

**Information Technology Department
Budget No. 112
House Bill Nos. 1021 and 1435**

	FTE Positions	General Fund	Other Funds	Total
2019-21 legislative appropriations	402.00	\$28,565,311	\$321,032,334	\$349,597,645
2019-21 base budget	344.30	20,532,334	165,636,855	186,169,189
Legislative increase (decrease) to base budget	57.70	\$8,032,977	\$155,395,479	\$163,428,456

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2019-21 legislative appropriations	\$17,165,311	\$11,400,000	\$28,565,311
2017-19 legislative appropriations	20,532,334	0	20,532,334
2019-21 legislative increase (decrease) to 2017-19 appropriations	(\$3,367,023)	\$11,400,000	\$8,032,977
Percentage increase (decrease) to 2017-19 appropriations	(16.4%)	N/A	39.1%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding to provide employee salary increases of 2 percent on July 1, 2019, with a minimum monthly increase of \$120 and a maximum monthly increase of \$200, and 2.5 percent on July 1, 2020.		\$322,596	\$2,213,525	\$2,536,121
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,426.74 per month.		168,832	1,671,049	1,839,881
Removed 15 FTE undesignated positions and 1 FTE undesignated EduTech position.	(16.00)	(74,991)	(2,912,445)	(2,987,436)
Added 8 FTE cybersecurity positions.	8.00	2,322,680		2,322,680
Transferred 96 FTE positions from other agencies for the information technology (IT) unification initiative.	96.00		18,266,327	18,266,327
Added funding for temporary salaries for the IT unification initiative.			544,896	544,896

Added funding for operating expenses for the IT unification initiative.			8,835,127	8,835,127
Adjusted funding for operating expenses, including increases in IT data processing and IT software supplies and decreases in IT equipment under \$5,000, IT contractual services and repairs, and operating fees and services.	(97,594)		2,883,700	2,786,106
Added funding for Microsoft Office 365 licensing expenses.			4,209,893	4,209,893
Added funding from the department's operating services fund for IT projects, including an IT service management project (\$2,000,000), application as a service platform (\$1,325,000), and automation and orchestration platforms (\$900,000).			4,225,000	4,225,000
Reduced funding for capital assets.			(4,041,883)	(4,041,883)
Reduced funding for the statewide longitudinal data system.		(1,056)		(1,056)
Removed funding for the Center for Distance Education and transferred the program to the Department of Career and Technical Education.	(29.80)	(6,029,116)	(3,050,000)	(9,079,116)
Transferred \$346,350 from the Educational Technology Council line item to the EduTech line item for the salaries and fringe benefits of the Director of EduTech, which includes a funding source change from the department's operating service fund to the general fund.		5,000	(5,000)	0
Removed funding for the Educational Technology Council.	(0.50)	(180,122)	(595,000)	(775,122)
Reduced funding for EduTech to provide a total of \$9,645,773.		(295,980)	(138,159)	(434,139)
Adjusted funding for the K-12 wide area network to provide a total of \$5,167,970.		600,000	(10,000)	590,000
Reduced funding for the geographic information system (GIS) to provide a total of \$2,202,629.		(107,272)		(107,272)
Reduced funding for the Health Information Technology Office to provide a total of \$4,879,146.			(481,551)	(481,551)
Reduced funding for the statewide interoperable radio network (SIRN) from the SIRN fund.			(1,370,000)	(1,370,000)
Added one-time funding from the general fund and the strategic investment and improvements fund (SIIF) for cybersecurity operating expenses.		11,400,000	4,000,000	15,400,000

Added one-time funding from SIIF for a GIS statewide land parcel project.			1,150,000	1,150,000
Added one-time funding for SIRN, including \$80 million from a Bank of North Dakota line of credit, \$20 million from Bank profits, and \$20 million from SIIF (House Bill No. 1435).			120,000,000	120,000,000
Total	57.70	\$8,032,977	\$155,395,479	\$163,428,456

FTE Changes

The Legislative Assembly approved 402.00 FTE positions for the Information Technology Department (ITD) for the 2019-21 biennium, an increase of 57.70 FTE positions from the 2017-19 biennium, as follows:

	FTE Increase (Decrease)
Removed undesignated FTE positions, including 1 undesignated EduTech FTE position	(16.00)
Added cybersecurity FTE positions	8.00
Removed Center for Distance Education FTE positions as part of the transfer to the Department of Career and Technical Education ¹	(29.80)
Removed Educational Technology Council FTE positions	(0.50)
Transferred 96 FTE positions from five agencies to ITD for the IT shared services unification initiative	
Department of Trust Lands	2.00
Department of Human Services	48.00
Adjutant General - Department of Emergency Services	4.00
Parks and Recreation Department	1.00
Department of Transportation	41.00
Total	57.70

¹The Legislative Assembly approved a total of 28.80 Center for Distance Education FTE positions in the Department of Career and Technical Education for the 2019-21 biennium.

One-Time Funding

The Legislative Assembly appropriated \$136,550,000 of one-time funding to ITD for the 2019-21 biennium, as follows:

	General Fund	SIIF	Bank of North Dakota Line of Credit	Bank of North Dakota Profits	Total Funds
Cybersecurity operating expenses	\$11,400,000	\$4,000,000			\$15,400,000
GIS statewide land parcel project		1,150,000			1,150,000
SIRN (House Bill No. 1435)		20,000,000	\$80,000,000	\$20,000,000	120,000,000
Total	\$11,400,000	\$25,150,000	\$80,000,000	\$20,000,000	\$136,550,000

Shared Services Information Technology Unification Initiative

The Legislative Assembly authorized a shared services IT unification initiative, including a transfer of 96 FTE positions from five agencies, as a pilot project to consolidate IT resources in state government as follows:

	ITD Operating Service Fund
Salaries for 96 FTE positions transferred to ITD from five agencies	\$18,266,327
Temporary salaries	544,896
Operating expenses for transferred FTE positions	8,835,127
Total	\$27,646,350

Unification study - Section 7 of House Bill No. 1021 requires the Legislative Management to study ITD's transition to the run-grow-transform model and the IT unification initiative. The study must include a review of changes in fees, services, operations, processes, and systems.

Unification legislative intent - Section 8 of House Bill No. 1021 provides legislative intent that ITD provide direction to the executive branch agencies in the Governor's cabinet not included in the IT unification initiative pilot project regarding IT strategic planning and operations. It is further the intent of the 66th Legislative Assembly that the 67th Legislative Assembly implement the findings and recommendations resulting from the IT unification initiative pilot project.

Statewide Interoperable Radio Network

House Bill No. 1435 relates to SIRN and provides for the following related to ITD:

- Section 1 amends North Dakota Century Code Section 37-17.3-02 to allow the Chief Information Officer (CIO) of ITD to purchase equipment for SIRN and be responsible for the operation and maintenance of SIRN rather than the Director of the Division of State Radio in the Adjutant General's office. The CIO may not use state funds, including resources from the SIRN fund, for dispatch consoles, connectivity, and associated necessary software, equipment, or services to support a public safety answering point unless these items are intended for use by a state agency or state department.
- Section 2 amends Section 37-17.3-02.2 to add additional members to the Statewide Interoperability Executive Committee (SIEC), including a representative of the North Dakota Association of Counties, a representative of the North Dakota League of Cities, the Executive Director of the Indian Affairs Commission, and one member from each chamber of the Legislative Assembly.
- Section 3 amends Section 37-17.3-03 to require the CIO to establish a process to register and audit users of SIRN and to allow ITD to provide a state cost-share for each SIRN radio. The state cost-share for each radio is \$1,500, unless the cost of the radio is less than \$1,500, in which case the state cost-share is the cost of the radio.
- Section 4 amends Section 10 of Chapter 247 of the 2017 Session Laws related to 2017 House Bill No. 1178 to remove the July 31, 2023 expiration date for the SIRN fund, for changes to SIEC membership, and for the authorization for political subdivisions to charge \$0.50 on assessed communication services and a 0.5 percent increase on prepaid wireless emergency 911 fees.
- Section 5 requires the Legislative Management to consider studying consolidated emergency and interoperable public safety communications system governance and funding options.
- Section 6 requires the Bank of North Dakota to extend a line of credit not to exceed \$80 million to ITD for SIRN. The Information Technology Department is required to repay the line of credit from funds available in the SIRN fund or other funds over a period not to exceed 20 years from the date of issuance of the line of credit, as appropriated by the Legislative Assembly. Section 9 includes an emergency clause related to the line of credit.
- Section 7 requires the Industrial Commission to transfer \$20 million from the current earnings and accumulated undivided profits of the Bank of North Dakota to the SIRN fund for the 2019-21 biennium. Section 9 includes an emergency clause related to the transfer.
- Section 8 appropriates the \$80 million line of credit, the \$20 million of Bank of North Dakota profits, and \$20 million from SIIF to ITD for SIRN for the 2019-21 biennium. Section 9 provides an emergency clause for the funding. House Bill No. 1014 and Senate Bill No. 2015 amended Section 8 of House Bill No. 1435 to delay the transfer of Bank profits until after \$25 million of the line of credit is used.

Sections in House Bill No. 1021 related to SIRN are as follows:

- Section 1 includes an appropriation of \$12.33 million in the SIRN line item from the SIRN fund, a decrease of \$1.37 million from the 2017-19 biennium authorized level of \$13.7 million. Including the \$120 million authorized for SIRN in House Bill No. 1435, funding for SIRN for the 2019-21 biennium totals \$132.33 million, of which \$80 million is from a BND line of credit, \$20 million is from BND profits, \$20 million is from SIIF, and \$12.33 million is from the SIRN fund.
- Section 10 provides for a mandatory Legislative Management study similar to the optional study provided for in Section 5 of House Bill No. 1435 regarding studying consolidated emergency and interoperable public safety communications system governance and funding options.

- Section 11 amends Section 37-17.3-02.2 to add additional members to the SIEC, including a representative of the North Dakota Association of Counties, a representative of the North Dakota League of Cities, and the Executive Director of the Indian Affairs Commission, the Director of the Game and Fish Department, and the State Health Officer.
- Section 12 amends Section 37-17.3-03 similar to the amendments in Section 3 of House Bill No. 1435 but specifies that SIRN radios furnished by counties and cities to law enforcement are personal and vehicular radios.

Health Information Network Expansion

Health information network expansion - Section 1 of Senate Bill No. 2021 (2017) included \$43.6 million for the North Dakota Health Information Network (NDHIN) expansion project, a project designed to provide for the secure exchange of health information to enable clinical users, such as providers, nurses, and clerical staff to easily and efficiently view information relating to a patient's electronic medical records. The project is intended to enhance the functionality of NDHIN by allowing Medicaid providers options to meet specific measures and objectives to achieve meaningful use and promote comprehensive interoperability between all providers throughout the state. The project will enhance the existing NDHIN infrastructure and allow for statewide repositories for analytics, care coordination, credentialing, advanced directives, and provide for necessary connections between providers.

Of the amount appropriated to ITD, \$40.5 million is from federal funds distributed by the federal Centers for Medicare and Medicaid Services to Department of Human Services. Federal funds are available through a Medicaid advanced planning document and require a 10 percent or 15 percent match. The matching funds are to be generated from billings to providers, payers, and the state match from the electronic health information exchange fund. Funding will be available for the project through the anticipated completion date of September 2021.

In Section 5 of House Bill No. 1021, the 2019 Legislative Assembly authorized ITD to continue the funding appropriated for the NDHIN expansion and care coordination project for the 2017-19 biennium into the 2019-21 biennium.

Other Sections in House Bill No. 1021

Transfers - Section 3 authorizes the Office of Management and Budget to make transfers of funds between line items of ITD as may be requested by the CIO as necessary for the development and implementation of information technology projects.

SIIF - Section 4 identifies \$5.15 million from SIIF, of which \$4 million is for cybersecurity operating expenses and \$1.15 million is for a GIS land parcel project.

Access to lands study - Section 6 requires the Legislative Management to study access to public and private lands for hunting, trapping, fishing, and related issues, including trespass violations and penalties, and provide recommendations regarding a land access database with the capability of electronic posting. At the direction of the Legislative Management, before August 1, 2020, ITD and the Game and Fish Department are required to establish a trial electronic posting and hunter access information system in up to three counties. The Information Technology Department and the Game and Fish Department may contract with a third party to assist with the electronic posting and hunter access information system development and operation. The Legislative Management is required to appoint a committee for this study.

ITD service rates review - Section 9 requires ITD to conduct a review of service rates charged to state agencies, including rate structure and agency billing during the 2019-20 interim. The Information Technology Department is required to report the results of its review to the Legislative Management by September 1, 2020.

Related Legislation

House Bill No. 1048 - Distributed ledger technologies pilot project - This bill adds a new section to Chapter 54-59 to require ITD to research and develop the use of distributed ledger-enabled platform technologies, such as blockchains for computer-controlled programs, data transfer and storage, and program regulation to protect against falsification, improve internal data security, and identify external hacking threats. Research must include efforts to protect the privacy of personal identifying information maintained within distributed ledger programs. The department is required to select a state agency, upon the request of the state agency, to serve as a pilot program for the implementation and use of distributed ledger-enabled platform technologies. The Chief Information Officer is required to report to the Legislative Management before June 1st of each even-numbered year regarding the implementation of distributed ledger technologies.

House Bill No. 1080 - Security background information - This bill amends Section 54-59-20 to allow the CIO to require any employees of contractors and subcontractors performing work for ITD be subject to a criminal history record check.

House Concurrent Resolution No. 3004 - Blockchain study - This resolution requests the Legislative Management consider studying the potential benefit value of blockchain technology implementation and utilization in state government administration and affairs.

Senate Bill No. 2101 - Student information system - Amends Section 15.1-07-33 to remove references to PowerSchool to provide ITD flexibility in selecting a state student information system.

Senate Bill No. 2110 - Cybersecurity strategy - This bill amends Sections 54-59-01 and 54-59-05 to require ITD to advise, oversee, and regulate cybersecurity strategy for all state executive branch agencies, including institutions under the control of the State Board of Higher Education, counties, cities, and school districts. The department is required to consult with the Attorney General and the legislative and judicial branches regarding cybersecurity strategy.

Senate Bill No. 2215 - Educational Technology Council - The bill repeals Sections 54-59-17 and 54-59-18 related to the Educational Technology Council and creates a Kindergarten Through Grade Twelve Education Coordination Council, which will be supervised by the Department of Public Instruction.

Senate Bill No. 2216 - Center for Distance Education - This bill changes the supervision of the Center for Distance Education from the Educational Technology Council to the Department of Career and Technical Education and allows the Department of Career and Technical Education to establish a scholarship fund for distance education rather than the Educational Technology Council. The bill also removes the authority of the Educational Technology Council to establish an administrative operating fund.

Senate Bill No. 2318 - Campus housing IT services - This bill provides legislative intent that ITD enter a contract to provide a solution to improve wired or wireless internal local area network service infrastructure in student housing facilities on higher education campuses. The Information Technology Department is required to report to the Legislative Management during the 2019-20 interim regarding this subject and to submit a copy of any related contract to the Legislative Council.