



North Dakota Legislative Council

Prepared for the Information Technology Committee

LC# 23.9032.01000

August 2021

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 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 54-59-02.2).
- 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 2021-22 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 ITD regarding all disclosed cybersecurity incidents as required by Chapter 54-59.1, including the status of the cybersecurity incident and any response or remediation to mitigate the cybersecurity incident (Section 54-59.1-07).
- 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 Commissioner of University and School Lands regarding the status of the department's IT project (Section 5 of Senate Bill No. 2013 (2021)).
- Receive annual reports from ITD regarding any efficiencies gained and cost-savings realized as a result of the 2021-23 biennium IT unification initiative (Section 10 of Senate Bill No. 2021 (2021)).
- Study the effectiveness, efficiency, cost, and any cost-savings of the 2019-21 biennium and 2021-23 biennium IT unification initiatives and the feasibility and desirability of continuing the initiatives. The study

must include a review of changes in fees, services, operations, processes, and systems (Section 14 of Senate Bill No. 2021 (2021)).

- Study the costs incurred by ITD to deliver core technology services and cybersecurity services to state agencies and political subdivisions. The study must consider the feasibility and desirability of political subdivisions paying their share of the cost of these services (Section 15 of Senate Bill No. 2021 (2021)).

PREVIOUS COMMITTEE RECOMMENDATIONS

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 received information regarding ITD executing 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 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 Concurrent Resolution No. 3002 (2019), providing for a Legislative Management study of distributed ledger technology and blockchain for state government, which was not approved by the 2019 Legislative Assembly, but was included in a similar study passed in House Concurrent Resolution No. 3004 (2019).

2019-20 Interim

The 2019-20 interim Information Technology Committee received reports from the CIO and representatives of ITD regarding IT unification, blockchain, use of COVID-19 pandemic federal relief funding, ITD's business plan and annual report, large IT projects, prioritization of computer software projects for the 2021-23 biennium, the SIRN project, elementary and secondary IT initiatives, bonuses provided to ITD employees, ITD employees working out of state, health information technology initiatives, and the statewide longitudinal data system. The committee also received reports from representatives of the University System regarding higher education IT projects and services.

The committee studied ITD's run-grow-transform model and the IT unification initiative. Information was received from 12 agencies regarding the 2019-21 biennium IT unification initiative pilot project and potential future unification initiatives. The committee recommended the 2021 Legislative Assembly continue the 2019-21 biennium IT unification pilot project and continue evaluating the advantages and disadvantages of potential future IT unification initiatives.

The committee studied the potential benefit value of blockchain technology implementation and utilization in state government. The committee made no recommendations regarding this study.

The committee received information from representatives of ITD regarding the department's cybersecurity initiatives, representatives of the Risk Management Division of OMB regarding proposed legislation related to limiting contractual liability to the state when potential direct loss is unknown, and representatives of the Emergency Services Communications Coordinating Committee regarding proposed legislation related to emergency services communications terminology updates. The committee recommended the 2021 Legislative Assembly favorably consider legislation regarding:

- Executive branch agencies and political subdivisions being required to report cybersecurity incidents to ITD (House Bill No. 1314 - Passed);
- Contracts limiting liability to the state (House Bill No. 1316 - Passed); and
- Updating terminology related to emergency services communications (House Bill No. 1206 - Passed).

The committee received information from ITD regarding the department's efforts to transition state applications from mainframe technology. The committee encouraged ITD to transition all state agency applications off the primary IBM mainframe by the end of the 2025-27 biennium.

2021 LEGISLATIVE ASSEMBLY - RELATED LEGISLATION

House Bill No. 1047 - Juvenile Court Files and Records

This bill amended Section 27-20-51(1) to allow ITD to inspect juvenile court files and records to the extent authorized by the Supreme Court for use in the statewide longitudinal data system.

House Bill No. 1146 - Statewide Interoperable Radio Network Radio Cost-Share

This bill amended Section 37-17.3-03 to allow nongovernmental emergency service providers, such as volunteer fire departments, to be eligible for the state cost-share program for SORN radios.

House Bill No. 1314 - Cybersecurity Incidents

This bill established Chapter 54-59.1 related to requirements for executive branch state agencies and political subdivisions to disclose cybersecurity incidents to ITD. The bill provides for immediate and ongoing disclosure requirements to ITD, requires ITD to establish and make known methods to securely disclose cybersecurity incidents to ITD, and requires ITD to report to the Legislative Management all disclosed cybersecurity incidents reported to ITD pursuant to Chapter 54-59.1. The department is required to ensure all reports of disclosed cybersecurity incidents are communicated in a manner that protects victims of cybersecurity incidents, prevents unauthorized disclosure of cybersecurity plans and strategies, and adheres to federal and state laws regarding protection of cybersecurity information. The bill provided the legislative and judicial branches may disclose cybersecurity incidents to ITD.

House Bill No. 1395 - COVID-19 Funding

This bill provided funding to ITD from the federal Coronavirus Relief Fund for costs related to cybersecurity, telework, and digital government initiatives in response to the COVID-19 pandemic.

House Bill No. 1417 - Memorandums of Understanding

This bill amended Section 54-59-05 regarding the powers and duties of ITD to allow ITD to enter a memorandum of understanding with state and local government entities for the purposes of ensuring the confidentiality, availability, and integrity of state information systems and data, including consulting, developing cybersecurity strategy, prevention of cybersecurity incidents, and response strategies to cybersecurity incidents. The bill allows ITD to charge an amount equal to the cost of the services rendered by ITD to agencies that receive federal or special funds. Section 18 of Senate Bill No. 2021 declared House Bill No. 1417 to be an emergency measure.

Senate Bill No. 2007 - Veterans' Home Information Technology

Section 5 of this bill amended Section 54-59-05 to exclude IT of the Veterans' Home from being required to be provided by, supervised by, and regulated by ITD. Section 6 of the bill amended Section 54-59-22 to exclude email, file and print administration, database administration, application server, and hosting services of the Veterans' Home from being required to be provided by ITD.

Senate Bill No. 2021 - Information Technology Department

This bill includes appropriations for ITD, as well as transfers, exemptions, Legislative Management studies, and legislative intent. Section 6 of the bill further amended Section 54-59-05 to remove a requirement established in Section 5 of Senate Bill No. 2007 to require ITD to consult with the Veterans' Home regarding cybersecurity strategy.

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.

Statewide Information Technology Funding

The 2021 Legislative Assembly provided funding of \$116,677,430, of which \$25,426,686 is from the general fund and \$91,250,744 is from other funds, for IT projects for the 2021-23 biennium. A summary of the funding is attached as an [appendix](#).

Information Technology Department Funding

The 2021 Legislative Assembly provided funding of \$275.1 million, of which \$29 million is from the general fund and \$246.1 million is from other funds, to ITD for the 2021-23 biennium. The following are summaries of ITD's legislative appropriations for the 2019-21 and 2021-23 bienniums:

	FTE Positions	General Fund	Other Funds	Total
2021-23 legislative appropriation	479.00	\$28,975,953	\$246,170,105	\$275,146,058
2021-23 base budget	402.00	17,165,311	195,882,334	213,047,645
Increase (decrease)	77.00	\$11,810,642	\$50,287,771	\$62,098,413
Percentage increase (decrease)	19.2%	68.8%	25.7%	29.1%

	FTE Positions	General Fund	Other Funds	Total
2021-23 legislative appropriation ¹	479.00	\$28,975,953	\$246,170,105	\$275,146,058
2019-21 legislative appropriation ²	402.00	28,565,311	382,900,560	411,465,871
Increase (decrease)	77.00	\$410,642	(\$136,730,455)	(\$136,319,813)
Percentage increase (decrease)	19.2%	1.4%	(35.7%)	(33.1%)

¹The 2021 Legislative Assembly appropriated \$12.5 million of one-time funding to ITD for the 2021-23 biennium, of which \$6 million is from funding transferred from the information technology planning loan fund to the electronic health information exchange fund for the Health Information Technology Office and health information network and \$6.5 million is from the federal Coronavirus Relief Fund for cybersecurity operating expenses.

²The 2019-21 biennium appropriation for ITD includes a \$61,868,226 deficiency appropriation from the federal Coronavirus Relief Fund approved by the 2021 Legislative Assembly.

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total
2021-23 legislative appropriation	\$28,975,953	\$0	\$28,975,953
2019-21 legislative appropriation	17,165,311	11,400,000	28,565,311
Increase (decrease)	\$11,810,642	(\$11,400,000)	\$410,642
Percentage increase (decrease)	68.8%	(100.0%)	1.4%

The following is a summary of ITD's legislative appropriation for the 2021-23 biennium:

	General Fund	Other Funds	Total
Salaries and wages	\$9,001,081	\$92,733,548	\$101,734,629
Operating expenses	5,548,598	115,539,514	121,088,112
Capital assets	131,034	3,312,875	3,443,909
Statewide longitudinal data system	3,986,278	500,000	4,486,278
EduTech	2,824,877	6,867,062	9,691,939
K-12 wide area network	4,589,718	90,000	4,679,718
Geographic information system (GIS)	1,036,127	65,679	1,101,806
Health Information Technology Office	0	14,725,871	14,725,871
SIRN	1,858,240	12,335,556	14,193,796
Total	\$28,975,953	\$246,170,105	\$275,146,058

The following is a summary of major appropriation increases and decreases included in ITD's legislative appropriation for the 2021-23 biennium compared to the 2019-21 base level appropriation:

	General Fund	Other Funds	Total
Transferred 53 FTE positions and related funding for the IT unification initiative	\$0	\$28,644,048	\$28,644,048
Removed 5 undesignated FTE positions	0	(1,055,737)	(1,055,737)
Added 29 FTE positions and related funding for cybersecurity initiatives	11,222,710	1,763,515	12,986,225
Reduced funding for capital assets	0	(940,242)	(940,242)

	General Fund	Other Funds	Total
Reduced funding for statewide longitudinal data system operating expenses to provide total statewide longitudinal data system funding of \$4,486,278	(456,277)	0	(456,277)
Reduced funding for EduTech operating expenses to provide total EduTech funding of \$9,691,939	(424,409)	(353,214)	(777,623)
Reduced funding for K-12 wide area network operating expenses (\$223,661) and capital assets (\$200,000) to provide total K-12 wide area network funding of \$4,679,718	(423,661)	0	(423,661)
Adjusted funding for GIS, including an increase for GIS land parcels project maintenance costs (\$150,000) and a decrease for GIS IT contractual services and repairs (\$100,986)	49,014	0	49,014
Transferred funding from the Department of Emergency Services Division of State Radio for SIRN tower maintenance	1,858,240	0	1,858,240
Added funding for the Health Information Technology Office and health information network, including \$5,500,000 from federal funds and \$920,991 from the health information exchange fund	0	6,420,991	6,420,991
Added one-time funding from a transfer from the health information planning loan fund to the electronic health information exchange fund for the Health Information Technology Office and the health information network	0	6,000,000	6,000,000
Added one-time funding from the federal Coronavirus Relief Fund for cybersecurity operating expenses	0	6,500,000	6,500,000
Other changes	(14,975)	3,308,410	3,293,435
Total	\$11,810,642	\$50,287,771	\$62,098,413

Federal COVID-19 Funding

The following is a summary of funding provided by the 2021 Legislative Assembly to ITD from the federal Coronavirus Relief Fund for the 2019-21 and 2021-23 bienniums. The Information Technology Department is authorized to continue funding provided as a 2019-21 biennium appropriation into the 2021-23 biennium.

	2019-21 Biennium	2021-23 Biennium	Total
Cybersecurity, telework, and digital government initiatives ¹	\$61,868,226	\$0	\$61,868,226
Cybersecurity initiatives	0	6,500,000	6,500,000
Total	\$61,868,226	\$6,500,000	\$68,368,226

¹The department anticipates spending approximately \$29.6 million for cybersecurity expenses, \$21.2 million for telework expenses, and \$11.1 million for digital government expenses.

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 to ITD, as a pilot project to consolidate IT resources and personnel in state government. The 2021 Legislative Assembly approved additional unification of state government IT resources and personnel, including the transfer of 53 FTE positions from 10 agencies to ITD. The following is a summary of FTE positions transferred to ITD as a result of the 2019-21 and 2021-23 biennium IT unification initiatives:

Agency	FTE Transferred - 2019-21 Biennium	FTE Transferred - 2021-23 Biennium ¹	Total FTE Transferred
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
471 - Bank of North Dakota		16.00	16.00
504 - Highway Patrol		2.00	2.00
530 - Department of Corrections and Rehabilitation		6.00	6.00
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

Agency	FTE Transferred - 2019-21 Biennium	FTE Transferred - 2021-23 Biennium ¹	Total FTE Transferred
801 - Department of Transportation	41.00		41.00
Total	96.00	53.00	149.00

¹The 2021 Legislative Assembly did not approve requests to transfer 12 FTE IT positions from Workforce Safety and Insurance and an additional 2 FTE IT positions from the Game and Fish Department to ITD.

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

	2019-21 Biennium	2021-23 Biennium	Total
Salaries for FTE positions transferred to ITD	\$18,266,327	\$11,128,805	\$29,395,132
Temporary salaries	544,896	0	544,896
Operating expenses for transferred FTE positions and other ITD services no longer performed by agencies	8,835,127	17,515,243	26,350,370
Total	\$27,646,350	\$28,644,048	\$56,290,398

Cybersecurity Funding

The Legislative Assembly added \$19,486,225 for ITD cybersecurity initiatives for the 2021-23 biennium, of which \$6,500,000 is considered one-time funding from the federal Coronavirus Relief Fund and \$12,986,225 is considered ongoing funding from the general fund and ITD operating service fund. The Legislative Assembly also authorized the addition of 29 FTE cybersecurity positions, 17 of which relate to state cybersecurity and 12 to local cybersecurity. Of the total, 23 FTE cybersecurity positions are funded from the general fund and 6 of the local FTE cybersecurity positions are funded from the ITD operating fund. Additional cybersecurity funding approved for the 2021-23 biennium is as follows:

	FTE	General Fund	Special Funds	Federal Funds	Total
Salaries and wages	29.00	\$5,840,142	\$1,523,515	\$0	\$7,363,657
Operating expenses		5,251,534	240,000	6,500,000	11,991,534
Capital assets		131,034	0	0	131,034
Total	29.00	\$11,222,710	\$1,763,515	\$6,500,000	\$19,486,225

In addition to funding added by the 2021 Legislative Assembly, ITD's 2021-23 biennium base budget included \$5.8 million for cybersecurity salaries and wages, of which \$2.3 million is from the general fund and \$3.5 million is from special funds, for 20 FTE cybersecurity positions and 3 temporary positions. A total of 49 FTE cybersecurity positions are authorized for the 2021-23 biennium.

The 2019 Legislative Assembly appropriated one-time funding of \$15.4 million for cybersecurity operating expenses, of which \$11.4 million was from the general fund and \$4 million was from the strategic investment and improvements fund. The Legislative Assembly also appropriated \$2.3 million of ongoing funding from the general fund for 8 new FTE cybersecurity positions.

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 the Health Information Technology Office in ITD. The Health Information Technology Advisory Committee is to make recommendations to the Health Information Technology Office 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 the Health Information Technology Office, 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 April 2021, ITD estimates the June 30, 2023, fund balance will be \$1,299,834.

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 the Health Information Technology Office. The Director of the Health Information Technology Office, in collaboration with HITAC, may approve the application of a qualified applicant that meets the criteria established by the Director of the Health Information Technology Office. 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 April 2021, loan applications totaling \$14,227,024 have been approved. As of April 2021, ITD estimates the June 30, 2023, fund balance will be \$2,109,834.

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.

Health Information Funding and Transfer

As a result of changes made by the federal government, it is anticipated federal funding for NDHIN will be limited starting in the 2021-23 biennium, as the Centers for Medicare and Medicaid Services will only match 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 CIO, 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 is 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.

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

Federal Funds	Health Information Technology Planning Loan Fund ¹	Electronic Health Information Exchange Fund ¹	Total
\$6,000,000	\$6,000,000	\$2,725,871	\$14,725,871

¹Funding in the electronic health information exchange fund consists primarily of payments made by providers for participation in the health information network.

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 ITD business plan, statewide IT standards, the statewide IT plan, and major IT projects (Sections 54-35-15.2 and 54-35-15.3).
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 54-59-02.1).
4. Receive a report from the CIO regarding the implementation of distributed ledger technology (Section 54-59-02.2).
5. 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).
6. 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 2021-23 and 2023-25 bienniums.
7. Review current IT-related statutory provisions.
8. 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).
9. 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).
10. Receive a report from ITD regarding all disclosed cybersecurity incidents, including the status of the cybersecurity incident and any response or remediation to mitigate the cybersecurity incident (Section 54-59.1-07).
11. 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).
12. Receive a report from the Commissioner of University and School Lands regarding the status of the department's IT project (Section 5 of Senate Bill No. 2013 (2021)).
13. Receive annual reports from ITD regarding any efficiencies gained and cost-savings realized as a result of the 2021-23 biennium IT unification initiative (Section 10 of Senate Bill No. 2021 (2021)).
14. Study the effectiveness, efficiency, cost, and any cost-savings of the 2019-21 biennium and 2021-23 biennium IT unification initiatives and the feasibility and desirability of continuing the initiatives. The study must include a review of changes in fees, services, operations, processes, and systems (Section 14 of Senate Bill No. 2021 (2021)).

15. Study the costs incurred by ITD to deliver core technology services and cybersecurity services to state agencies and political subdivisions. The study must consider the feasibility and desirability of political subdivisions paying their share of the cost of these services (Section 15 of Senate Bill No. 2021 (2021)).
16. Receive periodic reports from the Health Information Technology Office and HITAC on the status of the health IT activities and NDHIN, including any transfers made pursuant to Section 3 of Senate Bill No. 2021 (2021).
17. Receive reports from ITD regarding other IT areas of interest, including updates related to EduTech and SIRN, and the status of transitioning state agency systems and applications off of mainframe technology.
18. Develop recommendations and any necessary legislation to implement the committee's recommendations.
19. Prepare a final report for submission to the Legislative Management.

ATTACH:1