

Testimony
Engrossed Senate Bill 2012 – Department of Human Services
House Appropriations – Human Resources Division
Representative Pollert, Chairman
March 5, 2015

Chairman Pollert, and members of the House Appropriations Committee – Human Resources Division, I am Jenny Witham, Information Technology Services Director for the Department of Human Services (Department). I am here today to provide you an overview of the Information Technology Services area of the budget.

Overview of the Division

The Department's Information Technology Services Division (ITS) is responsible for information technology strategic planning; business analysis; system security; project management; procurement; oversight of software development and maintenance; technology standards and policy enforcement; decision support services; claims processing; electronic health record incentive payment determination; desktop support; electronic document management support; and e-learning and data entry services.

ITS provides technology services to support the business needs of the central office divisions, the eight human service centers, the State Hospital, the Life Skills and Transition Center, and the county social service boards across North Dakota.

Overview of Budget Changes

Description	2013-2015 Budget	Increase / (Decrease)	2015-2017 Executive Budget	Senate Changes	2015-2017 Budget To House
Salary and Wages	13,057,617	1,503,337	14,560,954	(230,009)	14,330,945
Operating	63,904,653	24,304,733	88,209,386	0	88,209,386
Capital Assets	26,000	0	26,000	0	26,000
Capital Construction	77,151,465	(16,279,196)	60,872,269	(60,872,269)	0
Total	154,139,735	9,528,874	163,668,609	(61,102,278)	102,566,331
General Fund	43,391,633	11,803,175	55,194,808	(14,164,674)	41,030,134
Federal Funds	107,348,547	(196,655)	107,151,892	(46,035,091)	61,116,801
Other Funds	3,399,555	(2,077,646)	1,321,909	(902,513)	419,396
Total	154,139,735	9,528,874	163,668,609	(61,102,278)	102,566,331
Full Time Equivalent (FTE)	81.5	0.0	81.5	0.0	81.5

Budget Changes from Current Budget to the Executive Budget:

The Salary and Wages line item increased by \$1,503,337 and can be attributed to the following:

- \$1,060,206 in total funds, of which \$652,143 is general fund, needed to fund the Governor's compensation package.
- \$226,512 in total funds, of which \$132,471 is general fund, needed to continue the employee increases approved by the last Legislative Assembly.
- Increase of \$334,356 in Temporary Salaries to maintain the levels of overtime and manage the workload in data entry, administrative support, desktop support, and eligibility system support service areas.
- The remaining decrease of \$117,737 is a combination of increases and decreases needed to sustain the salary of the 81.50 FTEs in this area of the budget.

The Operating line item increased by \$24,304,733 and is mainly attributed to the following:

- IT – Data Processing increased \$2,921,472, the change is mainly attributable to the following:
 - \$2,959,701 increase due to Information Technology Department rate changes.
 - \$1,087,009 increase in dedicated server application hosting usage for the Eligibility System Modernization Project contingency system; disaster recovery for all existing non-mainframe based Department applications; and additional services to support the MMIS Health Enterprise, Decision Support and Electronic Data Exchange systems.
 - \$1,028,871 increase for increased utilization of electronic data storage.
 - \$449,411 increase for system administrators related to the MMIS Health Enterprise System.
 - \$810,000 decrease for one-time funding for analyzing the migration of the remaining Department systems from the current mainframe environment. One mainframe system was replaced by the Workforce Time and Attendance system which was implemented in April 2014. Due to other project priorities, we were unable to dedicate staff to analyze the remaining systems.
 - \$560,000 decrease for the completion of the time and attendance project used by all Department staff to track their hours and electronic nurse scheduling system project used by the institutions.
 - \$300,000 decrease, which is all federal funds, due to the ending of a special federal grant that was used to enhance

the NDVerify system. The NDVerify system is used by eligibility workers to verify information during the application for Medicaid, SNAP, TANF, or Child Care benefits.

- \$1,642,168 decrease due to a decrease of \$1,990,389 in Central Processing Unit (CPU) usage for Children and Family Services and Economic Assistance policy divisions due to transitioning the processing for reporting to a non-mainframe environment offset by an increase of \$348,221 in processing at the Institutions.
- \$186,131 increase in Rental/Leases due to ITS employees relocating to different office space. This relocation allowed ITS employees to be located in the same area which will enhance efficiencies and provide better customer service.
- IT Contractual Services increase of \$23,342,284; the change is mainly attributable to an increase of \$23,325,383 for post-production support of the MMIS Health Enterprise System.
- \$41,192 increase in Professional Development. The investment in technical staff development is critical as the Department moves from legacy systems to state-of-the-art information systems. The focus of the professional development includes the following key areas:
 - increase in business analyst training \$9,000;
 - business intelligence training \$13,000;
 - targeted IBM training conferences \$8,000;
 - National Human Service Data Conference \$3,000.
- Supplies-IT Software decreased \$2,149,716; the change is mainly attributable to the following:
 - \$2,500,000 decrease in supplies-IT software for the removal of one-time funding for the Electronic Health Records project.

- Increase of \$359,900 for Quality Management Software for the Developmental Disabilities division to monitor compliance, perform integrity audits and for compliance reporting to the Centers for Medicare and Medicaid Services.

Capital Construction Carryover had a decrease of \$16,279,196 in total funds, which is made up of the following:

- \$77,151,465 decrease, of which \$11,479,964 is general fund, for the Medicaid Systems and related Projects, Eligibility System Modernization Project, and Vocational Rehabilitation System. However, Sections 4 and 5 of 2015 SB 2012 provides that any unexpended funds be made available for the completion of the Medicaid Systems and related Projects and the Eligibility System Modernization Project.
- \$60,872,269 increase of which \$14,012,167 is general fund for the completion of the Eligibility System Modernization Project.

The general fund request increased \$11,803,175 due to \$11,511,670, or 98%, related to increases for the Eligibility System Modernization project, post-production support of the MMIS Health Enterprise System, IT-Data Processing costs, offset by a decrease in the capital construction carryover for various large IT projects. The remaining increase of \$291,505, or 2%, is related to other salary and operating changes for the Information Technology Services area.

The other funds decreased \$2,077,646 with \$1,317,405 of the decrease, or 63%, related to the services the counties were previously responsible to pay for, specifically the Vision and TECS system costs. The remaining \$760,241 in other funds as well as the \$196,655 decrease in federal

funds is mainly attributable to the removal of one-time projects and capital construction carryover.

Senate Changes:

\$230,009 in total funds, of which \$152,507 is general fund to decrease the Governor's compensation package to reflect a change in the state employee performance increase from 3% - 5% to 2% - 4%, remove market policy point equity increase, and to remove the 1% retirement contribution.

\$60,872,269, in total funds, of which \$14,012,167 is general fund to remove funding for the Eligibility System Modernization Project from SB2012 because it has been appropriated in SB2177.

This concludes my testimony on the 2015–2017 budget request for the Information Technology Services Division of the Department. I would be happy to answer any questions.