



Select Committee on Efficiency in Government 62nd Montana Legislature

SENATE MEMBERS

JON SONJU--Chair
EDWARD BUTTREY
MARY CAFERRO
JIM KEANE
EDWARD WALKER
DAVID WANZENRIED

HOUSE MEMBERS

MARK BLASDEL
RON EHLI
GALEN HOLLENBAUGH
PAT NOONAN
SCOTT REICHNER
KATHLEEN WILLIAMS

COMMITTEE STAFF TEAM

DAVE BOHYER, Lead Staff
DAVID NISS, Staff Attorney
DAWN FIELD, Secretary
SUE O'CONNELL, LSD, Health Care
SONJA NOWAKOWSKI, LSD, Nat'l Res.
QUINN HOLZER, LFD, Health Care
TARYN PURDY, LFD, Budgeting Process
BARBARA SMITH, LFD, Technology
LOIS STEINBECK, LFD, Health Care

Subcommittee on Technology MINUTES

January 9, 2012

Room 102, State Capitol
Helena, Montana

Please note: These minutes provide abbreviated information about committee discussion, public testimony, action taken, and other activities. To the left of each section in these minutes is a time designation indicating the approximate amount of time in hours, minutes, and seconds that has elapsed since the start of the meeting. This time designation may be used to locate the referenced discussion on the audio or video recording of this meeting.

Access to an electronic copy of these minutes and the audio or video recording is provided from the Legislative Branch home page at <http://leg.mt.gov>. On the left-side menu of the home page, select *Committees*, then *Interim*. Once on the page for *Interim Committees*, scroll down to the appropriate committee. The written minutes summary, along with the audio and video recordings, are listed by meeting date on the interim committee's web page. You must have Real Player to listen to the audio recording or to view the video.

Hard copies of the exhibits for this meeting are available upon request. Legislative Council policy requires a charge of 15 cents a page for copies of the document.

COMMITTEE MEMBERS PRESENT

Rep. Galen Hollenbaugh, Chair
Sen. Edward Buttrey
Rep. Scott Reichner
Rep. Kathleen Williams

STAFF PRESENT

Barbara Smith, LFD, Technology
Dawn Field, Secretary

AGENDA & VISITORS' LIST

Agenda, Attachment #1.
Visitors' list, Attachment #2.

CALL TO ORDER AND ROLL CALL

00:00:05 REP. HOLLENBAUGH called the meeting to order at 9:00 a.m. The Secretary noted the roll, all members were present (Attachment 3). SEN. SONJU was also present.

PANEL ON ELECTRONIC RECORDS RETENTION

00:01:06 REP. HOLLENBAUGH said that the Subcommittee would hear an overview of how the Secretary of State's Office handles records management and three agency perspectives on records management.

Montana's and Other State Practices

00:02:07 **Patti Borsberry, Records Management Division, Secretary of State's Office (SOS)**, discussed:

- three absolutes for dealing with electronic records and information management;
- two Montana Electronic Records and Information Strategic Plans; and
- additional considerations and tools necessary for records management (EXHIBIT 1).

00:08:08 REP. HOLLENBAUGH noted that the agenda item on MUS and NTIL will be placed on the February meeting agenda.

Existing and Emerging Technology to Improve Efficiency in Records Management

00:08:27 **Dick Clark, Chief Information Officer (CIO), State of Montana**, discussed records management as it pertains to what is happening in the nation and Montana, and how it applies locally. He said because Montana doesn't have a comprehensive records management philosophy, much information is being deleted and lost. He said records management is a big issue for many states and is expensive to do so it is an area where partnering with the private sector may be good idea.

00:11:49 Mr. Clark discussed records management programs in Washington and Utah.

00:13:10 Mr. Clark discussed a PowerPoint handout from Jerry Handfield, State Archivist of Washington, regarding electronic records archiving (EXHIBIT 2). He said from a technical point of view, Montana could use the Washington records management system but that certain legal issues would have to be resolved first. Mr. Clark noted that Montana's legislative committee meeting recordings are digitally archived in the Washington archives.

00:16:51 Mr. Clark said there is a good understanding of what it will take to implement good records management in Montana and that it is important to make sure that future generations have access to records so that they can understand the decisions made by today's generation. He said that Montana should not preclude the idea of a collaboration with another state because Montana may not have the resources necessary to build and fund its own records management system. He said that a records management system isn't just for state agencies, but that it must also work for local governments.

00:20:37 **Stuart Fuller, Chief Technical Officer, Information Technology Services Division (ITSD), Department of Administration (DOA)**, explained how the state email system operates, including issues and concerns regarding disaster recovery and archiving of information. He said the current system is not efficient because it

was designed for disaster recovery, not archiving, records management, automatic purging, or retention of records. Mr. Fuller said there is an incredible amount of information being lost in the state email system because there is no system to archive it.

Agency Needs and Current and Emerging Records Retention Issues

- 00:27:22 **Dan Chelini, CIO, Department of Environmental Quality (DEQ)**, discussed the DEQ's records information management group established in 2003, which is responsible for developing DEQ's policies and procedures for records management. He said a draft records management plan will be finalized later this year and that the plan includes detailed procedural guidelines and is based on best practices.
- 00:30:53 Mr. Chelini said that the DEQ has inventoried approximately 70% of its records but that it has been difficult for staff to decide what, where, and how records should be stored. Mr. Chelini also discussed storage capacity issues.
- 00:36:01 **Mike Bousliman, Chief Administration Officer, Montana Department of Transportation (MDT)**, said the difficulties in dealing with records management are education and understanding the issue, limited resources, and changing technologies.
- 00:38:45 Mr. Bousliman discussed MDT's information management system, which includes governance and policy and procedures. He said it is important to have a good understanding of technology and legal issues; and a strong training, communication, and outreach program. He said that agencies each face different challenges but that there are opportunities to work together on policies that will work for all agencies.

Questions from Committee

- 00:41:46 REP. HOLLENBAUGH said it appears that due to a lack of statewide policy, most agencies are trying to deal with electronic records management internally under a wide range of policies. He said that legal retention issues are another concern. He asked Mr. Clark how best to begin the process of creating a statewide policy. Mr. Clark said that a statewide policy can't be effective unless there is full support from all levels of government. He said the strategic plan adopted in 2008 is a good plan but lacked political muscle and funding. He said it is really a discussion of if the State is ready to stand behind a plan.
- 00:47:26 REP. HOLLENBAUGH said a statewide retention and management plan must allow some flexibility in order to fit the needs of each agency and that at "one size fits all" approach won't work. Mr. Clark predicted the records issue would be addressed by the courts eventually. He said Montana already has a good statutory definition of what a record is but agreed that a "one size fits all" approach would be a problem. He discussed the model adopted by Washington state, which includes the National Archives and Microsoft as partners.
- 00:50:16 REP. WILLIAMS asked what is missing from Montana statutes. Mr. Clark said that Montana's laws are fine but that they must be prioritized and enforced under a collective and dedicated effort. He said that implementing and enforcing the policy would be expensive, would take time, and would likely be a multi-biennial issue.

- 00:54:03 REP. REICHNER asked Mr. Clark how he would proceed if the decision was his to make, considering Montana's financial constraints. Mr. Clark said he would get involved with the Washington state collaborative effort but that a partnership with the private sector would be another possibility. He said the last resort should be the State trying to do it on its own because of the amount of funding that would be needed.
- 00:56:30 REP. REICHNER asked what has been done to develop relationships with private industry with regard to the State of Montana Data Center (SMDC) and if anything more needs to be done. Mr. Clark said the potential is there and that there have been some discussions with several private companies, but that everyone involved must be very clear on what the plan is before involving the private sector.
- 00:59:17 REP. REICHNER asked if the SMDC needs legislative direction to fill its space or if it has the authority to do it on its own. Mr. Clark said that jurisdiction issues with the SOS are a concern and that as CIO, he wants to be clear on his authority before moving forward with agreements.
- 01:02:16 Ms. Borsberry agreed that a cautious approach would be best when involving the private sector and that a management strategy must be in place before doing so.
- 01:04:02 REP. HOLLENBAUGH asked Ms. Borsberry to discuss the profitability of records management and if profits were made, could they be used to build infrastructure or to generate other public-private partnerships. Ms. Borsberry said she thought savings would be realized as more efficiencies are gained through improvements in management and storage policies and that if profits were realized through a public-private partnership, they could be redirected for improvements as deemed appropriate.
- 01:06:13 REP. WILLIAMS asked Ms. Borsberry to comment on Mr. Clark's remarks. Ms. Borsberry said that Secretary of State's Office lacks authority to rectify certain problems and would support participation in the Washington project if it would serve Montana's needs. She discussed the SOS's concerns.
- 01:09:20 REP. WILLIAMS asked if the SOS could review Title 2, part 6, Public Records, and make recommendations for changes, if needed. REP. HOLLENBAUGH agreed to direct the request to Secretary of State McCulloch.
- 01:10:09 REP. REICHNER said he remains concerned about the cost. REP. WILLIAMS said she would like to see more specific suggestions on how to structure a records management system.
- 01:11:25 REP. HOLLENBAUGH asked Mr. Clark to discuss how savings or profits could be used to build infrastructure or to help agencies budget for records management programs. Mr. Clark said he believes there would be substantial savings realized through implementing improved technologies, which could be a source of funding for expanding records management. He said that working with the private sector also brings lot to the table, including funding. Mr. Clark agreed that mitigating costs at the local level is very important.

- 01:13:58 REP. REICHNER said it has been determined that if the private sector is brought in, the income could be used to offset public sector expenses. He asked why that hasn't been done. Mr. Clark said he would implement whatever the Legislature directs him to.
- 01:15:30 SEN. BUTTREY said as a trend, smaller industries are moving away from electronic storage of information and back toward manual storage. He said he would like information about states with records management systems that have realized a savings, if the savings has proven to be short-term or long-term savings, and the return on the investment. Mr. Clark said he would get that information.
- 01:16:55 REP. WILLIAMS asked Mr. Chelini and Mr. Bousilman if they had additional comment or suggestions. Mr. Chelini (DEQ) said he would not make specific recommendations at this time but that he thought the DEQ has done a good job with restricted resources and that records management is worth the expense and work.
- 01:21:20 Mr. Bousilman (MDT) said he would recommend that every employee understand what is or is not a record and the method and process for storing records.
- 01:23:36 REP. REICHNER asked if DEQ and MDT have transitioned to the SMDC. Mr. Chelini and Mr. Bousilman said that their respective agencies are in the process of moving over. REP. REICHNER asked what the move will cost each agency. Mr. Chelini said the DEQ will spend about \$160,000 to make the move, with about \$7,000 per year of ongoing costs.
- 01:25:49 Mr. Bousilman said the MDT will be moved by June 1, 2012, and that the move will cost approximately \$200,000, which includes replacement of some equipment and technology costs. He estimated the actual cost of moving was about \$150,000.
- 01:26:51 REP. HOLLENBAUGH asked the panelists for their final comments. Ms. Borsberry said improving and strengthening technology would make it easier for state employees to determine what is or is not a public record, that cost savings would be realized through improved technologies, and that some local governments are actually further ahead of state governments in their records management efforts.
- 01:28:28 Mr. Fuller said, regarding email archiving and the legal discovery process, that an investment in the system would help gain back other costs. He said that legal discovery costs are larger than operational costs.

Public Comment

- 01:29:58 **Bob Vogel, Montana School Board Association (MSBA)**, discussed a resolution passed by the MSBA membership outlining school districts' concerns regarding records management systems requirements (EXHIBIT 3). Mr. Vogel said that school districts want to work with the Legislature to comply with state statute but would like help and direction in doing so.
- 01:32:55 REP. WILLIAMS asked Mr. Vogel to further discuss the restrictions referred to in the MSBA resolution. Mr. Vogel said the restrictions are in Title 2 and have relevance to school districts as public agencies.

01:34:15 REP. HOLLENBAUGH recessed the Subcommittee for a 10-minute break at 10:40 a.m.

BREAK

01:59:16 REP. HOLLENBAUGH called the Subcommittee back to order at 11:03 a.m.

MODEL LEGISLATION FOR CONSOLIDATION TO THE DATA CENTER

01:59:57 **Barb Smith, Legislative Fiscal Specialist, Legislative Fiscal Division (LFD)**, updated the Subcommittee on the transition to SMDC and the Federal Reserve Bank site (FRB) (EXHIBIT 4). Ms. Smith referred to an assessment of Minnesota's Data Center in her discussion (EXHIBIT 5).

02:01:27 Ms. Smith discussed a draft summary of IT recommendations (EXHIBIT 6). The draft summary listed 24 recommendations which Ms. Smith categorized into four groups: connectivity, consolidation, Montana Information and Technology Act (MITA), and budget and funding issues. She began her discussion with the recommendations listed in the connectivity category (page 3, EXHIBIT 6).

02:03:52 Ms. Smith discussed the recommendations listed in the consolidation category (pages 3 and 4, EXHIBIT 6). Ms. Smith referred to a separate document listing the consolidation efforts of nine states (EXHIBIT 7) in her discussion.

02:07:15 Ms. Smith discussed the recommendations for updating the Montana Information and Technology Act (MITA) (pages 4 and 5, EXHIBIT 6).

02:08:23 Ms. Smith discussed the recommendations relating to budget and funding issues (page 5, EXHIBIT 6).

02:12:31 Ms. Smith reviewed the summary on page 5 of EXHIBIT 6.

02:13:42 Ms. Smith distributed two articles relating to shared services:

- *Shared and Regional Services Are on the Rise* (EXHIBIT 8), and
- *Oregon, Montana, Utah, and Colorado Partner to Share GIS Data in the Cloud* (EXHIBIT 9).

02:14:49 REP. HOLLENBAUGH recommended that the Subcommittee on Technology use Ms. Smith's format as its basis for recommendations to the full Select Committee on Efficiency in Government. SEN. SONJU agreed.

Committee Discussion

02:16:37 SEN. SONJU said it is important to allow time for discussion on the recommendations and that he would allow time for public comment at the next day's meeting of the full SCEG.

02:17:15 REP. HOLLENBAUGH said that SEN. CAFERRO sent a text message requesting that the recommendations include paperless online applications, document imaging, and electronic signature capability for services. REP. HOLLENBAUGH asked Ms. Smith to add the request to the list.

02:17:59 REP. HOLLENBAUGH asked Mr. Clark to discuss how to combine data center operations with cloud computing. Mr. Clark said it is a hybrid concept and that it would be prudent to better understand how the cloud works. He explained the concept, potential problems, and why it would be wise to include the cloud as part of ongoing and future plans.

02:21:54 REP. HOLLENBAUGH asked Mr. Clark to further discuss his GIS effort. Mr. Clark referred to the article distributed by Ms. Smith (EXHIBIT 8) to discuss his idea for states to band together and purchase cloud storage using GIS.

Public Comment

02:30:29 **Susan Fox, Executive Director, Legislative Services Division**, discussed a number of questions and concerns regarding consolidation with the SMDC. Ms. Fox referred to a *Back Page* article of *Interim* newsletter (EXHIBIT 10) and a memo regarding LSD's position on consolidation with SMDC (EXHIBIT 11) in her discussion points.

02:44:11 REP. HOLLENBAUGH asked that members review the draft summary and discuss it with constituents prior to the February meeting in Bozeman. He said the summary will be finalized at that meeting for presentation to the full SCEG in March. Ms. Smith said the summary of recommendations would be posted the SCEG web page by end of day. Ms. Smith listed the directions received from the Subcommittee: draft a letter to Secretary of State Linda McCulloch requesting her to review Title 2, part 6, on records management and make recommendations for changes, if needed; Mr. Clark will provide the return in investment in data storage from other states; and follow up from Mr. Bousilman regarding MDT transition costs to the SMDC.

ADJOURNMENT

02:46:09 With no further business before the Subcommittee on Technology, REP. HOLLENBAUGH adjourned the meeting at 11:51 a.m.

CI0429 2025dfxc.