



# North Dakota Legislative Council

Prepared for the Information Technology Committee

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## 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 (SBHE) or any institution under the control of the SBHE. 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 proposed major IT projects and other IT issues for the next biennium.
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 SBHE 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.

Section 54-59-23(2) requires an agency to provide a report to ITD if the agency's major IT project exceeds the planned project budget by 20 percent or more or if the planned project schedule by 20 percent or more. Section 54-59-23(3) requires the report under subsection 2 to specify corrective measures being undertaken to address any project cost or time of completion issues and provides if the agency has not taken adequate corrective measures within 90 days of the report to ITD that the agency to provide a report to the Information Technology Committee regarding the project.

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 SBHE regarding higher education IT planning, services, and major projects (Sections 15-10-44 and 54-35-15.2).
- A report from the CIO regarding proposed major IT projects and other IT issues for the next biennium (Section 54-35-15.2).
- 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 2023-24 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).
- Study the emergence of artificial intelligence and the potential impacts on the state's institutions, agencies, businesses, citizens, and youth. The study must include a review of the effect of artificial intelligence on the provision of health care, effects on student learning, potential opportunities or threats to the integrity of state services, the potential impact on electoral processes, including mitigating action to be taken leading up to the 2024 state elections, opportunities for state investment or policy changes to promote artificial intelligence

businesses, and cybersecurity implications across all state institutions (Section 44 of House Bill No. 1003 (2023)).

- Study emergency and interoperable public safety communications system governance needs and options. The study must include an analysis of options to manage and operate state and local emergency and interoperable public safety systems, including the Statewide Interoperable Radio Network (SIRN); evaluate the current and most appropriate governance roles for each state and local emergency and interoperable public safety government entity; determine the most appropriate state or local emergency and interoperable public safety government entity to have responsibility for the ongoing administrative and operational maintenance cost of SIRN; and consider input from ITD, Department of Emergency Services Division of State Radio, Statewide Interoperability Executive Committee, Emergency Services Communications Coordinating Committee, North Dakota Association of Counties, and local public safety entities (Section 5 of House Bill No. 1242 (2023)).

## **PREVIOUS COMMITTEE ACTIVITY**

### **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 2019 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, major 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.

### **2021-22 Interim**

The 2021-22 interim Information Technology Committee received reports from the CIO and representatives of ITD regarding IT unification, cybersecurity incidents and concerns, use of COVID-19 pandemic federal relief funding, planned use for federal broadband infrastructure funding that may be available for future bienniums, ITD's business plan and annual report, major IT projects, prioritization of computer software projects for the 2023-25 biennium, the SIRN project, elementary and secondary IT initiatives, health information technology initiatives, the statewide longitudinal data system, the Veterans' Home IT, legislative branch IT, and records management. The committee also received reports from representatives of the University System regarding higher education IT projects and services.

The committee studied 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 these initiatives. The study included a review of changes in fees, services, operations, processes, and systems. The committee received testimony from state agencies selected to participate in IT unification initiatives for the 2019-21 and 2021-23 bienniums and from other state agencies to determine whether the agency would be interested in participating in future IT unification initiatives. The committee made no recommendation regarding the study of IT unification. The committee concluded while there are hardware, software, and process improvements that may need monitoring, the process of transferring FTE IT positions through the IT unification process has been thoroughly studied for multiple years and there may no longer be a need to study IT unification.

The committee studied the costs incurred by ITD to deliver core technology services and cybersecurity services to state agencies and political subdivisions. The study included a review of the feasibility and desirability of political subdivisions paying their share of the cost of these services. The committee reviewed cybersecurity services offered by ITD to state agencies and political subdivisions. The committee received testimony from cities, counties, school districts, and other interested organizations regarding cybersecurity services provided by ITD, cybersecurity needs, the feasibility of paying for the local share of government cybersecurity services, and any preventative cybersecurity threat controls implemented. The committee made no recommendation related to the study of government cybersecurity.

## **2023 LEGISLATIVE ASSEMBLY - RELATED LEGISLATION**

### **House Bill No. 1038 - Statewide Longitudinal Data System**

This bill added a new subdivision to Section 27-20.2-21(1) to allow the Supreme Court to authorize ITD access to juvenile court files and records for use in the statewide longitudinal data system.

### **House Bill No. 1159 - State Information Technology Advisory Committee**

This bill repealed the State Information Technology Advisory Committee.

### **House Bill No. 1225 - Online Tax Portal**

This bill includes a one-time, \$300,000 appropriation from the general fund to ITD for grants to counties during the 2023-25 biennium for expenses related to an online portal or online access to electronically accessible property and property tax information.

**House Bill No. 1242 - Statewide Interoperable Radio Network**

This bill includes one-time appropriations of \$100 million to ITD for the SIRN project for the 2023-25 biennium, of which \$20 million is a transfer from Bank of North Dakota profits to the SIRN fund to repay a Bank line of credit authorized by the 2019 Legislative Assembly and \$80 million is from the federal State Fiscal Recovery Fund. Section 5 of the bill provides for a Legislative Management study of emergency and interoperable public safety communications system governance. Section 6 of the bill repealed Section 6 of Chapter 293 of the 2019 Session Laws, which authorized ITD to access the Bank line of credit for 20 years beginning in the 2019-21 biennium.

**House Bill No. 1528 - Final Disposition of Records**

This bill 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 CIO of ITD, or the CIO's designee.

**Senate Bill No. 2015 - Funding Pools**

This bill includes funding pools from which ITD 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;
- 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.

**Senate Bill No. 2073 - Information Technology Department**

This bill amended Section 54-59-05 related to IT standards and services to authorize ITD to provide IT and cybersecurity services to any administrative, elementary education, secondary education, and higher education institution under the control of a tribal government in the state. The services provided and the cost of services must be equal to those provided to state agencies.

**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 SBHE, 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 2023 Legislative Assembly provided funding of \$196,866,002, of which \$24,862,854 is from the general fund and \$172,003,148 is from other funds, for IT projects for the 2023-25 biennium. A summary of the funding is attached as an [appendix](#).

**Information Technology Department Funding**

The 2023 Legislative Assembly provided funding of \$556.3 million, of which \$43.6 million is from the general fund and \$512.9 million is from other funds, to ITD for the 2023-25 biennium. The following is a summary of ITD's 2023-25 biennium appropriations compared to the 2023-25 base budget:

	FTE Positions	General Fund	Other Funds	Total
2023-25 legislative appropriation	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
Increase (decrease)	28.00	\$14,384,892	\$279,267,274	\$293,652,166
Percentage increase (decrease)	5.8%	49.6%	119.5%	111.8%

The following is a summary of ITD's total appropriations for the 2023-25 and 2021-23 bienniums:

	FTE Positions	General Fund	Other Funds	Total
2023-25 legislative appropriation <sup>1</sup>	507.00	\$43,360,845	\$512,937,379	\$556,298,224
2021-23 legislative appropriation <sup>2</sup>	479.00	28,975,953	246,170,105	275,146,058
Increase (decrease)	28.00	\$14,384,892	\$266,767,274	\$281,152,166
Percentage increase (decrease)	5.8%	49.6%	108.4%	102.2%

<sup>1</sup>The 2023 Legislative Assembly appropriated \$283.9 million of one-time funding to ITD for the 2023-25 biennium, of which \$4.8 million is from the general fund and \$279.1 million is from other funds. Of the \$279.1 million of other funds, \$100 million is for the SIRN project, of which \$20 million is from Bank of North Dakota profits and \$80 million is from the State Fiscal Recovery Fund, and \$148.3 million for the broadband, equity, access, and deployment (BEAD) program, which is derived from federal funds available as a result of the federal Infrastructure Investment and Jobs Act.

<sup>2</sup>The 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.

The following is a summary of ITD's ongoing appropriations for the 2023-25 and 2021-23 bienniums:

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

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 <sup>1</sup>	\$0	\$7,000,000	\$7,000,000
Call center software upgrade project <sup>1</sup>	0	3,000,000	3,000,000
Governance, risk, and compliance costs and the Department of Public Instruction (DPI) lighthouse project <sup>2</sup>	600,000	4,856,876	5,456,876
Business gateway - Enterprise customer relationship management program <sup>1</sup>	0	5,000,000	5,000,000
Universal vulnerability management project <sup>3</sup>	0	1,000,000	1,000,000
Capitol security software upgrade and fiber replacement project <sup>3</sup>	0	2,499,467	2,499,467
IT inflationary increases <sup>4</sup>	2,350,000	4,975,000	7,325,000
Statewide longitudinal data system	1,075,000	0	1,075,000
North Dakota Health Information Network (NDHIN) <sup>5</sup>	0	3,000,000	3,000,000
BEAD program <sup>6</sup>	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 (HB 1225)	300,000	0	300,000
SIRN project (HB 1242) <sup>7</sup>	0	100,000,000	100,000,000
<b>Total</b>	<b>\$4,812,520</b>	<b>\$279,093,823</b>	<b>\$283,906,343</b>

<sup>1</sup>Funding for these items is from the strategic investment and improvements fund (SIIF).

<sup>2</sup>During the November 2021 special legislative session, the Legislative Assembly appropriated \$10,000,000 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 services fund for DPI projects is designated for a choice ready dashboard expansion project.

<sup>3</sup>Funding for these items is from the State Fiscal Recovery Fund.

<sup>4</sup>Other funds appropriated for IT inflationary increases is from the PowerSchool fund (\$325,000) and the ITD operating service fund (\$4,650,000).

<sup>5</sup>One-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.

<sup>6</sup>Funding for the BEAD program is derived from federal funds available as a result of the Infrastructure Investment and Jobs Act.

<sup>7</sup>Funding 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.

The following is a summary of ITD's legislative appropriation for the 2023-25 biennium on a line item basis:

	General Fund	Other Funds	Total
Salaries and wages	\$11,013,058	\$93,358,828	\$104,371,886
Operating expenses	12,168,232	136,836,467	149,004,699
Capital assets	131,034	3,779,537	3,910,571
Grants (HB 1225)	300,000	0	300,000
Statewide longitudinal data system	5,082,678	500,000	5,582,678
EduTech	2,905,260	7,259,048	10,164,308
K-12 wide area network	6,272,610	90,000	6,362,610
Geographic information system (GIS)	1,142,213	65,679	1,207,892
Health Information Technology Office	2,000,000	6,742,111	8,742,111
SIRN (HBs 1021 and 1242)	1,858,240	116,543,229	118,401,469
Broadband infrastructure	487,520	147,762,480	148,250,000
<b>Total</b>	<b>\$43,360,845</b>	<b>\$512,937,379</b>	<b>\$556,298,224</b>

The following is a summary of appropriation increases and decreases included in ITD's legislative appropriation for the 2023-25 biennium compared to the 2023-25 base level appropriation:

	General Fund	Other Funds	Total
Transferred funding for new FTE positions and estimated savings from vacant FTE positions to a new and vacant FTE funding pool in OMB	(\$3,467,729)	(\$10,418,391)	(\$13,886,120)
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 ITD's operating service fund to the general fund (\$2,050,884)	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 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 <b>one-time funding</b> from SIIF.	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 <b>one-time funding</b> 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 DPI lighthouse project. Section 7 identifies \$300,000 of the \$4,856,876 from the ITD operating services fund for a choice ready dashboard expansion project.	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 <b>one-time funding</b> from SIIF for professional services and fees.	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.	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.		559,876	559,876

	General Fund	Other Funds	Total
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 <b>one-time funding</b> from the 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 <b>one-time funding</b> , \$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 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 NDHIN by reducing ongoing federal funds (\$6,000,000), adding ongoing funding from the general fund (\$2,000,000) and fees collected from NDHIN users and providers deposited in the electronic health information exchange fund (\$1,000,000), and added <b>one-time funding</b> transferred from the health information technology planning loan fund to the electronic health information exchange fund (\$3,000,000). 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 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 <b>one-time funding</b> from SIIF for an ITD call center software upgrade project		3,000,000	3,000,000
Added <b>one-time funding</b> for IT inflationary increases, including \$325,000 from the PowerSchool fund and \$4,650,000 from the ITD operating service fund	2,350,000	4,975,000	7,325,000
Added <b>one-time funding</b> 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 <b>one-time funding</b> from federal funds for the BEAD 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 <b>one-time funding</b> for grants to counties for expenses related to an online portal or online access to electronically accessible property and property tax information (HB 1225)	300,000		300,000
Added <b>one-time funding</b> for the SIRN project, including \$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 and \$80 million from the State Fiscal Recovery Fund (HB 1242)		100,000,000	100,000,000
Other changes	1,682,618	9,539,691	11,222,309
<b>Total</b>	<b>\$14,384,892</b>	<b>\$279,267,274</b>	<b>\$293,652,166</b>

**Information Technology 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



Agency	FTE Transferred			Total
	2019-21 Biennium	2021-23 Biennium	2023-25 Biennium	
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
<b>Total</b>	<b>96.00</b>	<b>53.00</b>	<b>3.00</b>	<b>152.00</b>

**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 DHHS, 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 2023, ITD estimates the June 30, 2023, fund balance will be \$2,084,318 and the June 30, 2025, fund balance will be \$2,137,545.

**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 2023, loan applications totaling \$14,227,024 have been approved. Loans have not been issued since the 2017-19 biennium. As of April 2023, ITD estimates the June 30, 2023, fund balance will be \$2,996,237 and the June 30, 2025, fund balance will be \$607,634. The 2023 Legislative Assembly authorized a \$3,000,000 transfer from the health information technology planning loan fund to the electronic health information exchange fund in House Bill No. 1021.

### **Health Information Network Expansion**

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 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 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 the Department of Human Services. Federal funds are available through a Medicaid advanced planning document and require a 10 or 15 percent match. The matching funds were to 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, 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 was 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 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 of North Dakota 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.

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 CIO, 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 NDHIN 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 and 2023-25 bienniums is as follows:

Biennium	General Fund	Federal Funds	Health Information Technology Planning Loan Fund Transfers <sup>1</sup>	Electronic Health Information Exchange Fund <sup>2</sup>	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)

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

<sup>2</sup>Funding 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 the following from ITD and the CIO:
  - a. A report regarding proposed major IT projects and other IT issues for the 2025-27 biennium (Sections 54-35-15.2 and 54-59-23);
  - b. A report regarding the implementation of distributed ledger technology (Section 54-59-02.2);
  - c. An annual report regarding IT projects, services, plans, and benefits (Section 54-59-19); and
  - d. Information regarding the statewide IT budget for the 2023-25 and 2025-27 bienniums.
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. Review current IT-related statutory provisions.
6. Receive reports from the SBHE regarding higher education IT planning, services, and major projects (Sections 15-10-44 and 54-35-15.2).
7. 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 (Section 54-59-36).
8. 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).
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. Study the emergence of artificial intelligence and the potential impacts on the state's institutions, agencies, businesses, citizens, and youth. The study must include a review of the effect of artificial intelligence on the provision of health care, effects on student learning, potential opportunities or threats to the integrity of state services, the potential impact on electoral processes, including mitigating action to be taken leading up to the 2024 state elections, opportunities for state investment or policy changes to promote artificial intelligence businesses, and cybersecurity implications across all state institutions (Section 44 of House Bill No. 1003 (2023)).
11. Study emergency and interoperable public safety communications system governance needs and options. The study must include an analysis of options to manage and operate state and local emergency and interoperable public safety systems, including SIRN; evaluate the current and most appropriate governance roles for each state and local emergency and interoperable public safety government entity; determine the most appropriate state or local emergency and interoperable public safety government entity to have responsibility for the ongoing administrative and operational maintenance cost of SIRN; and consider input from ITD, Department of Emergency Services Division of State Radio, Statewide Interoperability Executive

Committee, Emergency Services Communications Coordinating Committee, North Dakota Association of Counties, and local public safety entities (Section 5 of House Bill No. 1242 (2023)).

12. 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 House Bill No. 1021 (2023).
13. Receive reports from ITD regarding other IT areas of interest, including updates related to EduTech and the status of transitioning state agency systems and applications off of mainframe technology.
14. Develop recommendations and any necessary legislation to implement the committee's recommendations.
15. Prepare a final report for submission to the Legislative Management.

ATTACH:1