

**Information Technology Department
Budget No. 112
House Bill Nos. 1021, 1225, and 1242**

	FTE Positions	General Fund	Other Funds	Total
2023-25 legislative appropriations	507.00	\$43,360,845	\$512,937,379	\$556,298,224
2023-25 base budget	479.00	28,975,953	233,670,105	262,646,058
Legislative increase (decrease) to base budget	28.00	\$14,384,892	\$279,267,274	\$293,652,166

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2023-25 legislative appropriations	\$38,548,325	\$4,812,520	\$43,360,845
2021-23 legislative appropriations	28,975,953	0	28,975,953
2023-25 legislative increase (decrease) to 2021-23 appropriations	\$9,572,372	\$4,812,520	\$14,384,892
Percentage increase (decrease) to 2021-23 appropriations	33.0%	N/A	49.6%

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:				
Adjusted funding for base payroll changes		\$120,798	\$726,602	\$847,400
Added funding to provide employee salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024		1,262,863	6,794,769	8,057,632
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,643 per month		289,572	2,013,036	2,302,608
Transferred funding for new FTE positions and estimated savings from vacant FTE positions to a new and vacant FTE funding pool in the Office of Management and Budget (OMB)		(3,467,729)	(10,418,391)	(13,886,120)
Transferred \$41,791 from the operating expenses line item to the salaries and wages line item for an existing 0.50 FTE position			0	0
Added funding for 2 FTE customer success management program positions (\$518,816) and adjusts funding for 6 existing FTE customer success management program positions from the Information Technology Department's (ITD) operating service fund to the general fund (\$2,050,884)	2.00	2,569,700	(2,050,884)	518,816

Added funding for an enterprise digitization project to modernize state government technology, of which \$981,138 is from the ITD operating service fund for salaries and wages of 5 FTE positions and \$9,115,000 is for operating expenses, including information technology (IT) data processing, software, and professional services and fees. Of the total for operating expenses, \$2,115,000 is ongoing funding, of which \$2,000,000 is from the general fund and \$115,000 is from the ITD operating service fund, and \$7,000,000 is one-time funding from the strategic investment and improvements fund (SIIF).	5.00	2,000,000	8,096,138	10,096,138
Added ongoing funding of \$298,868 from the general fund for salaries and wages of 1 FTE position and one-time funding of \$5,456,876, including \$600,000 from the general fund for software licensing fees and \$4,856,876 from the ITD operating service fund for IT contractual services and repairs, for governance, risk, and compliance costs and the Department of Public Instruction (DPI) lighthouse project. Section 7 identifies \$300,000 of the \$4,856,876 from the ITD operating service fund for a choice ready dashboard expansion project.	1.00	898,868	4,856,876	5,755,744
Added funding for a business gateway - enterprise customer relationship management program, of which \$1,477,694 is for salaries and wages of 6 FTE positions, including \$975,886 for 4 FTE positions from the general fund and \$501,808 for 2 FTE positions from the ITD operating service fund, and \$6,364,000 is for operating expenses. Of the total for operating expenses, \$1,364,000 is ongoing funding from the general fund for software licensing costs and \$5,000,000 is one-time funding from SIIF for professional services and fees.	6.00	2,339,886	5,501,808	7,841,694
Added funding for 11 FTE positions for additional support of state agency IT systems, of which \$1,707,170 is for salaries and wages and \$260,172 is for operating expenses. Of the total, \$222,129 is for 1 FTE position from the general fund and \$1,745,213 is for 10 FTE positions from the ITD operating service fund.	11.00	222,129	1,745,213	1,967,342
Transferred funding for 3 FTE positions for the IT unification initiative, including 2 FTE positions from the Department of Corrections and Rehabilitation and 1 FTE position from the Insurance Commissioner. Funding is added for salaries and wages (\$488,920) and operating expenses (\$70,956) from the ITD operating service fund.	3.00		559,876	559,876

Added funding for a universal vulnerability management project to address the backlog of cybersecurity risks and concerns in state IT systems, of which \$500,000 is ongoing funding from the general fund for IT software costs and \$1 million is one-time funding from the federal State Fiscal Recovery Fund for third-party contract service costs	500,000	1,000,000	1,500,000
Added funding for a Capitol security software upgrade and fiber replacement project, of which \$226,900 is ongoing funding from the general fund for software maintenance and upgrades and \$2,499,467 is one-time funding from the State Fiscal Recovery Fund. Of the one-time funding, \$2,032,805 is for operating expenses and \$466,662 is for capital assets.	226,900	2,499,467	2,726,367
Added funding for IT rate increases	9,385	5,284	14,669
Added funding for the K-12 ClassLink project for IT software and supplies to provide a single sign-on system for participating school districts	1,200,000		1,200,000
Adjusted funding for the North Dakota Health Information Network (NDHIN) by reducing ongoing federal funds (\$6 million), adding ongoing funding from the general fund (\$2 million) and fees collected from NDHIN users and providers deposited in the electronic health information exchange fund (\$1 million), and added one-time funding transferred from the health information technology planning loan fund to the electronic health information exchange fund (\$3 million). Total funding for the Health Information Technology Office and NDHIN is \$8,742,111, of which \$2,000,000 is from the general fund and \$6,742,111 is from the electronic health information exchange fund.	2,000,000	(2,000,000)	0
Added ongoing funding from the statewide interoperable radio network (SIRN) fund for the SIRN project, including \$500,000 for IT equipment, \$2,700,000 for tower lease agreements, and \$1,000,000 for network connectivity and IT data processing costs, to provide a total of \$18,401,469 in the SIRN line item, of which \$16,543,229 is from the SIRN fund and \$1,858,240 is from the general fund		4,200,000	4,200,000
Added one-time funding from SIIF for an ITD call center software upgrade project		3,000,000	3,000,000
Added one-time funding for IT inflationary increases, including \$325,000 from the PowerSchool fund and \$4.65 million from the ITD operating service fund	2,350,000	4,975,000	7,325,000

Added one-time funding for IT equipment and contractual services and repairs of the statewide longitudinal data system to provide a total of \$5,582,678, of which \$5,082,678 is from the general fund and \$500,000 is from federal funds	1,075,000		1,075,000
Added one-time funding from federal funds for the broadband, equity, access, and deployment program and matching funds from the general fund for the state and local cybersecurity grant program	487,520	147,762,480	148,250,000
Added one-time funding for grants to counties for expenses related to an online portal or online access to electronically accessible property and property tax information (House Bill No. 1225)	300,000		300,000
Added one-time funding for the SIRS project, including \$20 million transferred from Bank of North Dakota profits to the SIRS fund to repay a Bank line of credit authorized by the 2019 Legislative Assembly and \$80 million from the State Fiscal Recovery Fund (House Bill No. 1242)		100,000,000	100,000,000
Total	28.00	\$14,384,892	\$279,267,274

FTE Changes

The Legislative Assembly approved 507 FTE positions for ITD for the 2023-25 biennium, an increase of 28 FTE positions from the 2021-23 biennium authorized level of 479 FTE positions. The Legislative Assembly added the following FTE positions:

FTE Position Description or Related Program	FTE Position Authorization
Customer success management program	2.00
Enterprise digitization project to modernization state technology	5.00
Governance, risk, and compliance costs and the DPI lighthouse project	1.00
Business gateway - Enterprise customer relationship management program	6.00
Additional support of state agency IT systems, including:	
Apprenticeship positions	6.00
Desktop support position	1.00
Public safety support position	1.00
Transportation support position	1.00
Network technician position	1.00
Cybersecurity position	1.00
IT unification positions transferred from:	
Department of Corrections and Rehabilitation	2.00
Insurance Commissioner	1.00
Total	28.00

One-Time Funding

The Legislative Assembly appropriated \$283.9 million of one-time funding to ITD for the 2023-25 biennium as follows:

	General Fund	Other Funds	Total
Enterprise digitization project ¹	\$0	\$7,000,000	\$7,000,000
Call center software upgrade project ¹	0	3,000,000	3,000,000
Governance, risk, and compliance costs and the DPI lighthouse project ²	600,000	4,856,876	5,456,876
Business gateway - Enterprise customer relationship management program ¹	0	5,000,000	5,000,000
Universal vulnerability management project ³	0	1,000,000	1,000,000
Capitol security software upgrade and fiber replacement project ³	0	2,499,467	2,499,467
IT inflationary increases ⁴	2,350,000	4,975,000	7,325,000
Statewide longitudinal data system	1,075,000	0	1,075,000
NDHIN ⁵	0	3,000,000	3,000,000
Broadband, equity, access, and deployment program ⁶	0	147,762,480	147,762,480
State and local cybersecurity grant program matching funds	487,520	0	487,520
Grants to counties for an online property tax information portal (House Bill No. 1225)	300,000	0	300,000
SIRN project (House Bill No. 1242) ⁷	0	100,000,000	100,000,000
Total	\$4,812,520	\$279,093,823	\$283,906,343

¹Funding for these items is from SIIF.

²During the November 2021 special legislative session, the Legislative Assembly appropriated \$10 million of other funds derived from reimbursements withheld from certain school districts' integrated formula payments and deposited in the public instruction fund for IT project upgrades to the state automated reporting system (STARS) and the statewide longitudinal data system. The 2023 Legislative Assembly appropriated \$4,856,876 from the ITD operating service fund to ITD to allow ITD to bill DPI for costs related to the lighthouse project during the 2023-25 biennium. The Department of Public Instruction will use a portion of the funding appropriated during the November 2021 special legislative session to pay ITD. Section 7 identifies \$300,000 of the \$4,856,876 from the ITD operating service fund for DPI projects is designated for a choice ready dashboard expansion project.

³Funding for these items is from the State Fiscal Recovery Fund.

⁴Other funds appropriated for IT inflationary increases is from the PowerSchool fund (\$325,000) and the ITD operating service fund (\$4.65 million).

⁵One-time funding appropriated for NDHIN is derived from a transfer from the health information technology planning loan fund to the electronic health information exchange fund.

⁶Funding for the broadband, equity, access, and deployment program is derived from federal funds available as a result of the Infrastructure Investment and Jobs Act.

⁷Funding appropriated in House Bill No. 1242 for the SIRN project includes \$80 million from the State Fiscal Recovery Fund and \$20 million transferred from Bank of North Dakota profits to the SIRN fund to repay a Bank line of credit authorized by the 2019 Legislative Assembly.

IT Unification Initiative

The 2019 Legislative Assembly approved a shared services unification of certain agencies' IT resources and personnel, including the transfer of 96 FTE IT positions from 5 agencies to ITD. The 2021 and 2023 Legislative Assemblies approved additional unification of state government IT resources and personnel, including the transfer of 56 FTE IT positions from 11 agencies to ITD, resulting in 152 FTE positions transferred during the 2019-21, 2021-23, and 2023-25 bienniums, as follows:

Agency	FTE Transferred			Total
	2019-21 Biennium	2021-23 Biennium	2023-25 Biennium	
110 - Office of Management and Budget		4.00		4.00
190 - Retirement and Investment Office		2.00		2.00
226 - Department of Trust Lands	2.00			2.00
301 - State Department of Health		4.00		4.00
303 - Department of Environmental Quality		1.00		1.00
325 - Department of Human Services	48.00			48.00
380 - Job Service North Dakota		16.00		16.00
401 - Insurance Commissioner			1.00	1.00
471 - Bank of North Dakota		16.00		16.00
504 - Highway Patrol		2.00		2.00
530 - Department of Corrections and Rehabilitation		6.00	2.00	8.00
540 - Adjutant General - Department of Emergency Services	4.00			4.00
601 - Department of Commerce		1.00		1.00
720 - Game and Fish Department		1.00		1.00
750 - Parks and Recreation Department	1.00			1.00
801 - Department of Transportation	41.00			41.00
Total	96.00	53.00	3.00	152.00

The following is a summary of funding changes approved as a result of the IT unification initiatives authorized for the 2019-21, 2021-23, and 2023-25 bienniums. Funding is provided from the ITD operating service fund.

	2019-21 Biennium	2021-23 Biennium	2023-25 Biennium	Total
Salaries for FTE positions transferred to ITD	\$18,266,327	\$11,128,805	\$488,920	\$29,884,052
Temporary salaries	544,896	0	0	544,896
Operating expenses for transferred FTE positions and other ITD services no longer performed by agencies	8,835,127	17,515,243	70,956	26,421,326
Total	\$27,646,350	\$28,644,048	\$559,876	\$56,850,274

Cybersecurity

The Legislative Assembly added \$1,722,129 for cybersecurity initiatives during the 2023-25 biennium, including \$222,129 from the general fund for salaries and wages and related operating expenses for 1 FTE cybersecurity position and \$1,500,000 for the universal vulnerability management project to address the backlog of cybersecurity risks and concerns in state IT systems, of which \$500,000 is ongoing funding from the general fund for IT software costs and \$1,000,000 is one-time funding from the State Fiscal Recovery Fund for third-party contract service costs.

Health Information Network Expansion

2017-19 Biennium

Section 1 of Senate Bill No. 2021 (2017) included \$43.6 million for the 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 was 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 was to enhance 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 the Department of Human Services. Federal funds were available through a Medicaid advanced planning document and required a 10 percent or 15 percent match. The matching funds were to be generated from billings to providers, payers, and the state match from the electronic health information exchange fund. Funding was to be available for the project through the anticipated completion date of September 2021.

2019-21 Biennium

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.

2021-23 Biennium

As a result of changes made by the federal government, federal funding for NDHIN became limited starting in the 2021-23 biennium, as the Centers for Medicare and Medicaid Services changed procedures to allow a match of up to 15 percent of funding spent for state health information networks, rather than 85 to 90 percent. The 2021 Legislative Assembly added \$5.5 million of federal funds, resulting in a total of \$6 million of federal funds spending authority available to ITD for the 2021-23 biennium.

In Section 3 of Senate Bill No. 2021 (2021), the Legislative Assembly identified an additional \$6 million of one-time funding is included in Section 1 from the health information technology planning loan fund, which the Bank of North Dakota is required to transfer, at the request of the Chief Information Officer, to the electronic health information exchange fund for the purpose of defraying the expenses of the Health Information Technology Office and NDHIN during the 2021-23 biennium. Legislative intent was provided that the funding from the information technology planning loan fund be transferred only to the extent federal funding is not available to defray the expenses of the Health Information Technology Office and NDHIN during the 2021-23 biennium.

The Chief Information Officer requested the Bank transfer the entire \$6 million of funding from the health information technology planning loan fund to the electronic health information exchange fund during the 2021-23 biennium.

2023-25 Biennium

Transfer - In Section 3 of House Bill No. 1021 (2023), the Legislative Assembly provided for a one-time transfer of \$3 million, as requested by the Chief Information Officer, from the health information technology planning loan fund to the electronic health information exchange fund for the purpose of defraying the expenses of the Health Information Technology Office and the health information network during the 2023-25 biennium.

The Legislative Assembly also reduced ongoing federal funds by \$6 million, added \$2 million of ongoing funding from the general fund, and added \$1 million from fees collected from NDHIN users and providers deposited in the electronic health information exchange fund for the Health Information Technology Office and NDHIN. An additional \$16,240 was added from the electronic health information exchange fund for employee compensation.

Funding for the Health Information Technology Office and NDHIN for the 2021-23 biennium and 2023-25 biennium is as follows:

Biennium	General Fund	Federal Funds	Health Information Technology Planning Loan Fund Transfers ¹	Electronic Health Information Exchange Fund ²	Total
2023-25	\$2,000,000	\$0	\$3,000,000	\$3,742,111	\$8,742,111
2021-23	0	6,000,000	6,000,000	2,725,871	14,725,871
Increase (decrease)	\$2,000,000	(\$6,000,000)	(\$3,000,000)	\$1,016,240	(\$5,983,760)

¹Funding from the health information technology planning loan fund is provided through one-time transfers to the electronic health information exchange fund.

²Funding in the electronic health information exchange fund consists primarily of payments made by providers for participation in the health information network.

Statewide Interoperable Radio Network

2019-21 Biennium

In House Bill No. 1435 (2019), the Legislative Assembly appropriated \$120 million to ITD for the SIRN project, of which \$80 million was from a Bank of North Dakota line of credit, \$20 million was from Bank profits, and \$20 million was from SIIF. House Bill No. 1014 (2019) and Senate Bill No. 2015 (2019) 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. The funding from SIIF was spent during the 2019-21 biennium. The department did not use any of the \$80 million line of credit during the 2019-21 biennium, resulting in the \$20 million appropriation from Bank profits being canceled at the end of the biennium.

2021-23 Biennium

In Section 9 of Senate Bill No. 2021 (2021), the Legislative Assembly provided an exemption to allow ITD to continue \$20 million appropriated from SIIF for the SIRN project for the 2019-21 biennium into the 2021-23 biennium.

2023-25 Biennium

In House Bill No. 1242 (2023), the Legislative Assembly appropriated \$100 million of one-time funding for the SIRN project, of which \$20 million is transferred from Bank of North Dakota profits to the SIRN fund to repay funding utilized by ITD from the Bank line of credit authorized by the 2019 Legislative Assembly and \$80 million is from the State Fiscal Recovery Fund.

Other Sections in House Bill No. 1021

Transfers - Section 4 authorizes OMB to make transfers of funds between line items of ITD as may be requested by the Chief Information Officer as necessary for the development and implementation of IT projects.

Strategic investment and improvements fund - Section 5 identifies \$15 million in Section 1 from SIIF, of which \$7 million is for the enterprise digitization project, \$3 million is for an ITD call center software upgrade project, and \$5 million is for the business gateway - customer relationship management program.

State Fiscal Recovery Fund - Section 6 identifies \$3,499,467 in Section 1 from the State Fiscal Recovery Fund, of which \$2,499,467 is for the Capitol security software upgrade and fiber replacement project and \$1,000,000 is for the universal vulnerability management project.

Choice ready dashboard expansion project - Section 7 identifies \$300,000 of the \$4,856,876 from the ITD operating services fund for DPI projects for a choice ready dashboard expansion project.

Final disposition of records - Section 8 amends House Bill No. 1528, as approved by the 68th Legislative Assembly, to remove "and personal file storage" as a technical correction related to the determination necessary for final disposition of records.

Exemption - Federal Coronavirus Capital Projects Fund - Broadband infrastructure grants - Section 9 provides ITD an exemption to continue the \$45 million appropriated from the Coronavirus Capital Projects Fund during the November 2021 special legislative session for broadband infrastructure grants into the 2023-25 biennium. The department is required to approve any grant application that includes the use or implementation of fiber-optic cable in the proposed service area unless fiber-optic cable currently serves the proposed service area. Section 12 declares section 9 to be an emergency measure.

Exemption - Broadband infrastructure grants - Transfer of appropriation authority - Section 10 requires OMB to transfer any uncommitted Coronavirus Capital Projects Fund appropriation authority from ITD to the Department of Career and Technical Education (CTE) for the purpose of career academy inflationary costs during the 2023-25 biennium. The funding may only be spent by CTE if the federal government approves a state plan amendment on the planned use of money in the fund. If the state plan amendment is not approved, OMB shall transfer the uncommitted funding to ITD for broadband infrastructure grants. The Department of Career and Technical Education is required to report to the Legislative Management on the use of this funding and OMB is required to report to the Legislative Management regarding appropriation authority transferred pursuant to this section. Section 12 declares Section 10 to be an emergency measure.

Exemption - North Dakota Stockmen's Association branding inspection system - Section 11 provides ITD an exemption to continue \$401,000 appropriated from the State Fiscal Recovery Fund during the November 2021 special legislative session to convert a North Dakota Stockmen's Association paper-based branding system to an electronic system into the 2023-25 biennium.

Related Legislation

House Bill No. 1159 (2023) - State Information Technology Advisory Committee - Repeals the State Information Technology Advisory Committee.

House Bill No. 1528 (2023) - Final disposition of records - Relates to the final disposition of records, mandatory records retention policies for state agencies, and the administration of employee accounts upon employee departure from an agency. The bill amends requirements for the state records administrator, which is the Chief Information Officer of ITD or the Chief Information Officer's designee.

Senate Bill No. 2015 (2023) - Funding pools - Includes funding pools from which the agency may receive allocations, including the:

- Employer retirement contribution pool from which ITD is to receive \$629,528, including \$104,514 from the general fund and \$525,014 from other funds, in accordance with provisions of Section 23 of Senate Bill No. 2015 for the 1 percent employer retirement contribution increase provided for in House Bill No. 1040 (2023);
- New and vacant FTE funding pool from which the agency may request funding when hiring new FTE positions or if the agency does not realize sufficient savings from vacant FTE positions in accordance with provisions of Section 22 of Senate Bill No. 2015; and
- Targeted market equity pool from which the agency may receive an allocation as determined by OMB in accordance with provisions of Section 20 of Senate Bill No. 2015.