completed the technical architecture, data standards, and implementation plan for the initiative. He said the implementation plan provides that common components of the initiative should be governed by the Criminal Justice Information Sharing Board and noncommon components should be governed and funded by the respective primary agency. He said for the 2001-03 biennium, related funding appropriated by the 2001 Legislative Assembly will be directed toward building a criminal justice information sharing infrastructure and implementing previously identified projects. He said one of the department's new employee positions authorized for the 2001-03 biennium, which was originally intended to be a cyber crime investigator, will be used for a criminal justice information sharing director. He said no new funding from the general fund will be requested for the initiative for the 2003-05 biennium; however, one-time general fund appropriations provided to related agencies in the 2001-03 biennium will be requested in a

special line item for the 2003-05 biennium. He said other possible funding sources for the initiative include fees from criminal history record checks and concealed weapons permits and fees collected from nonstate agencies for providing information technology hosting services.

In response to a question from Senator Solberg regarding a cost-benefit analysis for the criminal justice information sharing initiative, Mr. Wolfe said a business case for the initiative will be completed and available by the start of the 2003 Legislative Assembly.

In response to a question from Senator Solberg, Mr. Wolfe said the Attorney General's office was planning to use federal funding from the national criminal history improvement project (NCHIP) for a new state's attorney information technology system, but the state's attorneys decided to delay the new information technology system and allow the Attorney General's office to use the federal funding for building a new criminal justice information sharing infrastructure. He said the state's attorneys may request funding from the general fund in a future biennium to implement the new information technology system.

Chief Justice Gerald W. VandeWalle, Supreme Court, said the judicial branch supports the criminal justice information sharing initiative.

Ms. Sandi Tabor, Deputy Attorney General, Attorney General's office, commented on the criminal justice information sharing initiative. Ms. Tabor said the Attorney General's office supports the initiative and the state's attorneys voluntarily offered the federal funding from NCHIP originally planned to be used for a new information technology system to be used for the criminal justice information sharing infrastructure.

Mr. Wolfe said in regard to the status of the statewide information technology network, the Information Technology Department is promoting the use of fiber optic cabling to connect government and education offices within communities and the department anticipates connecting approximately 25 libraries to the statewide information technology network by the fall of 2002. He said the department's appeal for fiscal year 2002 e-rate reimbursement funding was denied and in response the department sent a request for

reconsideration of the decision to the Federal Communications Commission on April 29, 2002.

Mr. Wolfe said in regard to the ERP system initiative, the Information Technology Department signed contracts with PeopleSoft and Maximus for the purchase and implementation of an ERP system on April 18, 2002. He said the department is continuing to explore in-house and outsource data hosting options. He said the Governor has sent a letter to all state agencies encouraging them to eliminate redundant systems that can be replaced by the ERP system and to reengineer business processes. After an initial systems review, the department has determined that there are approximately 381 information technology systems in state government. Of the 381 systems, the department estimates that 136 will be directly impacted by the ERP system, 185 will not be impacted by the ERP system, and 60 should be further analyzed. He said the department will provide the committee with updated information regarding the impact of the ERP system on the state's information technology systems at the committee's next meeting and the department will prepare a detailed return on investment analysis for the ERP system initiative by the start of the 2003 Legislative Assembly.

In response to a question from Representative Skarphol regarding the review of information technology systems, Mr. Wolfe said the department will update the information on the impact of the ERP system on the state's information technology systems to include information as to why a system is not impacted by the ERP system.

Mr. Wolfe said the Information Technology Department recommends the following statutory changes:

- Borrowing authority - Amend subsection 4 of North Dakota Century Code (NDCC) Section 54-59-05 regarding the department's borrowing authority to add explicit language regarding implementation services to items that can be financed, to remove the three-year limit on financing term, and to remove any limit on the amount that can be financed.
- Information Technology Advisory Committee - Repeal NDCC Section 54-59-07 relating to the State Information Technology Advisory Committee.
- Information technology plans - Amend NDCC Section 54-59-11 relating to information technology plans to change the due date for the plans from March 15 of each even-numbered year to the time agency budget requests must be submitted to the Office of Management and Budget or July 15 of each even-numbered year, whichever occurs first.
- Outdated references - Amend NDCC Section 54-59-14 to remove the reference to central microfilm unit equipment and supplies.
- Security records - Create a new section of the North Dakota Century Code or amend an

existing section to exempt security and related records from the open records law.

- Administrative hearing exemption - Create a new section of the North Dakota Century Code or amend an existing section to grant the department an exemption from the administrative hearing process.
- Update reference - Amend NDCC Section 54-44.6-01 regarding forms management to replace the reference to the Office of Management and Budget with the Information Technology Department.
- Division of Independent Study update - Amend NDCC Chapter 15-19 regarding the Division of Independent Study to replace references to the State Board of Public School Education as the division's governing board with the Educational Technology Council and to incorporate other changes suggested by the Attorney General's office.
- Criminal justice information system governance - Create a new section of the North Dakota Century Code to codify the criminal justice information sharing governance structure and responsibilities.
- Criminal justice information system revolving fund - Create a new section of the North Dakota Century Code to establish a revolving fund for the criminal justice information sharing initiative and to provide that a portion of the fees collected from criminal history record checks and concealed weapons permits should be designated for criminal justice information sharing activities.
- Bureau of Criminal Investigation information - Amend NDCC Section 12-60-16.2 to give the Bureau of Criminal Investigation explicit authority to collect information relating to disposition reporting in any manner that provides a more efficient or accurate means of collection.
- Lengthen access to videoconferencing - Amend NDCC Section 49-21-01.1 to delete the language limiting the length of time that services can be provided to tenants of higher education technology parks or incubators and to allow "as available" use of the state's videoconferencing network to assist with economic development across the state.

It was moved by Representative Skarphol, seconded by Senator Solberg, and carried on a roll call vote that the Legislative Council staff be requested to work with the Information Technology Department to prepare bill drafts based upon the recommendations presented by the Chief Information Officer. Senators Robinson, Schobinger, and Solberg and Representatives Huether, Kempenich, and Skarphol voted "aye." No negative votes were cast.

Senator Solberg requested the Information Technology Department prepare information regarding the justifications for the suggested statutory changes and that the bill drafts be sent in advance of the next meeting.

Mr. Wolfe said the department would provide the information prior to the committee's next meeting.

ENTERPRISE RESOURCE PLANNING SYSTEM INITIATIVE

Ms. Pam Sharp, Deputy Director, Office of Management and Budget, provided an update on the status of the implementation of the ERP system. Ms. Sharp said the state has completed the initiation phase of the ERP project which includes establishing project standards and guidelines, establishing a project documentation repository, developing a project charter and a project plan, and conducting project team training, and has begun work on the design phase of the project which includes business process review analysis, fit sessions, and module prototyping. She said the state government project team will be conducting meetings with all state agencies during the summer of 2002 to explain the functionality of the ERP system and to determine agency needs.

STUDY OF THE TECHNOLOGICAL CAPACITY AND NEEDS OF THE STATE

Mr. Cordell Fontaine, Director, University of North Dakota Social Science Research Institute, presented information regarding the citizen and business information technology survey reports entitled *E-Government Services and Computer and Internet Use in North Dakota* and *North Dakota Business Use of Information Technology*. A copy of the reports is on file in the Legislative Council office.

Mr. Fontaine said the citizen information technology survey report entitled *E-Government Services and Computer and Internet Use in North Dakota* provides information regarding who in North Dakota does and does not use the Internet, the types and speeds of Internet connectivity in North Dakota, attitudes toward and behaviors in using computers and the Internet for various services, and how residents might use e-government services. He said the results of the survey were based on 801 random telephone interviews conducted from April 23, 2002, to May 8, 2002, with North Dakota residents age 18 or older. Of those, 400 comprise a random sample of urban residents and 401 represent a random sample of residents from rural areas. He said the survey indicates that older and poorer residents display lower use of computers and the Internet, residents are extremely sensitive to the privacy and security related to e-government applications, and residents prefer using advertising or charging the individuals who use electronic services to financially support e-government services.

Mr. Fontaine said the business information technology survey report entitled *North Dakota Business Use of Information Technology* provides information regarding the percentage of businesses that do and do not use computer applications and the Internet, the types and speeds of Internet connectivity, attitudes toward and behaviors in using computers and the Internet for various services, and how business may use e-government services. He said the results of the survey were based on telephone interviews of 875 North Dakota businesses stratified by employee size conducted from April 23, 2002, to May 17, 2002. The target business survey populations were defined as all private sector businesses with 100 or more employees and a random sample of businesses with 99 employees or less. He said the survey indicates that although computer and Internet use among North Dakota companies is at high overall levels, firm employee size and community location factors differentiate how or whether a company uses Internet technologies. For example, smaller companies located in communities of less than 3,000 display lower use of the Internet. He said the survey indicates that dial-up modems are the predominant Internet connection, and a majority of businesses are satisfied with their connection speeds and Internet providers. He said businesses are supportive of e-government services, but they are cautious with respect to trusting the government's handling of personal and financial information.

Mr. Fontaine said in conclusion the state should develop and market strategies to call attention to privacy and security standards that address citizens' and businesses' concerns, develop strategies to target groups using the Internet the least, and continue to measure Internet use in order to assess who does and does not use the Internet and why.

In response to a question from Representative Skarphol regarding an assessment of the state's e-government services, Mr. Fontaine said there was an open-ended question asked at the end of the survey, but there were no responses in regard to e-government services that citizens or businesses would be interested in using.

Mr. Wolfe presented information regarding the study of the technological capacity and needs of the state pursuant to House Concurrent Resolution No. 3057, including information on key trends impacting technology in the near future and the general impact of technology on state government. A copy of the information is on file in the Legislative Council office. He said trends in federal legislation relating to information technology include the Telecommunications Act of 1996 that established a national universal service fund and the 2002 farm bill that includes provisions to provide United States Department of Agriculture grants, loans, and loan guarantees at 4 percent, or market rate interest, to construct, improve, and acquire facilities and

equipment to provide broadband service to rural communities with less than 20,000 residents. He said regarding trends in state information technology network initiatives, the state of North Dakota is a leader with the deployment of the statewide information technology network. He said other emerging information technology issues are the identification of security and fraud and the addressing of privacy concerns. He said the department recommends, regarding the state's technological capacity and needs, that the state:

- Pursue establishing a state privacy officer.
- Continue to focus on e-government services.
- Monitor continued information technology infrastructure deployment by providers.
- Conduct citizen and business information technology surveys again in two years.
- Review the technological capacity and needs of the state during the next interim and if appropriate recommend legislation to the 2005 Legislative Assembly.

In response to a question from Senator Robinson and Representative Skarphol regarding an e-government initiative relating to the state's forms necessary for starting a new business in North Dakota, Mr. Wolfe said the department will explore options for establishing an e-government initiative relating to the required state forms for starting a new business and will prepare a cost estimate for presentation to the 2003 Legislative Assembly.

Senator Solberg requested information be provided to the committee regarding the universal service fund at the committee's next meeting.

Chairman Robinson asked the Legislative Council staff to prepare information regarding the universal service fund to be presented at the committee's next meeting.

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

OTHER INFORMATION

Ms. Jennifer Kunz, State Government Health Insurance Portability and Accountability Act (HIPAA) Coordinator, Information Technology Department, provided information regarding the status of state government HIPAA coordination. A copy of the information is on file in the Legislative Council office. Ms. Kunz said the purpose of the state government HIPAA coordination project is to ensure that the HIPAA compliance effort across state government is coordinated and achieved. She said the coordinated effort will help the state avoid redundant efforts and inefficiencies. She said the project schedule includes project planning to be completed from April 2002 through July 2002, agency assessments to be completed from June 2002 through August 2002, agency compliance planning and implementation to be completed from June 2002 through November 2003, communication and coordination to be

completed from June 2002 through November 2003, and project management to be completed from May 2002 through November 2003.

In response to a question from Senator Solberg, Ms. Kunz said the Department of Human Services has completed its assessment of the impact of HIPAA and is in the process of implementing the standards; however, it is necessary to evaluate the potential impact of HIPAA on all other state agencies.

In response to a question from Senator Solberg, Mr. Roger Hertz, Director, Division of Information Technology, Department of Human Services, said it is important for all agencies to reassess the potential impact of HIPAA.

In response to a question from Representative Skarphol, Ms. Kunz said the Public Employees Retirement System is an example of a state agency other than the Department of Human Services that may be impacted by HIPAA.

In response to a question from Senator Robinson regarding the Information Technology Department's new employee positions authorized for the 2001-03 biennium, Mr. Mike Ressler, Director of Operations, Information Technology Department, said all of the department's new positions authorized by the 2001 Legislative Assembly have been filled.

Mr. Dan Pullen, Director, Educational Technology Council, provided information regarding primary and secondary education information technology initiatives. A copy of the information is on file in the Legislative Council office. Mr. Pullen said the Educational Technology Council has developed the following policy statements:

1. Distance education systems will be in place to deliver a comprehensive curriculum to North Dakota students.
2. Increased professional development opportunities for North Dakota school staff will be offered and delivered through more efficient means.
3. Technology systems to enhance educational opportunities will be more efficient, effective, and coordinated on a statewide basis.
4. Policies will be maintained to sustain the stability and integrity of the educational technology systems.
5. North Dakota educational technology systems will continuously improve educational opportunities.

Mr. Pullen said primary and secondary education information technology initiatives include the merger of Center for Innovation in Instruction and SENDIT technology services into EduTech, the funding of six new video consortia and the expansion and enhancement of five existing video consortia with state funds from the Educational Technology Council and with federal funds from the Department of Public Instruction, the converting of courses to an on-line format by

the Division of Independent Study, and a virus protection project.

In response to a question from Senator Robinson, Mr. Pullen said the Educational Technology Council will complete a report in the fall of 2002 which will include information on all primary and secondary education information technology initiatives, results of a statewide needs assessment, and agency plans for the 2003-05 biennium. He said he would be available to present the report to the committee at its next meeting.

Mr. Grant Crawford, Chief Information Officer, North Dakota University System, provided information regarding higher education information technology initiatives. A copy of the information is on file in the Legislative Council office. Mr. Crawford said the North Dakota University System issued a request for proposals for an On-line Dakota Information Network (ODIN) library system replacement and has selected three finalists. He said the estimated cost of a replacement system is \$1,317,000, \$683,000 less than the previously reported estimate of \$2 million. He said of the \$1,317,000, \$900,000 will be funded from the ODIN libraries and \$417,000 will be requested from the 2003 Legislative Assembly. He said the North Dakota University System has used funding from the State Board of Higher Education's board initiatives line item to provide an expanded hours help desk. He said in regard to information technology planning, the North Dakota University System intends to develop an information technology plan that focuses on the State Board of Higher Education strategies and will be integrated into the statewide information technology plan. He said the North Dakota University System will also develop an information technology annual report.

Mr. Terry Traynor, Assistant Director, North Dakota Association of Counties, provided information regarding the coordination of information technology services between the state and political subdivisions, including information on the use of funding received from the 2001 Legislative Assembly. A copy of the information is on file in the Legislative Council office. Mr. Traynor said the Association of Counties has used the 2001-03 general fund appropriation of \$248,000 to provide partial support for the placement of four regional staff around the state to complement the staff in Bismarck and Fargo. He said the four regional staff are located in Stark, Williams, Ward, and Walsh Counties and each host county has committed to support at least half of the direct costs of the staff person.

At the request of Chairman Robinson, the Legislative Council staff distributed a copy of information prepared by the North Dakota League of Cities regarding the coordination of information technology services between the state and political subdivisions, a copy of which is on file in the Legislative Council office. Chairman Robinson said a representative of

the League of Cities was unable to be present at the meeting.

Mr. Tom Decker, Director, School District Finance and Organization, and Mr. Greg Gallagher, Director, School Improvement, Department of Public Instruction, provided information regarding the department's school improvement data system initiative. Mr. Decker said the department has issued a request for proposal for a school improvement data system to be used by school districts as a student information analysis tool. Mr. Gallagher said the state's share of funding from the No Child Left Behind Act may be a source of funding for the school improvement data system initiative.

Mr. Chris Kalash, Program Administrator, Department of Public Instruction, provided information regarding the Department of Public Instruction's pursuit of grant funds for projects relating to the use of technology in elementary and secondary education, pursuant to Section 10 of 2001 Senate Bill No. 2251. A copy of the information is on file in the Legislative Council office. Mr. Kalash said the department has continued to display grant information on its web site and to notify school districts each time the information is updated. He said the department has had conversations with the Intel Corporation regarding implementing Intel's Teach to the Future program in North Dakota. He said the department, in cooperation with the State Board for Vocational and Technical Education, has received from the Beaumont Foundation 10 information technology stations with wireless Toshiba laptops, digital projectors, digital cameras, and printers. He said the stations will be distributed to high-need school districts in the state through an application process.

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

Ms. Cheri Giesen, Information Technology Manager, Job Service North Dakota, provided information regarding the agency's implementation of the "one-stop" solution NDWORKS. A copy of the information is on file in the Legislative Council office. Ms. Giesen said the goal of the "one-stop" solution NDWORKS is to facilitate the "one-stop" initiative for employment services and the Workforce Investment Act. She said the project schedule was initially extended to July 2002 during the development phase of the project due to a change order requested by the department and the high degree of programming complexity of integrating two systems. She said the project schedule has once again been extended in order to ensure that adequate testing is performed on the new system.

Ms. Walz provided information regarding information technology plans and information technology

planning changes. A copy of the information is on file in the Legislative Council office. Ms. Walz said all but two of the state agency information technology plans were received by the department by the March 15 due date, and the remaining two were received by the department within a week of the due date. She said the plans are in the process of being reviewed by the department. She said the department is changing the general direction of information technology planning from a tactical focus to a strategic focus with willing adoption of best practices. She said the department's planning analysts have been reassigned to agencies based on agency size and agencies will be asked to tie information technology planning to business requirements. She said in an effort to increase accountability, the department plans on developing value measures and benchmarks for infrastructure components and will assist agencies in defining value measures for agency operations. She said in the area of project management, the department will emphasize the development of more formalized business cases and will conduct postproject reviews to document benefits achieved.

Ms. Jennifer Witham, Lead Planning and Research Analyst, Information Technology Department, provided information regarding statewide information technology standards and enterprise architecture. A copy of the information is on file in the Legislative Council office. Ms. Witham said the department has established statewide information technology standards, policies, and guidelines and information regarding specific standards, policies, and guidelines may be viewed on the department's web site. She said in regard to enterprise architecture, the concept has been defined as providing an overall plan for the integration of information and services at the design level across agency boundaries. She said enterprise architecture facilitates interdepartment information sharing and interoperability and does not specify standards for unique department requirements. She said the department has identified the following conceptual architecture principles that will define the future desired state of technical infrastructure:

- Optimize for the enterprise.
- Utilize standard technologies.
- Create customer-centric services.
- Ensure business continuity.
- Secure the enterprise.

In response to a question from Representative Skarphol, Ms. Witham said the use of smaller domain teams and the availability of an electronic bulletin board or "chat room" should assist with making state employees comfortable with expressing comments regarding the department's standards, policies, and guidelines.

Ms. Doris Ott, State Librarian, State Library, provided information regarding the delivery of library services by technology, including information on the location of each library in the state, a review of the

use of technology by libraries, and the opportunity for improving library services through the use of technology. A copy of the information is on file in the Legislative Council office. Ms. Ott said libraries are using technology to utilize on-line magazine, newspaper, and reference resources, utilize electronic books, establish a statewide virtual library catalog, assist with resource sharing among libraries, and perform day-to-day library functions such as checking in and out books, tracking overdue material, and recording fines. She said libraries will be expected to continue services to the state's senior citizens population, adapt to the needs of Generation Y (ages 10 through 17), and be the center of the educational process.

COMMITTEE DISCUSSION AND STAFF DIRECTIVES

Mr. Wolfe asked the committee for further guidance in regard to the committee's study on the technological capacity and needs of the state.

Senator Solberg said all the information presented regarding the study will be summarized and included in the committee's report to the Legislative Council.

In response to a question from Representative Skarphol regarding the equipment line item, Mr. Jim W. Smith, Legislative Budget Analyst and Auditor, said the Office of Management and Budget with approval from the Budget Section has changed the method of budgeting for equipment to coincide with the new guidelines on governmental financial reporting. The changes include the moving of equipment under \$5,000 from the equipment line item to the operating line item and the establishment of a new capital assets line item to replace the capital improvements and equipment line item and include all equipment over \$5,000, land and buildings, and other capital payments.

In response to a question from Representative Skarphol regarding the number of libraries to be connected to the statewide information technology network, Mr. Wolfe said the estimated number of libraries to be connected to the statewide information technology network may seem lower than anticipated due to library concerns regarding Internet filtering. He said the department has been working with the State Library to communicate with libraries the benefits of the connection to the statewide information technology network.

Senator Solberg requested that a representative of the judicial branch be invited to the committee's next meeting to provide information regarding the status of judicial branch information technology initiatives, specifically the enhanced records management and data storage initiative.

Mr. Wolfe suggested inviting a representative of the State Board for Vocational and Technical Education and a representative of ExploreNet to the committee's next meeting to provide a report on the funding

appropriated by the 2001 Legislative Assembly for information technology technical education.

Representative Skarphol suggested that the committee consider inviting Mr. Duane Henrickson, an information technology industry expert, to the committee's next meeting to provide information on information technology initiatives.

Vice Chairman Huether said the committee's next scheduled meeting will be on Tuesday, September 10, 2002. The meeting was adjourned subject to the call of the chair at 4:00 p.m.

Roxanne Woeste
Fiscal Analyst

Jim W. Smith
Legislative Budget Analyst and Auditor

ATTACH:1