MINUTES

MONTANA HOUSE OF REPRESENTATIVES
58th LEGISLATURE - REGULAR SESSION

JOINT APPROPRIATIONS SUBCOMMITTEE ON GENERAL GOVERNMENT AND
TRANSPORTATION

Call to Order: By **VICE CHAIRMAN RICK LAIBLE**, on January 15, 2003
at 8 A.M., in Room 317-B Capitol.

ROLL CALL

Members Present:
Sen. Rick Laible, Vice Chairman (R)
Sen. Gregory D. Barkus (R)
Sen. Mike Cooney (D)
Rep. Monica Lindeen (D)
Rep. John Sinrud (R)

Members Excused: Rep. John Brueggeman, Chairman (R)

Members Absent: None.

Staff Present: Matt Bugni, OBPP
Greg DeWitt, Legislative Branch
Amy Sassano, OBPP
Misty Shea, Committee Secretary

Please Note: These are summary minutes. Testimony and
discussion are paraphrased and condensed.
Tape stamps indicate information that is found
below.

Committee Business Summary:
Hearing(s) & Date(s) Posted: Department of Administration
Information Technology
Services Division (ITSD),
1/15/2003
Executive Action: None

{Tape: 1; Side: A; Approx. Time Counter: 0 - 14}

The committee began with **SEN. BARKUS** distributing five handouts
of information obtained from Senate Finance Committee Members
that should be helpful in getting through the budget process in
general. There is a letter to SEN. KEENAN from Clayton Schenck of
the Legislative Branch, a budget level map for future reference,
and four prior sessions and bienniums new proposals that were
funded at those times. These are to be used as tools to help the
committee better analyze the current situations in the agencies
they will be reviewing. **REP. SINRUD** asked if the budget level map
represents the base for 2000. **Greg DeWitt, LFD** answered that it
was the 2002 base. A clarification was made that the committee
was to look at the executive budget to see what the impact is and
possibly where funding can be allocated from. **SEN. LAIBLE**
encouraged the committee to look at the past and direct questions
to the agencies based on that information.

EXHIBIT(jgh08a01)
EXHIBIT(jgh08a02)
EXHIBIT(jgh08a03)
EXHIBIT(jgh08a04)
EXHIBIT(jgh08a05)

{Tape: 1; Side: A; Approx. Time Counter: 14 - 22.7}

Brian Wolf, Chief Information Officer for the State of Montana,
stepped forward to discuss the Information Technology Services
Division(ITSD) and their budget which is a proprietary fund. **Mr.
Wolf** let the committee know that the agency was willing to go
into as much detail as possible in regard to what they do and
their rates to better help the committee make informed decisions
on their requests. **Mr. Wolf** provided the committee with
information on his background and an overview of the current IT
environment. The state expenditures are about $5 billion while
out of that IT is about $125 million or 2%. A handout was given
and **Mr. Wolf** told the committee that several of the IT numbers
include the University System and some do not. SABHRS the state
accounting system was used for the data. **Mr. Wolf** named personal
services, contracted services, hardware, telecommunications,
software, training, and miscellaneous as areas where people are
incurring IT related expense. **Mr. Wolf** added that the ITSD budget
is cost recovered and their recovery is built inside the rates
for ITSD. The University System is the largest user of ITSD

services, then the Department of Public Health and Human
Services, and so on.

The state of Montana and its universities are partnered on a
combined voice network with a shared cost relative to the
telecommunication circuits that make that happen. The state
network is called SummitNet. The voice, video, and data model are
not owned by the state, they are leased from the private sector
from a number of different carriers. The state does however own
the equipment at the end of the lines. All state agencies, and
some K-12 units use SummitNetII as a shared network. **REP. SINRUD**
asked Mr. Wolf if AT&T, Sprint, and Quest phone lines were being
used by the ITSD. **Mr. Wolf** responded that the primary ITSD
provider is Quest, with Sprint now being the long-distance
provider where it used to be AT&T. He also said some amount of
transport is done by Touch America. **Mr. Wolf** went on to explain
the complex process that began a year ago to move technology to a
new framework. He gave examples of what the technology is used
for by universities such as data delivery between campuses and
distance learning.

EXHIBIT(jgh08a06)
EXHIBIT(jgh08a07)

{Tape: 1; Side: A; Approx. Time Counter: 22.7 - 30}

Mr. Wolf began an explanation of Geographic Information
Services(GIS)technology. This data infrastructure is useful for
land ownership, transportation, economic and environmental
purposes. The federal government is looking to work with states
to build this technology. **SEN. BARKUS** wanted to know in the IT
expenditures for state agencies, where was K-12. **Mr. Wolf**
answered that they were not on their model. He then introduced
his Deputy CIO for Operations, Tony Herbert and the Central
Services Manager, Doug Volesky. **Tony Herbert** answered that the
Office of Public Instruction as a state agency is accounted for
in the state accounting system while other local school districts
are not. They have their own accounting systems.

Mr. Wolf referred the committee to SB 405 of the 2001 legislative
session as a resource to understand electronic government service
applications in the State of Montana. Acceptance of these
services has been by people who want professional online
licensing for an example. Enterprise computing was briefly
explained by Mr. Wolf and he said there are 708 non-PC related
servers in state government with 134 of them managed by ITSD. The

others are managed by other agencies as are many network
locations. There are about 1,100 desktop devices and over 100
vendors supplying IT computer and telecommunications hardware and
software. The annual budget for fiscal year 2004 is projected at
$30,330,000 for the Information Technology Services Division
which includes 178.5 FTE. They also have a general fund
appropriation that supports the 9-1-1 program which he explained.
SEN. COONEY initiated a discussion concerning the Jan. 7, 2003
action of going back to the 2000 base and the numbers.

{Tape: 2; Side: A; Approx. Time Counter: 1 - 10}

Greg DeWitt, LFD explained to the committee the breakdown of DOA
appropriations, recoveries, and rates. **REP. SINRUD** commented on
his understanding of services provided to agencies by DOA and
those charges and **Mr. DeWitt** further clarified. **SEN. COONEY**
joined the discussion and added his comments concerning the
General Fund base while still asking where is it at now. **Director
Darkenwald** answered that what the DOA has done is actually
identified funding hits in a handout, their biggest being from
the executive budget proposal, it was almost $700,000 from
commerce reorganization in 2001. **Director Darkenwald** also stated
that the DOA has looked at where cuts would have to be made if
the resource money is not available. **SEN. LAIBLE** redirected the
committee to focus on an in-depth agency review as they may get
into more detail later. Final comments were made on the projected
budget by committee members, the LFD, and DOA staff.

{Tape: 2; Side: A; Approx. Time Counter: 10- 15}

Brian Wolf continued explaining the ITSD structure and services
(Reference Pages 8-12 of Exhibit 6).

{Tape: 2; Side: A; Approx. Time Counter: 15 - 30}

Brian Wolf explained the components of central computing:
mainframe utilization, applications, telecommunications,
internet, usage trends, and costs. He then began the new
proposals(NP)section of the presentation beginning with project
management support and stated that some of the NPs are rate
based. A discussion followed relating to this proposals, goals,
challenges, limitations, and complexities. **REP. LINDEEN** asked
that **Mr. Wolf** tell the job description of his deputy CIO, which
he did. **Director Darkenwald** addressed committee questions
concerning SB 131 of the 2001 legislature, management, and the
issue of POINTS(Reference Pages 12-15 of Exhibit 6).

{Tape: 2; Side: B; Approx. Time Counter: 2 - 10}

REP. LINDEEN in agreement with Director Darkenwald spoke her thoughts on technology contracts from last session, and she said they need to be given a chance to work. **Brian Wolf** and **SEN. BARKUS** discussed the Department of Transportation's $8.0 million NP and the DOA's role in overseeing its success. **Mr. Wolf** clarified that all IT contracts, projects, and work orders above $50,000 come to him. He emphasized collaboration is the goal. The exceptions, exclusions, and exemptions inside of SB 131 were conveyed. **Director Darkenwald** spoke on Brian Wolf's responsibilities.

{Tape: 2; Side: B; Approx. Time Counter: 10 - 20}

Brian Wolf referred back to Exhibit 6 and introduced the New Proposals: computer security specialist, training coordinator, GIS statewide roadway centerline, and public safety communications which he detailed (Reference Pages 16-20). **SEN. COONEY** voiced his own concerns about improving the lacking public safety communication within the state. **Mr. Wolf** agreed as it is the intention of the related NP which he deemed as money well spent due to Montana's mountainous terrain that makes a need for integrated GIS technologies.

{Tape: 2; Side: B; Approx. Time Counter: 20 - 32}

Brian Wolf went into some detail on rates, including desktop services and telecommunication equipment. He explained increased costs and said that ITSD rates are determined upon an estimate of cost and estimated devices. **Mr. Wolf** fully detailed the oracle enterprise licensing. Oracle is the state's standard for database applications. **SEN. BARKUS** and **Mr. Wolf** engaged in a hypothetical discussion of cutting IT services across the board and what would happen to the rates. **Greg DeWitt, LFD** added his comments as well. **Mr. Wolf** began explaining the ITSD rates business model; it's review and methodology, what it includes, and how it works. He also spoke on working capital projections and his dual role as ITSD Manager and State CIO (Reference Pages 21-23 of Exhibit 6).

{Tape: 3; Side: A; Approx. Time Counter: 0 - 14}

Brian Wolf, SEN. COONEY, and **Tony Herbert** discussed mainframe computer systems. **Mr. Wolf** proceeded talking about rates: desktop services, reductions, telephone equipment, cost recovery, and long distance. Currently, ITSD has negotiated the best cost contract with Sprint as its complete telephone service provider, and it was explained how the costs are incurred. **REP. LINDEEN** and **Tony Herbert** discussed the maintenance of SummitNet, the state's data communication network. **REP. SINRUD** and **Brian Wolf** had a discussion on the cost of long distance to businesses as opposed to individuals as there are many complex pieces within networked entities. **Mr. Wolf** commented that the integrated network system from a management perspective is not as high a cost as it could be due to the infrastructure being quite a number of years old. In the future dependant on where technology goes, integration and costs will be higher (Reference Pages 24-29 of Exhibit 6).

{Tape: 3; Side: A; Approx. Time Counter: 14 - 22.5}

SEN. LAIBLE and **Tony Herbert** discussed rate coverage, ITSD account expenses, and working capital. **Brian Wolf** commented that the ITSD has not sought to change rates in the interims, then he went into discussing LAN administration, and rates by service (Reference Page 27 of Exhibit 6). **Mr. Wolf** also provided the committee with background information on SABHRS and its utilization.

{Tape: 3; Side: A; Approx. Time Counter: 22.5 - 28}

Mr. Wolf stated that what the ITSD is seeking is the ability to continue to charge its various rates to maintain the 45-day working capital and he further explained. **REP. LINDEEN** and **Brian Wolf** discussed the ITSD auditing software, possible IT consolidation, central processing, and strategic planning.

{Tape: 3; Side: B; Approx. Time Counter: 0 - 9}

Brian Wolf addressed the 9-1-1 and 5-1-1 systems, their origin, cost, and responsibilities. **SEN. LAIBLE** asked about the Megan law and if the ITSD is involved even though it is under the Department of Justice. **Mr. Wolf** answered that they are not, at least at this time. **SEN. LAIBLE** asked **Brian Wolf** about the National Highway Transportation Safety Administration(NHTSA)

providing funding to the Department of Transportation, who in turn, as **Mr. Wolf** said gave some funds to the Montana Highway Patrol. The agreed upon intention was to help fund two-way communication needs as they are so important to public safety coordination. **Mr. Wolf** added that the NHTSA funding will not be on-going so ITSD has built a request for federal appropriations (carried by SEN. BURNS) to keep the objective going as requests from the General Fund have since been a challenge. **Greg DeWitt, LFD,** added that the ITSD has asked for this before in the past two bienniums and has not been approved for it. **SEN. LAIBLE** had questions regarding the GIS roadway centerline and **Tony Herbert** provided more detail on the database project which the DOT, cities, and counties are also involved in. **Mr. Herbert** described the transportation layer of GIS as being the highest priority for Montana to work on finding a solution for. He also said the time-line is over a four-year period.

{Tape: 3; Side: B; Approx. Time Counter: 9 - 14}

SEN. BARKUS and **Mr. Wolf** discussed the ITSD rate-setting methodology and how it should include anticipated new program costs and controls down the road. **Mr. Wolf** stated that he is very fearful of the current way IT models are built, which he detailed. **Director Darkenwald** added his comments about how to instill confidence in the legislature to fund IT even after frustration from past failures.

{Tape: 3; Side: B; Approx. Time Counter: 14 - 30}

SEN. BARKUS and **Amy Sassano, OBPP** addressed the subject of having IT representatives in subcommittees. **SEN. BARKUS** and **Brian Wolf** talked about the state CIO's lacking access to the university system: technology, information, issues, and people. **Mr. Wolf** shared the outcome of conversations he has had with CIO's from two of the universities. **SEN. BARKUS** expressed interest in obtaining more IT information relative to education. The committee and staff in agreement with this discussed at length their options pertaining to dealing with overlapping areas of concern with other subcommittees.

{Tape: 4; Side: A; Approx. Time Counter: 0 - 14}

Brian Wolf continued speaking on moving forward with ITSD. He
stated that he has both support and nonsupport from a number of
people in the agencies. He outlined the fundamentals of
completing the gaps and IT planning. **SEN. BARKUS** suggested that
the committee go to their colleagues and ask them to review the
IT report so they can address the issue in respect to their
committee's agenda. **Director Darkenwald** added commentary on Mr.
Wolf's position and some misconceptions about his authority. **SEN.
COONEY** asked, "since agencies have their own IT people, is
anything underway to bring them together to exchange ideas?" **Mr.
Wolf** answered that they do have several formalized forums which
he detailed. **SEN. COONEY** commented on leadership. **Director
Darkenwald** made final comments with respect to the DOA budget and
in response to a previous question from SEN. BARKUS.

EXHIBIT(jgh08a08)

ADJOURNMENT

Adjournment: 11:05 A.M.

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REP. JOHN BRUEGGEMAN, Chairman

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MISTY SHEA, Secretary

JB/MS

EXHIBIT(jgh08aad)