



Technology Enterprise Fund Report

February 1, 2003

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<http://www.ot.state.mn.us/reports/index.html>

Laws of Minnesota 2001:

First Special Session, Chapter 10, Article 1, Section 12, Subd. 3
First Special Session, Chapter 10, Article 2, Section 48, Subd. 1 and 2

Laws of Minnesota 2002:

Regular Session, Chapter 220, Article 10, Section 10, Subd. 3

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The 2001 Legislature created the Technology Enterprise Fund (TEF) at the Office of Technology (OT). This progress report summarizes the Technology Enterprise Fund activities in 2002, allocation and funding transfers during calendar year 2002, and benefits of the initiative.

Purpose

The purpose of the Technology Enterprise initiative is to provide funding and guidance around government technology projects that promote cooperation, innovation, and shared use of technology and technology standards, and electronic government services. The legislature earmarked the majority of the funds for specific purposes, and the use of the remaining funds was left for determination by the Technology Enterprise Board (TEB) to align with the mission of the initiative.

2002 Activities & Highlights

- Members were appointed based on statute, knowledge, and expertise regarding business, information technology and telecommunications.
- Seven board meetings were held following the appointment of the board. Included was a full-day facilitated meeting to set the direction, goals, objectives, and expectations of the Board. In addition, numerous committee meetings have been held working on specific issues, such as the Connecting Minnesota project, and TEF Grant Application Evaluation.
- The board provided feedback to the State that has been instrumental in developing strategy on various high level projects. TEB has also been the catalyst that brought together major players in the private sector, particularly the telecommunications industry, now all desiring a collaborative relationship with the State of Minnesota.
- The Board took a highly volatile project, Connecting Minnesota, and turned it around by recommending the state owned fiber get bundled and sold to telecommunications vendors. The board was able to take advantage of the knowledge that its members possess regarding telecommunications and formulate a solution and contract that is now being implemented.

2002 Funding Activity

Six projects were submitted to the board for grant consideration and based upon criteria determined by the TEB, grants were awarded to two state projects, Minnesota GeoIntegrator Project (\$117,500), and North Star Portal (\$84,317.) The Technology Enterprise Fund also managed funds for Small Agency Infrastructure, Income Tax Re-Engineering/ Department of Revenue, and Capital Area Architecture and Planning Board.

Initiative Benefits

Benefits of the Technology Enterprise Fund and Board include:

- Statewide leadership in identifying strategic technical architectural direction and providing managerial and technical advice.
- A strong positive incentive for agency collaboration and for institutionalizing standards thereby reducing the cost of delivering services.
- Projects funded through TEF will be aligned to build shared technology infrastructures that enable economies of scale to be developed.
- Technology Analysts, funded by TEF, provide a great value to the state by offering consulting expertise to agencies, particularly small agencies that don't typically have such resources available to them.



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Governing/ Appropriation Language:

Laws of Minnesota 2001, 1st Special Session, Chapter 10, Article 1, Section 12, Subd. 3:

\$9,400,000 is for deposit in the technology enterprise fund. From this amount, the commissioner may spend up to \$864,000 for Technology Analysts (TA) in the office of technology, up to \$1,489,000 for small agency infrastructure, up to \$5,400,000 for completion of the income tax re-engineering costs, up to \$1,200,000 for new income tax re-engineering costs, and up to \$40,000 for the local area network at the capital area architectural and planning board.

Laws of Minnesota 2001, Chapter 10, Article 2, Section 48, Subd. 1 and 2:

A technology enterprise fund is established. Money deposited in the fund is appropriated to the commissioner of administration for the purpose of funding technology projects among government entities that promote cooperation, innovation, and shared use of technology and technology standards, and electronic government services. Savings generated by information technology and communications projects may be deposited in the fund upon agreement by the commissioner of administration and the executive of the government entity generating the funds. The transfer of funds between state agencies is subject to the approval of the commissioner of finance. The commissioner of finance shall notify the chairs of the committees funding the affected state agencies of the transfers. Funds are available until June 30, 2005.

A technology enterprise board is established to advise the state chief information officer, the office of technology, the governor, the executive branch, and the legislature regarding information technology funding and expenditures from the technology enterprise fund. The board shall consist of 18 members representing public and private entities with general expertise in information technology and telecommunications initiatives and planning. The state chief information officer shall act as chair and the office of technology shall provide necessary staff support. Nonlegislator members shall be appointed by the governor, including one nominee representing the supreme court, and one nominee representing the higher education advisory council; and seven at large members representing the private sector with experience in business. The speaker of the house of representatives and the senate subcommittee on committees shall each appoint two legislators to the board. Legislator members serve at the pleasure of the appointing authority. Membership terms, compensation, and removal of nonlegislator board members are governed by section 15.059, except that terms are three years and the board expires June 30, 2005.



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2002 was an eventful year for the Technology Enterprise Board:

- Seven board meetings were held following the appointment of the board in 2001. Included was a full-day facilitated meeting to set the direction, goals, objectives, and expectations of the Board. In addition, numerous committee meetings have been held working on specific issues, such as the Connecting Minnesota project, and TEF Grant Application Evaluation.
- The board provided feedback to the State that has been instrumental in developing strategy on various high level projects. TEB has also been the catalyst that brought together major players in the private sector, particularly the telecommunications industry, now all desiring a collaborative relationship with the State of Minnesota.
- The Board took a highly volatile project, Connecting Minnesota, and turned it around by recommending the state owned fiber get bundled and sold to telecommunications vendors. The board was able to take advantage of the knowledge that its members possess regarding telecommunications and formulate a solution and contract that is now being implemented.

FY 2002/2003 Appropriation Amounts (available thru June 30, 2005) and Reductions due to Legislative Actions

Technology Enterprise Fund Initial Funding	\$9,400,000.00
Reductions (Laws 2002, Chapter 220, Art. 10, Sect. 10, Subd. 3):	
Funds Re-appropriated	\$200,000.00
Salary Savings of TA Positions (half year salary expenditures)	\$176,000.00
Salary of two TA Positions (did not hire two budgeted TA's)	\$216,000.00

Currently Funded Projects

Funds are being distributed to agencies according to statute – Chapter 10, Article 1, Section 12, Subd.3. Additionally, agencies were required to address Project Management Office (PMO) and Strategic Information Resource Management (SIRMP) criteria. Agencies that benefit from the Technology Enterprise Fund have been asked to document their technical strategic direction, identifying requirements and projects that compliment that direction. Project management methodology is then applied to the specific engagements, depending on project scope and agency resources. In contract situations, the more specific project details and planning that can be provided “upfront” gives the agency a better chance of a successful completion of the engagement.

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Funding Criteria for Future Projects

The fund is managed through the Technology Enterprise Board, which is comprised of both public and private sector members. The board has in place specific funding criteria that agencies/projects must meet to qualify for grant money from the TEF. Two grants have been distributed; 1) North Star Portal Project by the Office of Technology received \$84,317.00, and 2) GeoIntegrator Project by Minnesota Planning received \$117,500.00.

Projects must:

- Support Electronic Government Services (EGS) and Collaboration Components,
- Support enterprise development/ architecture,
- Have proven benefits to Minnesota's general populace. Examples are: cost savings, improved convenience in accessing information, improved productivity of government, public expenditures are minimized, greater innovation, etc.,
- Provide agency funding for 50% of the project if the agency has 50 or more employees, and 25% of the project if the agency has fewer than 50 employees,
- Be identified in the agency Strategic Information Resource Management Plan (SIRMP),
- Be in alignment with the Statewide Project Management Office Methodology and Guidelines.

A full description of TEF funding criteria is available on TEB's website www.ot.state.mn.us/teb.

The appropriation language for the Technology Enterprise Fund (TEF) provided funding to other agencies for various needs. For example, funding was provided to the Department of Revenue for income tax reengineering costs, to several small agencies to cover technology infrastructure costs, and to the Capitol Area Architectural and Planning Board (CAAPB) for their local area network costs (LAN.) Monies for those designated purposes are transferred to the recipient agencies by appropriation transfers, except in the case of the CAAPB. The Office of Technology pays the CAAPB LAN costs directly from the TEF.

Funding transfers are aligned with the payment management phased release process to insure accountability for project deliverables, to mitigate risk and manage scope.

A portion of the TEF was also designated for Technology Analyst (TA) positions within the Office of Technology (OT). Although \$864,000 was designated for the Technology Analysts, \$392,000 was reclaimed to adjust for the state's budget shortfall leaving \$472,000 for TA salaries. No appropriation transfer is required here as these salary and related costs are simply processed directly from the TEF within OT.



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FY 2002-2003 Transfer & Payment Activity As of February 1, 2003 (Note: Funds are available until June 30, 2005)

Project descriptions are on pages 8 and 9.

Payments:

Capital Area Architecture & Planning Board	X	22,569	17,431	40,000
Office of Technology – TA’s	X	285,660	186,340	472,000
TEB Administration	-	5,586		5,586

Transfers:

Amateur Sports Commission	X	79,000	0	79,000
Board of Architecture, Engineering	X	45,000	0	45,000
Campaign Finance & Public Disclosure Board	X	30,000	0	30,000
Campaign Finance & Public Disclosure Board	X	25,000	0	25,000
Board of Judicial Standards	X	16,093	3,907	20,000
Bureau of Mediation Services	X	52,000	178,000	230,000
MN Planning Grant	-	117,500	0	117,500
Board of Nursing	X	530,900	219,100	750,000
Office of Technology Grant	-	84,317	0	84,317
Racing Commission	X	24,000	0	24,000
Department of Revenue	X	5,400,000	0	5,400,000
Department of Revenue	X	1,200,000	0	1,200,000
Sentencing Guidelines Commission	X	46,000	0	46,000
Dept of Veterans Affairs	X	240,000	0	240,000

All expenditures from the TEF, with the exception of three, were in accordance with the Laws of Minnesota 2001 referenced on page 4 of this document. Of the three exceptions, two are grants for projects in alignment with the State’s Enterprise Architecture, the other represents the costs of administering this Board.

There is a shortage in the TEF of \$403.00 due to on-going costs of operating the board. Costs associated with operating the board are per diems to private sector members, meeting publications, etc. The TEF, after legislative reductions is \$8,808,000, while expenditures from the fund total \$8,808,403.



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Financial information regarding the following projects is located on the previous page.

Amateur Sports Commission	Technology Initiative	Establish an NT-based server network for the organization. This will allow MASC to standardize software usage, maximize e-mail and other paperless communication capabilities, increasing public access to its information and programs.	Expected Completion – 04/01/03
Board of Architecture, Engineering	Database Security	Provide the board with a disaster recovery solution, which will provide adequate security for its licensing database including user manual and off-site storage.	Complete
Campaign Finance & Public Disclosure Board	IT Support & Development	Finance 2000 software development and general technology maintenance efforts.	Complete
Campaign Finance & Public Disclosure Board	Real Time On-Line Cont. List	Finance 2000 software development and general technology maintenance efforts.	Expected Completion – 04/01/03
Capital Area Architecture & Planning Board	LAN Changes	Upgrade and maintain current technology/LAN infrastructure.	Maintenance Complete – Lack funding for upgrade
Board of Judicial Standards	Data Program	Replace the existing database, allowing enhanced access to the public, judges, legislatures and staff. Current database software will be used.	Complete
Office of Technology	Technology Analysts (TA)	Support statewide EGS (frameworks/architecture, PMO and SIRMP planning) efforts and consulting services to state agencies. OT will provide technology consulting to state agencies, and ensure EGS and infrastructure collaboration.	On-going, this is an employment relationship currently staffed with 3 TA's
Bureau of Mediation Services	Electronic Files Project	Computerize documentation storage, including the ability to create, maintain, index, store and retrieve records documenting collective bargaining units. It will improve considerably the current record management and archiving system.	Expected Completion – 06/30/03



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MN Planning Grant	GeoIntegrator Project	An integrated solution to managing, distributing, and deploying data developed by Minnesota state and local agencies based on emerging national standards and open system architectures adopted as part of the Minnesota Information Technical Architecture plan.	In Progress, funds transferred in September 2002.
Board of Nursing	Electronic Government Services (EGS)	Develop web enabled software applications for licensure, and customer access.	Expected Completion – 06/30/03
Office of Technology Grant	North Star Portal	Funding used to purchase hardware/software, allowing general fund dollars to go towards salary and other expenses.	In Progress, funds transferred in September 2002
Racing Commission	Technology Infrastructure	Migration and enhancement of Veterinary and Parimutual databases	Complete
Department of Revenue	Income Tax Re-Engineering	Complete the income tax reengineering project that will allow replacement of an antiquated computer system and improve service to policymakers and taxpayers.	Original project complete – currently doing follow up project
Department of Revenue	Income Tax Re-Engineering	Operational costs phasing in new scanning design to include federal returns.	Complete
Sentencing Guidelines Commission	Life Cycle Replacement	Continue to grow with the changing technology by upgrading and maintaining the current system, focusing primarily on technical resources to maintain and support the infrastructure because the agency has no personnel with those types of skills.	Incomplete and on hold
TEB/ TEF Administration		Per Diems, Board Meeting Expenses, Meeting Publications, etc.	On-going
Dept of Veterans Affairs	Information Technology Infrastructure	Centralize information resources and make the data more accessible to the public and internal staff by offering on-line applications and information. Infrastructure will be expanded, equipment replaced and a website developed.	Expected Completion – 06/30/03

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It is important to note that all funds designated for other agencies are often not immediately released. In some cases, based on the type of projects the agencies are engaged in, phased releases are necessary to ensure the success of the projects. In situations where the agencies do not have the specific technical expertise, or lack the resources to adequately plan for their engagement, the Office of Technology acts not only as funding gatekeeper, but also as direct consultant. Working together with the agencies in this manner helps to develop solutions that might not become readily apparent to agencies acting independently (e.g. – aggregation, shared technical infrastructures).

The Project Management Office may assist with the governance and phased funding release by practicing the following steps:

1. Assessment of approval, funding and outcomes criteria resulting from evaluation and acceptance of the project's business case.
2. Interview between project "owner" and the Project Management Office to establish best practices and recommendations for oversight.
3. Due diligence assessment of the project's technology infrastructure needs as they relate to the Office of Technology statewide technology architecture direction.
4. Funding approval memo sent to the Dept. of Finance to release initial funds.
5. Periodic review of project progress (phase review).
6. Funding approval memo sent to the Dept. of Finance to release incremental funding.
7. On completion of project an outcomes evaluation is provided.

We believe this approach is consistent with the Legislature's view of the role of the Office of Technology, where the Office has specific responsibilities and accountability in how technology dollars are spent. Funds in the "Future Phased Transfers and Payments" section (page 7) of this document are critical to the agencies and the completion of projects under this initiative, and reflect an attempt to ensure better planning or allocation of agency resources.



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Board member terms are until rescinded by proper authority, or in accordance with Minnesota Statutes §15.059, except that terms are three (3) years and the Board expires on June 30, 2005.

A member serves until a successor is appointed by the governor, or legislative leadership.

The following members were appointed in September of 2001.

1 Chairperson:

State's Chief Information Officer

1 State Executive Council:

Mary Kiffmeyer
MN Secretary of State

1 Supreme Court:

Thomas McCarthy
MN Judge of District Court

1 Higher Ed. Advisory Council:

Dean Christine Maziar
U of M, Research-Grad School Admin.

2 House of Representatives:

Representative Phillip Krinkie
State of Minnesota

Representative Phyllis Kahn
State of Minnesota

2 Senate Subcommittee:

Senator Bob Kierlin
State of Minnesota

Senator Steve Kelley
State of Minnesota

8 Private Sector Appointments:

Colleen Kulhanek
Datakey

Darryl Ponder
Optical Solutions

Dennis Fazio
Heatseeker Technology Partners

Gabriel Broner
Silicon Graphics, Inc.

Janice Aune
Onvoy

Rachel Hollstadt
Hollstadt & Associates

Steve Acheson
NorthEast Alliance for Telecommunications

Walt Prah
MP Telecom

2 General Appointments:

Open Appointment

Open Appointment



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- Early project and strategic information resource planning will be established as a critical element in managing and providing a stable, focused IT environment.
- Statewide leadership benefits, such as identifying strategic technical architectural direction and providing managerial and technical advice.

- Funding, via the Technology Enterprise Fund, is a strong positive incentive for agency collaboration and for institutionalizing standards thereby reducing the cost of delivering services.
- Improving quality and timeliness of delivering products and services.
- The Technology Enterprise Fund is a key variable for the continued success of the Small Agency Infrastructure Initiative.
- Projects funded through TEF will be aligned to build shared technology infrastructures that enable economies of scale to be developed.
- Technology Analysts, funded by TEF, provide a great value to the state by offering consulting expertise to agencies, particularly small agencies that don't typically have such resources available to them.
- Agency projects that promote services on-line have been funded through TEF, which has opened the door to communication to both citizens and government.

- Provide strategic direction to the State of Minnesota regarding information technology and telecommunications through the use of the Technology Enterprise Board.
- Through the board, promote shared use of technology and identify opportunities to provide enhanced telecommunications and information technology throughout the state that elevate economic development and allow for greater citizen access to electronic government services.
- The board will also work towards implementing enterprise interconnectivity and statewide architecture.

Continuing this initiative and others that provide funding for state agencies to maintain and update their technology infrastructure is critical to improve the management of state agencies, control spending and enhance the use of information resources across state government. As a result of the combined efforts of the Technology Enterprise Fund and Board, and the new statewide Project Management Office, agencies have additional resources in developing and managing their information technology initiatives. Through this developing partnership, critical business goals such as aggregation, collaboration and effective project management are realized and implemented more readily.