

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2021

Page 1, line 2, after the first semicolon insert "to amend and reenact section 54-59-07 of the North Dakota Century Code, relating to the state information technology advisory committee;"

Page 1, line 3, remove "and"

Page 1, line 3, after "intent" insert "; to provide for a legislative management study; and to declare an emergency"

Page 1, remove lines 13 through 23

Page 2, replace lines 1 and 2 with:

"Salaries and wages	\$81,374,501	\$19,406,617	\$100,781,118
Operating expenses	89,957,364	30,850,748	120,808,112
Capital assets	4,253,117	(830,242)	3,422,875
Statewide longitudinal data system	4,387,145	99,133	4,486,278
Edutech	9,645,773	46,166	9,691,939
K-12 wide area network	5,167,970	(488,252)	4,679,718
Geographic information system	1,052,629	49,177	1,101,806
Health information technology office	4,879,146	9,846,725	14,725,871
Statewide interoperable radio network	<u>12,330,000</u>	<u>1,863,796</u>	<u>14,193,796</u>
Total all funds	\$213,047,645	\$60,843,868	\$273,891,513
Less estimated income	<u>195,882,334</u>	<u>50,843,690</u>	<u>246,726,024</u>
Total general fund	\$17,165,311	\$10,000,178	\$27,165,489
Full-time equivalent positions	402.00	75.00	477.00"

Page 2, replace line 8 with:

Cybersecurity	\$15,400,000	\$6,500,000
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Page 2, replace lines 12 through 14 with:

Total all funds	\$136,550,000	\$12,500,000
Less estimated income	<u>125,150,000</u>	<u>12,500,000</u>
Total general fund	\$11,400,000	\$0

Page 2, line 20, remove "**INFORMATION TECHNOLOGY DEPARTMENT**"

Page 2, line 21, replace "**OPERATING SERVICE**" with "**ELECTRONIC HEALTH INFORMATION EXCHANGE**"

Page 2, line 25, replace "information technology department operating service" with "electronic health information exchange"

Page 3, after line 6, insert:

"SECTION 5. ESTIMATED INCOME - FEDERAL CORONAVIRUS RELIEF FUND. The estimated income line item in section 1 of this Act includes the sum of \$6,500,000, or so much of the sum as may be necessary, from the federal coronavirus relief fund for cybersecurity operating expenses.

SECTION 6. AMENDMENT. Section 54-59-07 of the North Dakota Century Code is amended and reenacted as follows:

54-59-07. State information technology advisory committee.

The state information technology advisory committee consists of the chief information officer; the commissioner of higher education or the commissioner's designee; the attorney general or the attorney general's designee; the secretary of state or the secretary of state's designee; the tax commissioner or the commissioner's designee; the chief justice of the supreme court or the chief justice's designee; two members of the legislative assembly appointed by the legislative management, of which one member must be the chairman of the information technology committee; a minimum of eight members representing state agencies, appointed by the governor; and two members with technology management expertise representing private industry, appointed by the governor. The appointees of the governor serve at the pleasure of the governor. The governor shall designate the chairman ~~chief information officer and chairman of the information technology committee shall serve as~~ co-chairmen of the state information technology advisory committee. Additional members may be asked to participate at the request of the ~~chairman~~ chairmen. The department shall provide staff services to the committee. The members of the committee representing private industry are entitled to be compensated for time spent in attendance at meetings of the committee and for other travel as approved by the ~~chairman~~ chairmen of the committee at the rate of sixty-two dollars and fifty cents per day and are entitled to reimbursement for actual and necessary expenses incurred in the same manner as other state officials. The compensation and expenses are to be paid from appropriations for the department. The committee shall advise the department regarding statewide information technology planning and budgeting, services of the information technology department, and statewide information technology initiatives and policy and shall review reports on major information technology projects as required by this chapter and policies, standards, and guidelines developed by the department. The chief information officer shall submit recommendations of the committee regarding information technology issues to the information technology committee for its consideration."

Page 3, replace lines 12 through 17 with:

"SECTION 8. LEGISLATIVE INTENT - PHONE EQUIPMENT. It is the intent of the sixty-seventh legislative assembly that the information technology department:

1. Supply at least one physical phone in each state agency;
2. Give state agencies the option of having a physical phone for each employee in the agency; and
3. Allow the head of each agency to determine the number of phones provided to the agency.

SECTION 9. LEGISLATIVE INTENT - LEGISLATIVE MANAGEMENT STUDY - INFORMATION TECHNOLOGY DIRECTION. It is the intent of the sixty-seventh legislative assembly that the information technology department provide direction to executive branch agencies regarding information technology strategic planning and operations during the biennium beginning July 1, 2021, and ending June 30, 2023. During the 2021-22 interim, the legislative management shall consider studying the feasibility and desirability of the legislative branch and judicial branch receiving strategic planning and operational information technology direction from the information

technology department beginning in the 2023-25 biennium. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-eighth legislative assembly.

SECTION 10. LEGISLATIVE MANAGEMENT STUDY - STATE GOVERNMENT INFORMATION TECHNOLOGY BUDGETING AND APPROPRIATION PROCESS.

During the 2021-22 interim, the legislative management shall consider studying the state government information technology budgeting and appropriations process. The study must include a review of the current process and the feasibility and desirability of providing a general fund appropriation to the information technology department rather than providing general fund appropriations to state agencies to pay the information technology department for information technology services. The study must include consideration of any cost or cost-savings that may result and any transparency benefits of the potential budgeting and appropriation changes. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-eighth legislative assembly.

SECTION 11. LEGISLATIVE MANAGEMENT STUDY - INFORMATION TECHNOLOGY UNIFICATION.

During the 2021-22 interim, the legislative management shall consider studying the effectiveness, efficiency, cost, and any cost-savings of the 2019-21 biennium and 2021-23 biennium information technology unification initiatives and the feasibility and desirability of continuing these initiatives. The study must include a review of changes in fees, services, operations, processes, and systems. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-eighth legislative assembly.

SECTION 12. LEGISLATIVE MANAGEMENT STUDY - CYBERSECURITY.

During the 2021-22 interim, the legislative management shall consider studying costs incurred by the information technology department 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. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-eighth legislative assembly.

SECTION 13. LEGISLATIVE MANAGEMENT STUDY - IMPACT OF LARGE TECHNOLOGY COMPANIES.

During the 2021-22 interim, the legislative management shall consider studying competitive fairness, economic development implications, and other economic and societal impacts of large technology companies conducting business in North Dakota. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-eighth legislative assembly.

SECTION 14. LEGISLATIVE MANAGEMENT STUDY - VIRTUAL CURRENCY BUSINESS ACTIVITY.

During the 2021-22 interim, the legislative management shall consider studying the feasibility and desirability of regulating special purpose depository institutions and regulating other entities engaged in virtual currency business activities. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-eighth legislative assembly.

SECTION 15. EMERGENCY. House Bill No. 1417, as approved by the sixty-seventh legislative assembly, is declared to be an emergency measure."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2021 - Information Technology Department - House Action

	Base Budget	Senate Version	House Changes	House Version
Salaries and wages	\$81,374,501	\$103,677,594	(\$2,896,476)	\$100,781,118
Operating expenses	89,957,364	121,248,112	(440,000)	120,808,112
Capital assets	4,253,117	3,443,909	(21,034)	3,422,875
Statewide longitudinal data system	4,387,145	4,493,432	(7,154)	4,486,278
EduTech	9,645,773	9,701,266	(9,327)	9,691,939
K-12 wide area network	5,167,970	4,682,489	(2,771)	4,679,718
Geographic information system	1,052,629	1,103,054	(1,248)	1,101,806
Health information technology office	4,879,146	14,729,523	(3,652)	14,725,871
Statewide interoperable radio network	12,330,000	14,194,902	(1,106)	14,193,796
Total all funds	\$213,047,645	\$277,274,281	(\$3,382,768)	\$273,891,513
Less estimated income	195,882,334	242,862,695	3,863,329	246,726,024
General fund	\$17,165,311	\$34,411,586	(\$7,246,097)	\$27,165,489
FTE	402.00	488.00	(11.00)	477.00

Department 112 - Information Technology Department - Detail of House Changes

	Adjusts Funding for Salary and Benefit Increases¹	Removes 9 FTE Positions²	Removes Funding for 2 FTE Cybersecurity FTE³	Reduces Cybersecurity Initiative Funding⁴	Adds One-Time Funding for Cybersecurity Initiatives⁵	Total House Changes
Salaries and wages	(\$488,312)	(\$1,900,326)	(\$507,838)			(\$2,896,476)
Operating expenses		(360,000)	(80,000)	(\$6,500,000)	\$6,500,000	(440,000)
Capital assets			(21,034)			(21,034)
Statewide longitudinal data system	(7,154)					(7,154)
EduTech	(9,327)					(9,327)
K-12 wide area network	(2,771)					(2,771)
Geographic information system	(1,248)					(1,248)
Health information technology office	(3,652)					(3,652)
Statewide interoperable radio network	(1,106)					(1,106)
Total all funds	(\$513,570)	(\$2,260,326)	(\$608,872)	(\$6,500,000)	\$6,500,000	(\$3,382,768)
Less estimated income	(376,345)	(2,260,326)	0	0	6,500,000	3,863,329
General fund	(\$137,225)	\$0	(\$608,872)	(\$6,500,000)	\$0	(\$7,246,097)
FTE	0.00	(9.00)	(2.00)	0.00	0.00	(11.00)

¹ Salaries and wages funding is adjusted for 2021-23 biennium salary increases of 1.5 percent on July 1, 2021, with a minimum monthly increase of \$100 and 2 percent on July 1, 2022. The Senate provided salary adjustments of 2 percent with a minimum monthly increase of \$80 and a maximum monthly increase of \$300 on July 1, 2021, and 2 percent on July 1, 2022.

² Funding of \$2,260,326, of which \$1,900,326 is for salaries and wages and \$360,000 is for operating expenses, and 9 FTE positions are removed. The Senate did not remove funding for these FTE positions.

³ Funding of \$608,872 for 2 FTE cybersecurity positions is removed from the general fund, of which \$507,838 is for salaries and wages, \$80,000 is for operating expenses, and \$21,034 is for capital assets, resulting in 17 FTE cybersecurity positions approved by the House for state cybersecurity initiatives, of which 1 FTE cybersecurity position is related to information technology and data security for the Bank of North Dakota. The Senate approved funding for 19 FTE cybersecurity positions.

⁴ Ongoing funding of \$6.5 million from the general fund for cybersecurity operating expenses is removed.

⁵ One-time funding of \$6.5 million is added from the federal Coronavirus Relief Fund for cybersecurity initiative operating expenses. Total cybersecurity initiative funding provided by the House is \$15,938,161, of which \$9,438,161 is considered ongoing funding from the general fund.

Of the total, \$4,316,627 is ongoing funding for salaries and wages of 17 FTE cybersecurity positions, \$11,511,534 is for operating expenses, and \$110,000 is ongoing funding for capital assets. Of the \$11,511,534 of operating expenses, \$6.5 million is considered one-time funding and \$5,011,534 is considered ongoing funding. A separate section of the bill is added to identify the \$6.5 million from the federal Coronavirus Relief Fund.

The Senate approved \$16,547,033 of ongoing funding from the general fund, of which \$4,824,465 was for salaries and wages of 19 FTE cybersecurity positions, \$11,591,534 was for operating expenses, and \$131,034 was for capital assets.

This amendment also:

- Amends a section to provide a \$6 million transfer from the health information technology planning loan fund to the electronic health information exchange fund. The Senate approved the transfer to be to the Information Technology Department (ITD) operating service fund.
- Amends North Dakota Century Code Section 54-59-07 regarding the membership of the State Information Technology Advisory Committee, commonly known as SITAC.
- Removes a section identifying funding approved for cybersecurity salaries and wages, operating expenses, and capital assets is from the general fund and derived from legacy fund earnings, as approved by the Senate. The House has approved funding from the general fund for these cybersecurity costs but is not identifying the funding as from legacy fund earnings.
- Adds a section of legislative intent that ITD supply at least one physical phone in each state agency and must provide the option to have physical phones for each employee in state agencies, at the discretion of the head of each agency.
- Adds a section of legislative intent that ITD provide direction to executive branch agencies regarding information technology strategic planning and operations during the 2021-23 biennium and provides for a Legislative Management study regarding the feasibility and desirability of the legislative branch and judicial branch receiving strategic planning and operational information technology direction from ITD beginning in the 2023-25 biennium.
- Adds a section to provide for a Legislative Management study of the state government information technology budgeting and appropriation process. The study must include a review of the current process and the feasibility and desirability of providing a general fund appropriation to ITD rather than providing general fund appropriations to state agencies to pay ITD for information technology services, including any cost or cost-savings that may be obtained and any transparency benefits of the potential budgeting and appropriation changes.
- Adds a section to provide for a Legislative Management study of the effectiveness, efficiency, cost, and any cost-savings of the 2019-21 biennium and 2021-23 biennium information technology unification initiatives and the feasibility and desirability of continuing these initiatives.
- Adds a section to provide for a Legislative Management study of the cost to deliver core technology services and cybersecurity to state agencies and political subdivisions, including the feasibility and desirability of political subdivisions paying their share of the cost of these services.
- Adds a section to provide for a Legislative Management study of competitive fairness, economic development implications, and other economic and societal impacts of large technology companies conducting business in North Dakota.
- Adds a section to provide for a Legislative Management study of the feasibility and desirability of regulating special purpose depository institutions and regulating other entities engaged in virtual currency business activities.
- Adds a section to declare House Bill No. 1417 (2021), related to the powers and duties of ITD and the ability to enter a memorandum of understanding with other state, local, tribal, or territorial governments for cybersecurity purposes, to be an emergency measure.