INFORMATION TECHNOLOGY COMMITTEE -
BACKGROUND MEMORANDUM

North Dakota Century Code Section 54-35-15.1 requires the Legislative Management, during each biennium, to appoint an Information Technology Committee in the same manner as the Legislative Management appoints other interim committees. The committee is to consist of six members of the House of Representatives and five members of the Senate. The chief information officer (CIO) of the state serves as an ex officio nonvoting member of the committee.

COMMITTEE STATUTORY AND ASSIGNED RESPONSIBILITIES

Section 54-35-15.2 requires the committee to:

1. Meet at least once each calendar quarter.
2. Receive a report from the CIO of the state at each meeting.
3. Review the business plan of the Information Technology Department (ITD).
4. Review macro-level issues relating to information technology (IT).
5. Review the activities of ITD.
6. Review statewide IT standards.
7. Review the statewide IT plan.
8. Review IT efficiency and security.
9. Review established or proposed IT programs and IT acquisitions by the executive and judicial branches.
10. Receive and review information, including a project startup report summarizing the project description, project objectives, business need or problem, cost-benefit analysis, and project risks and a project closeout report summarizing the project objectives achieved, project budget and schedule variances, and lessons learned, from ITD and the affected agency regarding any major IT project of an executive branch agency. A major project is a project with a total cost of $500,000 or more.
11. Receive and review information, including a project startup report summarizing the project description, project objectives, business need or problem, cost-benefit analysis, and project risks and a project closeout report summarizing the project objectives achieved, project budget and schedule variances, and lessons learned, from ITD and the affected institution regarding any major project of the State Board of Higher Education or any institution under the control of the State Board of Higher Education. A major project is a project that significantly impacts the statewide wide area network, impacts the statewide library system, or is an administrative project and is a project with a total cost of $500,000 or more.
12. Receive and review information from ITD and the affected agency regarding any IT project of an executive branch agency with a total cost of between $100,000 and $500,000 as determined necessary by ITD.
13. Receive a report from the CIO regarding the recommendation of the State Information Technology Advisory Committee (SITAC) relating to the prioritization of proposed major IT projects and other IT issues.
14. Receive and review information, including a project startup report summarizing the project description, project objectives, business need or problem, cost-benefit analysis, and project risks and a project closeout report summarizing the project objectives achieved, project budget and schedule variances, and lessons learned, from the affected legislative or judicial branch agency regarding any IT project of the legislative or judicial branch with a total cost of $500,000 or more.
15. Receive information from the State Board of Higher Education regarding higher education IT planning, services, and major projects.

Section 54-35-15.3 authorizes the Information Technology Committee to review any IT project or IT plan. The section provides if the committee determines a project or plan is at risk of failing to achieve its intended results, the committee may recommend to the Office of Management and Budget (OMB) the suspension of the expenditure or funding appropriated for a project or plan. The Office of Management and Budget may suspend the expenditure authority if OMB agrees with the recommendation of the committee.

Section 54-35-15.4 provides the Information Technology Committee may request the State Auditor to conduct an IT compliance review. The review may consist of an audit of an agency's IT management, IT planning,
compliance with IT plans, and compliance with IT standards and policies or an audit of statewide compliance with specific IT standards and policies. Similar provisions are provided for in Section 54-10-28.

The committee has the responsibility of reviewing the activities of ITD, the business plan of ITD, statewide IT standards, the statewide IT plan, and major IT projects as provided by Section 54-35-15.2, as discussed earlier; for determining IT compliance reviews to be conducted by the State Auditor as provided by Section 54-35-15.4; and for receiving:

- A report from the State Board of Higher Education regarding higher education IT planning, services, and major projects (Sections 15-10-44 and 54-35-15.2).
- A report from the CIO regarding the recommendations of SITAC relating to the prioritization of proposed major IT projects and other IT issues (Section 54-35-15.2).
- Recommendations from the CIO and ITD's advisory committee regarding major software projects for consideration and the drafting of appropriate legislation to implement the recommendations (Section 54-59-02.1).
- A report from the CIO regarding the coordination of services with political subdivisions and a report from the CIO and the CIO of the North Dakota University System regarding coordination of IT between ITD and higher education (Section 54-59-12).
- The annual report from ITD (Section 54-59-19).

In addition to its statutory responsibilities for the 2019-20 interim, the Legislative Management assigned the committee the following responsibilities:

- Receive a report from the Statewide Longitudinal Data System Committee regarding recommendations for further development, cost proposals, proposals for legislation, and recommendations for data sharing governance (Section 54-59-36).
- Receive a report from the Emergency Services Communications Coordinating Committee by November 1 of each even-numbered year regarding the use of the assessed communications services fee revenue and receive recommendations regarding changes to the operating standards for emergency services communications, including training or certification standards for dispatchers (Section 57-40.6-12).
- Receive a report from the State Department of Health before July 1, 2020, regarding the implementation of electronic access to vital records. It is the intent of the 66th Legislative Assembly that the State Department of Health implement a program of electronic access to vital records through web access or kiosk in cooperation with other state agencies in at least eight locations around the state (Section 7 of House Bill No. 1004 (2019)).
- Receive at least one report from the commissioner of university and school lands regarding the status of the Department of Trust Lands' IT project approved by the 2017 Legislative Assembly (Section 10 of House Bill No. 1013 (2019)).
- 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 (Section 7 of House Bill No. 1021 (2019)).
- Receive a report from ITD before September 1, 2020, regarding the results of ITD's review of service rates charged to state agencies, including rate structure and agency billing (Section 9 of House Bill No. 1021 (2019)).
- Receive a report from the CIO before June 1 of each even-numbered year regarding the implementation of distributed ledger technology. The Information Technology Department is required 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 request of the state agency, to serve as a pilot program for the implementation and use of distributed ledger-enabled platform technologies (Section 1 of House Bill No. 1048 (2019)).
- Receive a report from ITD regarding local area network services. It is the intent of the 66th Legislative Assembly that ITD enter a contract to provide a solution to improve wired or wireless internal local area network service infrastructure within student housing facilities at higher education campuses that choose to
receive the service. The department shall collaborate with the institutions and entities under the control of the State Board of Higher Education and include participating institutions when developing requirements and selecting the internal local area network service solution. The department is required to submit a copy of any related contract to the Legislative Council (Section 1 of Senate Bill No. 2318 (2019))

- Study the potential benefit value of blockchain technology implementation and utilization in state government administration and affairs, including a comprehensive assessment of government areas in which blockchain technology can assist with agency affairs and administration, accounting and budgeting, transactions, creating necessary audit trails, authorizing a decision, authenticating authority, and establishing a system of record; and an analytical evaluation of implementing smart contracts to improve efficiencies in contract enforcement, the cost-effectiveness and increased security of utilizing a blockchain technology electronic voting system, and the exploration of other e-government services and applications, such as identity management, tax collection, land registry, distribution of benefits, and digital exchanges (House Concurrent Resolution No. 3004 (2019)).

PREVIOUS COMMITTEE RECOMMENDATIONS

2011-12 Interim

The 2011-12 interim Information Technology Committee recommended the following two bills for consideration by the 2013 Legislative Assembly:

1. Senate Bill No. 2033, which was approved by the Legislative Assembly, amended Sections 54-35-15.2, 54-59-05(8), and 54-59-23 to change the definition of a large IT project from a project with a total cost of $250,000 or more to a project with a total cost of $500,000 or more.

2. Senate Bill No. 2034, which was approved by the Legislative Assembly, created a new section to Chapter 54-59 to establish an executive steering committee for IT projects. The bill provided:
   a. An executive branch state agency, excluding institutions under the control of the State Board of Higher Education, proposing a major IT project must collaborate with ITD and OMB and consult with the Attorney General's office to approve and administer the contract for a project.
   b. The procurement officer and primary project manager for a major IT project must meet the qualifications established by ITD and OMB.
   c. The executive steering committee consists of the director of OMB, the CIO, the head of the agency contracting for the project, the project sponsor, and a large project oversight analyst designated by the CIO. The committee must monitor the overall status of the project and review project decisions. Any project decision declared by a member of the committee to be a major project decision requires at least four affirmative votes.
   d. Contracts and any changes to a contract for a major IT project must be signed by the head of the contracting agency and the CIO.

2013-14 Interim

The Legislative Management assigned the committee the responsibility to study Voice over Internet Protocol service and issues related to the development of the current radio communication plan. The committee also received the results of a desktop support study, IT hardware relocation and consolidation study, and an IT staffing analysis of the Department of Public Instruction (DPI). The committee did not make any recommendations regarding the Voice over Internet Protocol study, the radio communication study, and the results of an IT staffing analysis of DPI.

The 2013-14 interim Information Technology Committee recommended the following four bills for consideration by the 2015 Legislative Assembly:

1. House Bill No. 1051, which was approved by the Legislative Assembly, amended Section 15-10-44(1) to require all institutions under the control of the State Board of Higher Education to receive email services through one consolidated system operated by the State Board of Higher Education. The bill also required the State Board of Higher Education and the institutions under the control of the State Board of Higher Education to retain emails for a specific number of years. The bill also clarified that the State Board of Higher Education and the institutions under the control of the State Board of Higher Education are included in the state's records retention policies.

2. House Bill No. 1052, which was approved by the Legislative Assembly, amended Sections 54-35-15.2(11) and 54-59-12 to require the CIO of the University System rather than the commissioner of the State Board of Higher Education to coordinate with ITD and to report to the Information Technology Committee.
3. House Bill No. 1053, which was not approved by the Legislative Assembly, would have created a new section in Chapter 54-59 and amended Section 54-59-05. The bill would have required certain state agencies to obtain centralized desktop support services from ITD. However, similar provisions were included in the final version of House Bill No. 1021, which was approved by the Legislative Assembly.

4. Senate Bill No. 2051, which was not approved by the Legislative Assembly, related to the implementation of the results of a hardware relocation and consolidation study, would have exempted the IT hardware operated by the Attorney General's office from consolidation and relocation and removed the ability of OMB to grant exemptions from the required use of hosting services and other IT-related services. By removing the exemptions, the IT hardware operated by the Department of Mineral Resources, Public Service Commission, and State Water Commission would have been required to be relocated and consolidated within ITD.

2015-16 Interim

The 2015-16 interim Information Technology Committee received information from ITD regarding the department's strategic plan and annual report, reviewed IT policies, standards, and guidelines, and monitored the status of large IT projects, including the estimated cost and completion dates of these projects. Major IT projects the committee reviewed included the following:

- Medicaid management information system - Department of Human Services (DHS).
- Eligibility systems modernization project - DHS.
- Transformed Medicaid statistical information system - DHS.
- WyCAN project - Job Service North Dakota.
- IT transformation program project - Workforce Safety and Insurance.
- Data processing system project - Secretary of State.

The committee also heard recommendations from ITD and SITAC regarding the prioritization of proposed major computer software projects and received IT updates from the University System regarding higher education and the Educational Technology Council regarding elementary and secondary education. In addition, the committee received updates on the status of the statewide interoperable radio network (SIRN), the implementation of desktop support services for state agencies, the statewide longitudinal data system initiative, and the North Dakota health information hub.

2017-18 Interim

The 2017-18 interim Information Technology Committee received information from ITD regarding the department's transition to cloud computing and its IT unification initiative, which included a proposal to transfer 145.5 full-time equivalent (FTE) positions from the Governor's cabinet agencies and the Department of Trust Lands, to ITD. The committee learned ITD executed a contract extension with Dakota Carrier Network to increase the infrastructure and bandwidth capacity of the Statewide Technology Access for Government and Education network (STAGEnet). The committee learned in June 2018 that ITD and OMB consolidated multiple Microsoft licensing enrollments into one Microsoft Office 365 agreement. The agreement covers 6,500 employees in 34 agencies, including the Governor's cabinet agencies, the Bank of North Dakota, and current department desktop support customers. The committee also received information from ITD regarding the department's cybersecurity initiatives, including information regarding the type and number of attacks ITD defends against for the state and political subdivisions.

The committee conducted a study of ITD services and rates pursuant to Section 8 of Senate bill No. 2001 (2017). The committee received information from ITD regarding rate types and fee structures, rate trends from previous bienniums, federal requirements regarding rates, how rates are established for each service, services provided to state agencies, the effect of salary and health insurance increases on rates, how cloud hosting affects rates, and how the shared services unification plan will impact services and rates. The committee also received information from representatives of the University System, state agencies receiving IT services from ITD, and from the North Dakota Association of Counties regarding services provided by ITD to political subdivisions. The department reported their goal is to improve operational effectiveness, including managing the cost per unit of service provided to ITD customers. Because rates charged and services provided by ITD may change due to recent department initiatives relating to cloud computing and shared services unification of IT employees, the committee recommended the 66th Legislative Assembly continue to monitor ITD services and rates and the impact on state agencies.
The committee received information from ITD and a representative of IBM Corporation regarding distributed ledger technology and blockchain. The committee was informed blockchain for government involves four components—identity, business assets, privacy, and governance. Identity includes all known participants, business assets vary for each blockchain use, privacy addresses the confidentiality of transactions between parties, and governance relates to a group overseeing the rules and operations of blockchain technology and distributed ledgers. The committee recommended House Current Resolution No. 3002 (2019), providing for a Legislative Management study of distributed ledger technology and blockchain for state government. The study was to include the potential benefits of distributed ledger technology and blockchain for state government, including an evaluation of the effects on government accounting and budgeting, decisionmaking, information technology authentication, records management, remote electronic voting, and other e-government services and applications, such as tax collection, land registry, distribution of benefits, digital currencies, and other potential benefits.

The committee also received information regarding the ITD strategic plan and annual report, IT policies, standards, guidelines, the statewide IT plan, large IT projects, prioritization of major computer software projects by SITAC, reports regarding higher education IT, elementary and secondary education IT, political subdivision IT, the statewide longitudinal data system, SIRN, the electronic payment processing system, health IT, information regarding the mainframe, the North Dakota voter database, the ITD Help Desk, and county road signage and city street mapping.

2019 LEGISLATIVE ASSEMBLY - RELATED LEGISLATION

House Bill No. 1021 - Access to Lands Study

Section 4 of House Bill No. 1021 identifies one-time funding of $5.15 million from the strategic investment and improvements fund (SIIF) for IT initiatives, of which $1.15 million is for a geographic information system statewide land parcel project. The geographic information system statewide land parcel project could be used for a variety of purposes, including the establishment of an electronic posting and hunter access information system, which is a requirement of ITD and the Game and Fish Department for the access to lands study required in Section 6 of House Bill No. 1021. The study must include a review of 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. The electronic posting and hunter access information system must be established before August 1, 2020, and must include up to three counties. The Legislative Management assigned this study to the Natural Resources Committee.

House Bill No. 1048 - Distributed Ledger Technologies Pilot Project

House Bill No. 1048 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 CIO is required to report to the Legislative Management before June 1 of each even-numbered year regarding the implementation of distributed ledger technologies.

House Bill No. 1080 - Security Background Information

House Bill No. 1080 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.

Senate Bill No. 2101 - Student Information System

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 - Cybersecurity Strategy

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. 2215 - Educational Technology Council

Senate Bill No. 2215 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 DPI.
**Senate Bill No. 2216 - Center for Distance Education**

Senate Bill No. 2216 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**

Senate Bill No. 2318 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 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.

**House Concurrent Resolution No. 3004 - Blockchain Study**

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.

**OTHER RELATED BACKGROUND INFORMATION**

The Information Technology Department was established by the 1999 Legislative Assembly to assume the responsibilities of the Information Services Division of OMB. The department is responsible for all wide area network services, planning, selection, and implementation for all state agencies, including institutions under the control of the State Board of Higher Education, counties, cities, and school districts in the state. The department is also responsible for computer support services, host software development, statewide communications services, standards for providing information to other state agencies and the public through the Internet, technology planning, process redesign, and quality assurance. The department is headed by the CIO of the state who serves at the pleasure of the Governor and is to be appointed on the basis of education, experience, and other qualifications in IT and administration.

**Information Technology Department Funding**

The 2019 Legislative Assembly provided funding of $349,597,645, of which $28,565,311 is from the general fund and $321,032,334 is from other funds, to ITD for the 2019-21 biennium. The 2019-20 appropriation of $349,597,645 reflects an increase of $104,498,323, or 42.6 percent, from the 2017-19 biennium appropriation of $245,099,322. The following are summaries of ITD's legislative appropriations for the 2017-19 and 2019-21 bienniums:

<table>
<thead>
<tr>
<th></th>
<th>General Fund</th>
<th>Other Funds</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019-21 legislative appropriation</td>
<td>$28,565,311</td>
<td>$321,032,334</td>
<td>$349,597,645</td>
</tr>
<tr>
<td>2017-19 legislative appropriation</td>
<td>20,532,334</td>
<td>224,566,988</td>
<td>245,099,322</td>
</tr>
<tr>
<td>Increase (decrease)</td>
<td>$8,032,977</td>
<td>96,465,346</td>
<td>$104,498,323</td>
</tr>
<tr>
<td>Percentage increase (decrease)</td>
<td>39.1%</td>
<td>43.0%</td>
<td>42.6%</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>General Fund</th>
<th>SIIF</th>
<th>Bank of North Dakota Line of Credit</th>
<th>Bank of North Dakota Profits</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cybersecurity operating expenses</td>
<td>$11,400,000</td>
<td>$4,000,000</td>
<td>$0</td>
<td>0</td>
<td>$15,400,000</td>
</tr>
<tr>
<td>Geographic information system statewide land parcel project</td>
<td>0</td>
<td>1,150,000</td>
<td>0</td>
<td>0</td>
<td>1,150,000</td>
</tr>
<tr>
<td>SIRN (House Bill No. 1435)</td>
<td>0</td>
<td>20,000,000</td>
<td>80,000,000</td>
<td>20,000,000</td>
<td>120,000,000</td>
</tr>
<tr>
<td>Total</td>
<td>$11,400,000</td>
<td>$25,150,000</td>
<td>$80,000,000</td>
<td>$20,000,000</td>
<td>$136,550,000</td>
</tr>
</tbody>
</table>
The following is a summary of ITD's legislative appropriation for the 2019-21 biennium:

<table>
<thead>
<tr>
<th>General Fund</th>
<th>Other Funds</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>$14,797,928</td>
<td>$176,187,054</td>
<td>$190,984,982</td>
</tr>
</tbody>
</table>

Statewide longitudinal data system
- 4,387,145
- 0
- 4,387,145

EduTech
- 3,324,639
- 6,321,134
- 9,645,773

K-12 wide area network
- 5,077,970
- 90,000
- 5,167,970

Geographic information system
- 977,629
- 1,225,000
- 2,202,629

Health Information Technology Office (HITO)
- 0
- 4,879,146
- 4,879,146

SIRN
- 0
- 132,330,000
- 132,330,000

Total
- $28,565,311
- $321,032,334
- $349,597,645

The following is a summary of major appropriation increases and decreases included in ITD's legislative appropriation for the 2019-21 biennium compared to the 2017-19 base level appropriation:

<table>
<thead>
<tr>
<th>General Fund</th>
<th>Other Funds</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>$13,821,986</td>
<td>$39,955,226</td>
<td>$53,777,212</td>
</tr>
</tbody>
</table>

Adjusted funding for ITD operations (salaries and wages, operating expenses, and capital assets)
- (6,029,116)
- (3,050,000)
- (9,079,116)

Removed funding for the Center for Distance Education
- 76,584
- 0
- 76,584

Added funding for the statewide longitudinal data system
- (521,472)
- (600,000)
- (1,121,472)

Adjusted funding for EduTech
- 136,390
- (243,384)
- (106,994)

Adjusted funding for the K-12 wide area network
- 643,692
- (10,000)
- 633,692

Adjusted funding for the geographic information system
- (95,087)
- 1,150,000
- 1,054,913

Reduced funding for HITO
- 0
- (436,363)
- (436,363)

Added funding for SIRN
- 0
- 118,630,000
- 118,630,000

Total
- $8,032,977
- $155,395,479
- $163,428,456

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

<table>
<thead>
<tr>
<th>FTE Increase (Decrease)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Removed undesignated FTE positions, including 1 undesignated FTE EduTech position</td>
</tr>
<tr>
<td>Added cybersecurity FTE positions</td>
</tr>
<tr>
<td>Removed FTE Center for Distance Education positions¹</td>
</tr>
<tr>
<td>Removed Educational Technology Council FTE positions</td>
</tr>
</tbody>
</table>

Transferred 96 FTE positions from five agencies to ITD for the IT shared services unification initiative:
- Department of Trust Lands
- Department of Human Services
- Adjutant General - Department of Emergency Services
- Parks and Recreation Department
- Department of Transportation

Total
- 57.70

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

Cybersecurity Funding

Section 4 of House Bill No. 1021 identifies one-time funding of $5,150,000 from SIIF for IT initiatives, of which $4,000,000 is for cybersecurity operating expenses. Total cybersecurity funding for ITD for the 2019-21 biennium is $17,722,680, of which $13,722,680 is from the general fund. Of the total, $15,400,000 is considered one-time funding and $2,322,680 is considered ongoing funding for 8 new FTE cybersecurity positions.

Shared Services Information Technology Unification Initiative

The 2019 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:

<table>
<thead>
<tr>
<th>ITD Operating Service Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries for 96 FTE positions transferred to ITD from five agencies</td>
</tr>
<tr>
<td>Temporary salaries</td>
</tr>
<tr>
<td>Operating expenses for transferred FTE positions</td>
</tr>
</tbody>
</table>

Total
- $27,646,350
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 Information Technology Funding

The 2019 Legislative Assembly provided funding of $226,574,426, of which $13,722,680 is from the general fund and $212,851,746 is from federal and special funds, for IT projects for the 2019-21 biennium. A summary of the funding is attached as an appendix.

Statewide Interoperable Radio Network

House Bill No. 1435 (2019) relates to SIRN and provides for the following related to ITD:

- Section 1 amends Section 37-17.3-02 to allow the 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 House Bill No. 1178 (2017) 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.

- Sections 6 requires the Bank of North Dakota to extend a line of credit not to exceed $80 million to ITD for SIRN. The 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 (2019) 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 Bank of North Dakota line of credit, $20 million is from Bank 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 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.

Section 26 of Senate Bill No. 2015 (2019) requires before the Industrial Commission transfers any Bank of North Dakota profits to the SIRN fund, $25 million of the line of credit must be used.

Health Information Technology

Health Information Technology Advisory Committee
Section 54-59-25 establishes a Health Information Technology Advisory Committee (HITAC) consisting of the CIO, the state health officer, the Governor, the executive director of DHS, the chairman of the House Human Services Committee, the chairman of the Senate Human Services Committee, and individuals appointed by the Governor and the state health officer to represent a broad range of public and private health IT stakeholders.

Health Information Technology Office
Section 54-59-26 establishes HITO in ITD. The Health Information Technology Advisory Committee is to make recommendations to HITO for implementing a statewide interoperable health information infrastructure that is consistent with emerging national standards, promote the adoption and use of electronic health records and other health information technologies, and promote interoperability of health information systems.

The director of HITO, in collaboration with HITAC, is to:

• Apply for federal funds that may be available to assist the state and health care providers in implementing and improving health IT.

• Implement and administer a health information exchange that utilizes information infrastructure and systems in a secure and cost-effective manner to facilitate the collection, storage, and transmission of health records.

• Adopt rules for the use of health information, use of the health information exchange, and participation in the health information exchange.

Electronic Health Information Exchange Fund
Section 54-59-27 establishes an electronic health information exchange fund. The fund consists of the money deposited in the fund from federal or other sources or money transferred into the fund as directed by the Legislative Assembly. The Health Information Technology Office is to administer the fund. The money in the fund is to be used to facilitate and expand the electronic health information exchange. Money in the fund may be used, subject to legislative appropriations, to provide services directly for grants and for costs of administration of the fund.

As of August 2019, ITD estimates the June 30, 2021, fund balance will be $1,447,074.

Health Information Technology Planning Loan Fund
Section 6-09-43 establishes a health information technology planning loan fund at the Bank of North Dakota for providing low-interest loans to health care entities to assist those entities in improving health IT infrastructure. This fund is a revolving loan fund. All money transferred into the fund, interest on money in the fund, and collections of interest and principal on loans made from the fund are appropriated for disbursement. Annually, the Bank may deduct a service fee for administering the revolving loan fund.

An application for a loan must be made to HITO. The director of HITO, in collaboration with HITAC, may approve the application of a qualified applicant that meets the criteria established by the director of HITO. The Health Information Technology Office forwards approved applications to the Bank of North Dakota. Upon approval of the application by the Bank, the Bank is to make the loan from the revolving loan fund.

Since the fund's inception in 2009, through June 2019, loan applications totaling $14,227,024 have been approved. As of August 2019, ITD estimates the June 30, 2021, fund balance will be $3,268,175.

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 will 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 for the 2017-19 biennium, $40.5 million was from federal funds distributed by the federal Centers for Medicare and Medicaid Services and to be received by DHS. Federal funds are available through a Medicaid advanced planning document and require a 10 or 15 percent match. The matching funds will be generated from billings to providers, payers, and 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 (2019), the 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.

**PROPOSED STUDY PLAN**

The following is a proposed study plan for the committee's consideration relating to its statutory responsibilities and assigned study responsibilities:

1. Review the activities of ITD, the business plan of the department, statewide IT standards, the statewide IT plan, and major IT projects (Section 54-35-15.2).
2. Determine IT compliance reviews to be conducted by the State Auditor and receive the results of those reviews (Section 54-35-15.4).
3. Receive a report from the CIO regarding the recommendations of SITAC relating to the prioritization of proposed major IT projects and other IT issues (Sections 54-35-15.2 and 54-19-02.1).
4. Receive reports from the CIO regarding the coordination of services with political subdivisions and the CIO of the University System regarding coordination of IT between ITD and higher education (Section 54-59-12).
5. Receive the following from ITD:
   a. An annual report regarding IT projects, services, plans, and benefits (Section 54-59-19); and
   b. Information regarding the statewide IT budget for the 2019-21 and 2021-23 bienniums.
6. Review current IT-related statutory provisions.
7. Receive reports from the State Board of Higher Education regarding higher education IT planning, services, and major projects (Sections 15-10-44 and 54-35-15.2).
8. Receive a report from the Statewide Longitudinal Data System Committee on the status of the statewide longitudinal data system, including recommendations for further development, cost proposals, proposals for legislation, and data sharing governance (assigned by the Legislative Management pursuant to Section 54-59-36).
9. Receive a report from the Emergency Services Communications Coordinating Committee by November 1 of each even-numbered year regarding the use of the assessed communications services fee revenue and receive recommendations regarding changes to the operating standards for emergency services communications, including training or certification standards for dispatchers (Section 57-40.6-12).
10. Receive a report from the State Department of Health before July 1, 2020, regarding the implementation of electronic access to vital records (Section 7 of House Bill No. 1004 (2019)).
11. Receive a report from the commissioner of university and school lands regarding the status of the department's IT project (Section 10 of House Bill No. 1013 (2019)).
12. Receive a report from ITD by September 1, 2020, regarding its review of service rates charged to state agencies (Section 9 of House Bill No. 1021 (2019)).
13. Receive a report from the CIO before June 1, 2020, regarding the implementation of distributed ledger technologies (Section 1 of House Bill No. 1048 (2019)).
14. Receive a report from ITD regarding internal local area network services provided on higher education campuses (Section 1 of Senate Bill No. 2318 (2019)).

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15. 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 (Section 7 of House Bill No. 1021 (2019)).

16. Study the potential benefit value of blockchain technology implementation and utilization in state government administration and affairs (House Concurrent Resolution No. 3001 (2019)).

17. Receive periodic reports from the CIO regarding the status of SIRN.

18. Receive periodic reports from HITO and HITAC on the status of the health IT activities and the health information network expansion.

19. Develop recommendations and any necessary legislation to implement the committee's recommendations.

20. Prepare a final report for submission to the Legislative Management.

ATTACH:1