

Department 112 - Information Technology Department
House Bill No. 1021

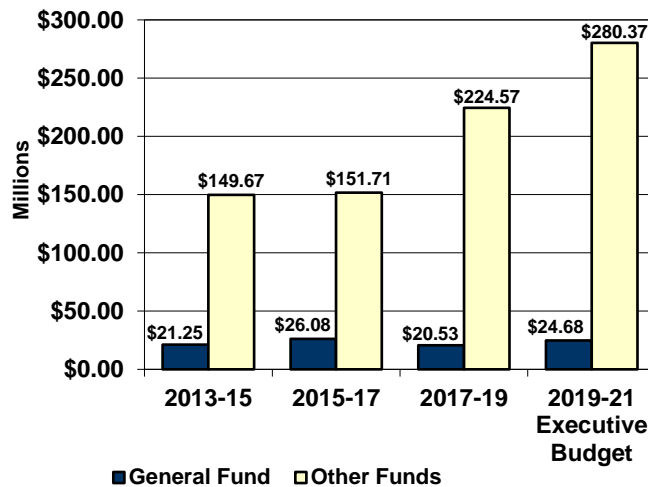
Executive Budget Comparison to Prior Biennium Appropriations

| | FTE Positions | General Fund | Other Funds | Total |
|------------------------------------|---------------|--------------|---------------|---------------|
| 2019-21 Executive Budget | 459.50 | \$24,682,752 | \$280,374,307 | \$305,057,059 |
| 2017-19 Legislative Appropriations | 344.30 | 20,532,334 | 224,566,988 | 245,099,322 |
| Increase (Decrease) | 115.20 | \$4,150,418 | \$55,807,319 | \$59,957,737 |

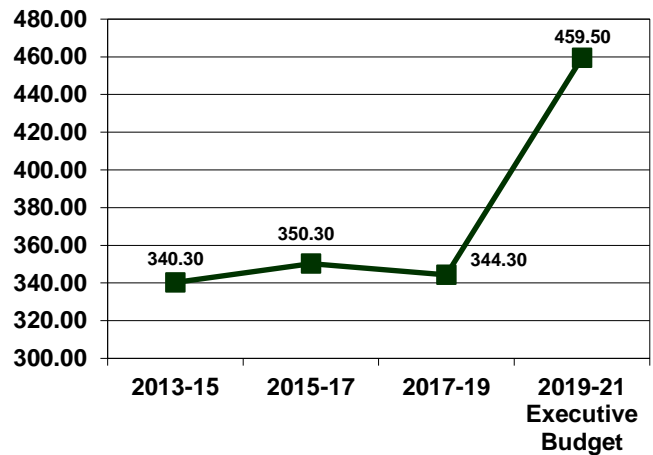
Ongoing and One-Time General Fund Appropriations

| | Ongoing General Fund Appropriation | One-Time General Fund Appropriation | Total General Fund Appropriation |
|------------------------------------|------------------------------------|-------------------------------------|----------------------------------|
| 2019-21 Executive Budget | \$24,682,752 | \$0 | \$24,682,752 |
| 2017-19 Legislative Appropriations | 20,532,334 | 0 | 20,532,334 |
| Increase (Decrease) | \$4,150,418 | \$0 | \$4,150,418 |

Agency Funding



FTE Positions



Executive Budget Comparison to Base Level

| | General Fund | Other Funds | Total |
|--------------------------|--------------|---------------|---------------|
| 2019-21 Executive Budget | \$24,682,752 | \$280,374,307 | \$305,057,059 |
| 2019-21 Base Level | 20,532,334 | 165,636,855 | 186,169,189 |
| Increase (Decrease) | \$4,150,418 | \$114,737,452 | \$118,887,870 |

First House Action

Attached is a comparison worksheet detailing first house changes to base level funding and the executive budget.

**Executive Budget Highlights
(With First House Changes in Bold)**

| | General Fund | Other Funds | Total |
|--|--------------|---------------|---------------|
| 1. Provides funding for state employee salary and benefit increases, of which \$4,364,556 is for salary increases, \$1,787,476 is for health insurance increases, and \$540,914 is for retirement contribution increases. The House added funding for salary adjustments of 2 percent per year and increases in health insurance premiums from \$1,241 to \$1,427 per month. The House did not add funding for retirement contribution increases. | \$722,275 | \$5,970,671 | \$6,692,946 |
| 2. Removes 17 FTE positions, including temporary salaries of \$470,725. The House removed 16 FTE positions and total funding of \$2,987,436, of which \$74,991 is from the general fund and \$2,912,445 is from other funds. | (\$503,856) | (\$2,912,445) | (\$3,416,301) |

| | | | |
|---|---------------|---------------|---------------|
| 3. Adds 17 FTE cybersecurity positions, including related operating expenses of \$740,000. The House added 5 FTE cybersecurity positions and total funding of \$1,451,675, including \$217,650 of operating funds. | \$4,935,690 | \$0 | \$4,935,690 |
| 4. Transfers 145.5 FTE positions from 14 agencies for the information technology unification initiative. The House did not transfer any FTE positions for the unification initiative. | (\$6) | \$27,991,402 | \$27,991,396 |
| 5. Adds funding for the information technology unification initiative, including temporary salaries (\$544,896) and operating expenses (\$15,920,000). The House did not add any funding for the unification initiative. | \$0 | \$16,464,896 | \$16,464,896 |
| 6. Adds funding for Microsoft Office 365 license operating expenses | \$0 | \$4,209,893 | \$4,209,893 |
| 7. Adds funding for information technology service management (\$2,000,000) an application as a service platform (\$1,325,000), and automation and orchestration platforms (\$900,000) | \$0 | \$4,225,000 | \$4,225,000 |
| 8. Reduces funding for capital assets | \$0 | (\$4,041,883) | (\$4,041,883) |
| 9. Transfers the Center for Distance Education to the Department of Career and Technical Education (CTE), including 29.80 FTE positions, salaries and benefits (\$4,969,288), temporary salaries (\$728,325), and operating expenses (\$2,473,590). The House transferred funding of \$8,850,000 for the Center for Distance Education, of which \$5,800,000 is from the general fund and \$3,050,000 is from the independent study operating fund, including 29.80 FTE positions, to CTE. | (\$5,697,613) | (\$2,473,590) | (\$8,171,203) |
| 10. Transfers the Educational Technology Council to CTE, including a 0.50 FTE administrative assistant position, salaries and benefits (\$76,556), operating expenses (\$188,566), and capital assets (\$500,000) | (\$180,122) | (\$585,000) | (\$765,122) |
| 11. Adjusts funding for PowerSchool to provide total funding of \$5,690,138, of which \$4,950,000 is transferred from the Department of Public Instruction from the general fund and \$740,138 from the PowerSchool fund. The House did not adjust funding for PowerSchool. | \$4,950,000 | (\$4,730,482) | \$219,518 |
| 12. Adjusts funding for the K-12 wide area network to provide total funding of \$5,184,453, of which \$5,094,453 is from the general fund and \$90,000 is from the department's service fund. The salary and health increases approved by the House resulted in total funding for the K-12 wide area network of \$5,165,952, of which \$5,075,952 is from the general fund and \$90,000 is from the department's service fund. | \$600,000 | (\$10,000) | \$590,000 |
| 13. Adds one-time funding for the statewide interoperable radio network (SIRN) project to provide total funding of \$56,330,000, of which \$40 million is from the strategic investment and improvements fund and \$16.33 million is from the SIRN fund. The House did not add funding for SIRN. | \$0 | \$44,000,000 | \$44,000,000 |
| 14. Adds one-time funding from the strategic investment and improvements fund for a unified data platform project. The House did not add funding for this project. | \$0 | \$1,000,000 | \$1,000,000 |
| 15. Adds one-time funding from the strategic investment and improvements fund for a North Dakota gateway portal project. The House did not add funding for this project. | \$0 | \$6,000,000 | \$6,000,000 |
| 16. Adds one-time funding from the strategic investment and improvements fund for a legacy lift project. The House did not add funding for this project. | \$0 | \$2,000,000 | \$2,000,000 |
| 17. Adds one-time funding from the strategic investment and improvements fund for cybersecurity operating expenses. The House added \$8.1 million from the general fund for cybersecurity operating expenses. | \$0 | \$11,400,000 | \$11,400,000 |
| 18. Adds one-time funding from the strategic investment and improvements fund for a customer relationship management project. The House did not add funding for this project. | \$0 | \$4,500,000 | \$4,500,000 |

| | | | |
|--|-----|-------------|-------------|
| 19. Adds one-time funding from the strategic investment and improvements fund for a geographic information system statewide land parcel project. The House did not add funding for this project. | \$0 | \$1,150,000 | \$1,150,000 |
|--|-----|-------------|-------------|

Other Sections in House Bill No. 1021

There are no other sections for this agency.

Continuing Appropriations

There are no continuing appropriations for this agency.

Significant Audit Findings

There are no significant audit findings for this agency.

Major Related Legislation

House Bill No. 1048 - Requires the Information Technology Department (ITD) to research and develop the use of distributed ledger-enabled platform technologies to protect against falsification, improve internal data security, and identify external hacking threats. The department is required to select a state agency, that has volunteered for the program, to serve as a pilot program for the implementation and use of distributed ledger-enabled platform technologies. The Chief Information Officer must report to the Legislative Management regarding the implementation of distributed ledger technologies before June 1st of each even-numbered year.

House Bill No. 1080 - Amends Section 54-59-20 to allow the Chief Information Officer to require any employees of contractors and subcontractors performing work for ITD be subject to a criminal history record check.

House Bill No. 1435 - Provides a \$120 million Bank of North Dakota line of credit to the department for SIRN. The bill also adjusts the membership of the North Dakota Statewide Interoperability Executive Committee and allows the department to provide a state cost-share for each radio purchased for the network. The state cost-share for each radio is \$1,500 for each radio, unless the cost of the radio is less than \$1,500, in which case the state cost-share is the cost of the radio. The bill also requests the Legislative Management consider studying consolidating emergency and interoperable public safety communications system governance and funding options during the 2019-20 interim.

Senate Bill No. 2101 - 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 - 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. 2318 - Provides legislative intent that the department 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.

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

Information Technology Department - Budget No. 112
House Bill No. 1021
Base Level Funding Changes

| | Executive Budget Recommendation | | | | House Version | | | |
|---|---------------------------------|--------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | FTE Position | General Fund | Other Funds | Total | FTE Position | General Fund | Other Funds | Total |
| 2019-21 Biennium Base Level | 344.30 | \$20,532,334 | \$165,636,855 | \$186,169,189 | 344.30 | \$20,532,334 | \$165,636,855 | \$186,169,189 |
| 2019-21 Ongoing Funding Changes | | | | | | | | |
| Base payroll changes | | | | \$0 | | | | \$0 |
| Salary increase | | \$471,005 | \$3,893,551 | \$4,364,556 | | \$313,373 | \$1,469,467 | 1,782,840 |
| Health insurance increase | | 192,897 | 1,594,579 | 1,787,476 | | 168,832 | 1,342,072 | 1,510,904 |
| Retirement contribution increase | | 58,373 | 482,541 | 540,914 | | | | 0 |
| Removes FTE positions | (17.00) | (503,856) | (2,912,445) | (3,416,301) | (16.00) | (74,991) | (2,912,445) | (2,987,436) |
| Adds cybersecurity FTE positions | 17.00 | 4,935,690 | | 4,935,690 | 5.00 | 1,451,675 | | 1,451,675 |
| Underfund salaries by 2 percent | | | | 0 | | (1,215,501) | | (1,215,501) |
| Transfers 145.5 FTE positions for the IT unification initiative | 145.50 | (6) | 27,991,402 | 27,991,396 | | | | 0 |
| Adds funding for the IT unification initiative | | | 16,464,896 | 16,464,896 | | | | 0 |
| Adds funding for operating expenses | | (97,594) | 2,883,700 | 2,786,106 | | (97,594) | 2,883,700 | 2,786,106 |
| Adds funding for Microsoft Office 365 license operating expenses | | | 4,209,893 | 4,209,893 | | | 4,209,893 | 4,209,893 |
| Adds funding for IT service management | | | 2,000,000 | 2,000,000 | | | 2,000,000 | 2,000,000 |
| Adds funding for application as a service platforms | | | 1,325,000 | 1,325,000 | | | 1,325,000 | 1,325,000 |
| Adds funding for automation and orchestration platforms | | | 900,000 | 900,000 | | | 900,000 | 900,000 |
| Reduces funding for capital assets | | | (4,041,883) | (4,041,883) | | | (4,041,883) | (4,041,883) |
| Reduces funding for the Centers of Distance Education | | (174,048) | (305,000) | (479,048) | | (229,116) | | (229,116) |
| Transfers the Center of Distance Education to CTE | (29.80) | (5,697,613) | (2,473,590) | (8,171,203) | (29.80) | (5,800,000) | (3,050,000) | (8,850,000) |
| Reduces funding for the statewide longitudinal data system | | (1,056) | | (1,056) | | (1,056) | | (1,056) |
| Reduces funding for the Educational Technology Council | | | (10,000) | (10,000) | | | (10,000) | (10,000) |
| Transfers the Educational Technology Council to CTE | (0.50) | (180,122) | (585,000) | (765,122) | (0.50) | (180,122) | (585,000) | (765,122) |
| Transfer funding from the Educational Technology Council to Edutech | | | | 0 | | 5,000 | (5,000) | 0 |
| Adjusts funding for PowerSchool | | 4,950,000 | (4,730,482) | 219,518 | | | | 0 |
| Reduces funding for EduTech | | (295,980) | (138,159) | (434,139) | | (295,980) | (138,159) | (434,139) |
| Adjusts funding for the K-12 wide area network | | 600,000 | (10,000) | 590,000 | | 600,000 | (10,000) | 590,000 |
| Reduces funding for the geographic information system (GIS) | | (107,272) | | (107,272) | | (107,272) | | (107,272) |
| Reduces funding for the Health Information Technology Office | | | (481,551) | (481,551) | | | (481,551) | (481,551) |
| Reduces funding for SIRN | | | (1,370,000) | (1,370,000) | | | (1,370,000) | (1,370,000) |
| Total ongoing funding changes | 115.20 | \$4,150,418 | \$44,687,452 | \$48,837,870 | (41.30) | (\$5,462,752) | \$1,526,094 | (\$3,936,658) |
| One-time funding items | | | | | | | | |
| Adds funding for SIRN | | | \$44,000,000 | \$44,000,000 | | | | \$0 |
| Adds funding for a unified data platform project | | | 1,000,000 | 1,000,000 | | | | 0 |
| Adds funding for a ND gateway portal project | | | 6,000,000 | 6,000,000 | | | | 0 |
| Adds funding for a legacy lift project | | | 2,000,000 | 2,000,000 | | | | 0 |
| Adds funding for cybersecurity operating expenses | | | 11,400,000 | 11,400,000 | | \$8,100,000 | | 8,100,000 |
| Adds funding for a customer relationship management project | | | 4,500,000 | 4,500,000 | | | | 0 |
| Adds funding for a GIS statewide land parcel project | | | 1,150,000 | 1,150,000 | | | | 0 |
| Total one-time funding changes | 0.00 | \$0 | \$70,050,000 | \$70,050,000 | 0.00 | \$8,100,000 | \$0 | \$8,100,000 |
| Total Changes to Base Level Funding | 115.20 | \$4,150,418 | \$114,737,452 | \$118,887,870 | (41.30) | \$2,637,248 | \$1,526,094 | \$4,163,342 |
| 2019-21 Total Funding | 459.50 | \$24,682,752 | \$280,374,307 | \$305,057,059 | 303.00 | \$23,169,582 | \$167,162,949 | \$190,332,531 |

Other Sections for Information Technology Department - Budget No. 112

Other Sections for Information Technology Department - Budget No. 112

Executive Budget Recommendation

House Version

Line item transfers

Section 3 would allow the Director of the Office of Management and Budget to transfer funds between line items in Section 1 as requested by the Chief Information Officer of ITD for the development and implementation of technology projects.

Additional income

Section 4 would appropriate all federal or other funds received by ITD in excess of those funds appropriated in Section 1 for the 2019-21 biennium.

Educational Technology Council

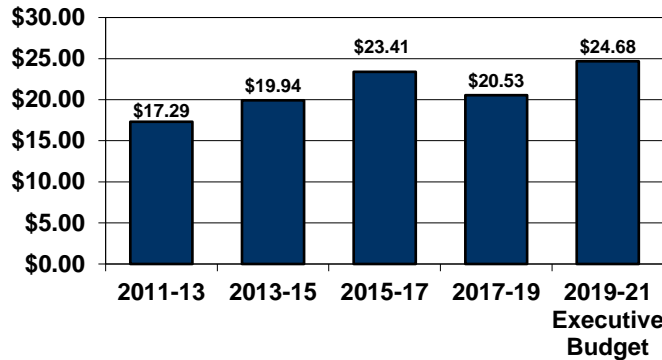
Section 5 would repeal North Dakota Century Code Sections 54-59-17 and 54-59-18 related to meetings, compensation, powers, and duties of the Educational Technology Council.

Department 112 - Information Technology Department

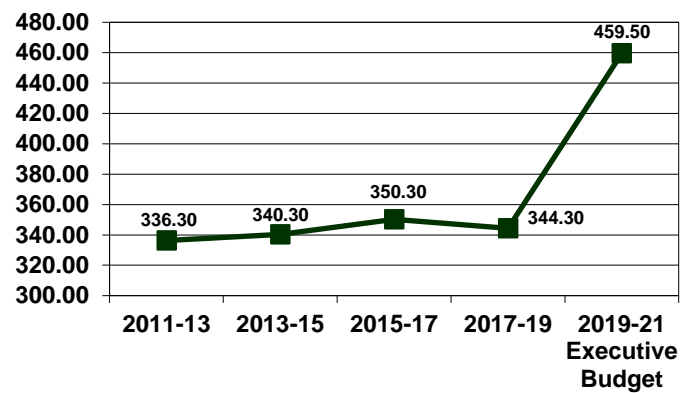
Historical Appropriations Information

Ongoing General Fund Appropriations Since 2011-13

Ongoing General Fund Appropriations (in Millions)



FTE Positions



| Ongoing General Fund Appropriations | | | | | |
|---|--------------|--------------|--------------|---------------|--------------------------|
| | 2011-13 | 2013-15 | 2015-17 | 2017-19 | 2019-21 Executive Budget |
| Ongoing general fund appropriations | \$17,294,580 | \$19,939,428 | \$23,406,055 | \$20,532,334 | \$24,682,752 |
| Increase (decrease) from previous biennium | N/A | \$2,644,848 | \$3,466,627 | (\$2,873,721) | \$4,150,418 |
| Percentage increase (decrease) from previous biennium | N/A | 15.3% | 17.4% | (12.3%) | 20.2% |
| Cumulative percentage increase (decrease) from 2011-13 biennium | N/A | 15.3% | 35.3% | 18.7% | 42.7% |

Major Increases (Decreases) in Ongoing General Fund Appropriations

2013-15 Biennium

1. Provided additional funding for ongoing operations of the Geographic Information System Initiative \$125,000
2. Provided additional funding for ongoing operations of the Criminal Justice Information Sharing Initiative projects \$215,000
3. Adjusted funding for the Center for Distance Education \$1,358,386

2015-17 Biennium

1. Removed the criminal justice information sharing system, including the transfer of 3 FTE positions to the Attorney General (\$2,258,373)
2. Added funding for costs-to-continue operations of the K-12 network (\$600,000) and for distance education college and career readiness (\$250,000) \$850,000
3. Added funding for the statewide longitudinal data system for ongoing operations and 1 FTE programmer analyst position \$3,500,000
4. Added funding for the Center for Distance Education for K-12 education, including 4 FTE teacher positions \$1,388,090
5. Added funding to implement multifactor authentication, including funding for 4 FTE information system security analyst positions \$537,001

2017-19 Biennium

1. Removed \$300,000 from the general fund for the EduTech Director position (\$300,000)
2. Adjusted the funding source from the general fund to the health information exchange fund for the Health Information Technology Director position (\$361,389)
3. Reduced funding for operating expenses, primarily related to contractor costs (\$1,275,949)
4. Added funding for the Center for Distance Education to provide a total appropriation of \$9,079,116 \$300,000
5. Reduced funding for Educational Technology Council grants, to provide total funding of \$1,121,472 for the Educational Technology Council, of which \$85,000 is for grants (\$545,000)

- 6. Reduced funding for the K-12 wide area network information technology contract costs, to provide total funding of \$4,534,278 for the K-12 wide area network, of which \$2,688,785 is for the information technology contract costs (\$490,345)

2019-21 Biennium (Executive Budget Recommendation)

- 1. Adds 17 FTE cybersecurity positions, including related operating expenses of \$740,000. **The House added 5 FTE cybersecurity positions and total funding of \$1,451,675, including \$217,650 of operating funds.** \$4,935,690
- 2. Transfers the Center for Distance Education to CTE, including 29.80 FTE positions, of which \$5,697,613 is for salaries and benefits from the general fund and \$2,473,590 is for operating expenses from the independent study operating fund. **The House transferred \$5,800,000 from the general fund, including 29.80 FTE positions, to CTE.** (\$5,697,613)
- 3. Transfers the Educational Technology Council to CTE, including a 0.50 FTE administrative assistant position (\$180,122)
- 4. Adjusts funding for PowerSchool to provide total funding of \$5,690,138, of which \$4,950,000 is transferred from the Department of Public Instruction from the general fund and \$740,138 is from the PowerSchool fund. **The House did not adjust funding for PowerSchool.** \$4,950,000
- 5. Adjusts funding for the K-12 wide area network to provide total funding of \$5,184,453, of which \$5,094,453 is from the general fund and \$90,000 is from the department's service fund. **The salary and health increases approved by the House resulted in total funding for the K-12 wide area network of \$5,165,952, of which \$5,075,952 is from the general fund and \$90,000 is from the department's service fund.** \$600,000

**GOVERNOR'S RECOMMENDATION FOR THE
INFORMATION TECHNOLOGY DEPARTMENT
AS SUBMITTED BY THE
OFFICE OF MANAGEMENT AND BUDGET**

SECTION 1. APPROPRIATION. The funds provided in this section, or so much of the funds as may be necessary, are appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, and from special funds derived from federal funds and other income, to the information technology department for the purpose of defraying the expenses of that agency, for the biennium beginning July 1, 2019, and ending June 30, 2021, as follows:

| | <u>Base Level</u> | <u>Adjustments or Enhancements</u> | <u>Appropriation</u> |
|--------------------------------------|--------------------|--|----------------------|
| Salaries and wages | \$59,359,772 | \$36,122,188 | \$95,481,960 |
| Operating expenses | 73,552,998 | 66,960,999 | 140,513,997 |
| Capital assets | 17,995,000 | 24,408,117 | 42,403,117 |
| Center for distance education | 9,079,116 | (9,079,116) | 0 |
| Statewide longitudinal data system | 4,310,561 | 105,984 | 4,416,545 |
| Educational technology council | 1,121,472 | (754,133) | 367,339 |
| EduTech | 9,752,767 | (167,203) | 9,585,564 |
| K-12 wide area network | 4,534,278 | 650,175 | 5,184,453 |
| Geographic information system | 1,147,716 | 1,059,953 | 2,207,669 |
| Health information technology office | <u>5,315,509</u> | <u>(419,094)</u> | <u>4,896,415</u> |
| Total all funds | \$186,169,189 | \$118,887,870 | \$305,057,059 |
| Less estimated income | <u>165,636,855</u> | <u>114,737,452</u> | <u>280,374,307</u> |
| Total general fund | \$20,532,334 | \$4,150,418 | \$24,682,752 |
| Full-time equivalent positions | 344.3 | 115.20 | 459.50 |

SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO SIXTY-SEVENTH LEGISLATIVE ASSEMBLY. The following amounts reflect the one-time funding items approved by the sixty-fifth legislative assembly for the 2017-19 biennium and the 2019-21 one-time funding items included in the appropriation in section 1 of this Act:

| <u>One-Time Funding Description</u> | <u>2017-19</u> | <u>2019-21</u> |
|---------------------------------------|-------------------|-------------------|
| Electronic payment processing system | \$375,000 | 0 |
| Health information network expansion | 43,555,133 | 0 |
| GIS-Statewide Land Parcel | 0 | 1,150,000 |
| Statewide Interoperable Radio Network | 0 | 44,000,000 |
| Unified Data Platform | 0 | 1,000,000 |
| ND Gateway | 0 | 6,000,000 |
| Legacy Lift | 0 | 2,000,000 |
| Total all funds | \$43,930,133 | \$54,150,000 |
| Less estimated income | <u>43,930,133</u> | <u>54,150,000</u> |
| Total general fund | \$0 | \$0 |

The 2019-21 one-time funding amounts are not a part of the entity's base budget for the 2019-21 biennium. The information technology department shall report to the appropriations committees of the sixty-seventh legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2019 and ending June 30, 2021.

SECTION 3. TRANSFERS. Notwithstanding section 54-16-04, the director of the office of management and budget shall make transfers of funds between line items in section 1 of this Act for the information technology department as may be requested by the chief information officer as determined necessary for the development and implementation of information technology projects.

SECTION 4. APPROPRIATION. In addition to the amounts appropriated to the information technology department in section 1 of this Act, there is appropriated any additional income from federal or other funds which may become available to the agency for the biennium beginning July 1, 2019, and ending June 30, 2021.

SECTION 5. REPEAL. Sections 54-59-17 and 54-59-18 of the North Dakota Century Code are repealed.