



INFORMATION TECHNOLOGY COMMITTEE

Thursday, March 3, 2022
Harvest Room, State Capitol
Bismarck, North Dakota

Representative Glenn Bosch, Chairman, called the meeting to order at 9:30 a.m.

Members present: Representatives Glenn Bosch, Sebastian Ertelt, Keith Kempenich, Corey Mock; Senators Kyle Davison, Dave Oehlke; Citizen Member Shawn Riley*

Members absent: Representatives Nathan Toman, Robin Weisz; Senators Cole Conley, Richard Marcellais, Kristin Roers

Others present: See [Appendix A](#)

**Attended remotely*

It was moved by Representative Mock, seconded by Representative Kempenich, and carried on a voice vote that the minutes of the October 21, 2021, meeting be approved as distributed.

STUDY OF GOVERNMENT CYBERSECURITY

Colorado Department of Transportation Ransomware Attack

Mr. William Chumley, Interim Chief Information Security Officer, Colorado Governor's Office of Information Technology, and Mr. Mike Willis, Director, Colorado Department of Public Safety, Division of Homeland Security and Emergency Management, presented information ([Appendix B](#)) regarding a ransomware attack on the Colorado Department of Transportation and cybersecurity best practices for state agencies.

North Dakota Cybersecurity Infrastructure and Capacity

Mr. Michael Gregg, Security Operations Director, Information Technology Department, presented information ([Appendix C](#)) regarding North Dakota's cybersecurity status, including the ability of the state to defend against cybersecurity attacks, the status of state and local government cybersecurity infrastructure and capacity, including statewide technology access for government and education network (STAGEnet), cybersecurity requirements for state agencies and political subdivisions, the effects of House Bill No. 1314 (2021), and a list of North Dakota state and local government ransomware attacks known to the public. He noted:

- House Bill No. 1314 has allowed for additional cybersecurity communication between the Information Technology Department (ITD) and counties, cities, and schools;
- ITD manually evaluated 49,775 cybersecurity incidents in 2021, of which 6 were reported on a form developed as a result of House Bill No. 1314; and
- ITD may request additional funding for cybersecurity initiatives, the development of new unified architecture, and expanded support for boards and commissions.

Federal Infrastructure Funding

Mr. Gregg presented an update ([Appendix D](#)) regarding of federal funding available to North Dakota for state and local government cybersecurity as a result of the Infrastructure Investment and Jobs Act (IIJA) and future plans for the funding. He noted:

- Detailed information from IIJA is not expected for approximately 6 months, but approximately \$10 million may be available to North Dakota to allow state, local, and tribal government agencies to address cybersecurity needs;

- Of the funding estimated to be available to North Dakota, 80 percent must be distributed by the state to local government agencies and at least 25 percent of the total must be distributed to rural local government agencies;
- The state's matching requirement is 10 percent in the 1st year and increases 10 percent each year to a total of 40 percent in the 4th year, after which time any ongoing operational costs are the responsibility of the state;
- To accept the funding, a lengthy application and cybersecurity plan must be completed and ITD must establish a 50-member planning committee consisting of representatives from the state, counties, cities, and health and education institutions, of which at least one-half of the members must be cybersecurity or information technology (IT) professionals; and
- ITD has concerns that the time and resources necessary to accept and distribute the IJA funding may exceed the benefits of the funding, due to the possibility of needing to reallocate department resources from other projects to complete the application, form the planning committee, and distribute the funding.

In response to questions from committee members, Mr. Duane Schell, Chief Technology Officer, Information Technology Department, noted:

- During the November 2021 special session, the Legislative Assembly appropriated \$45 million from the federal Coronavirus Capital Projects Fund to ITD for broadband infrastructure grants; and
- The state has not yet received approval from the federal government to use funding from the Coronavirus Capital Project Fund, but once funding is available, ITD intends to allocate the \$45 million as a competitive grant program to service providers to provide broadband infrastructure upgrades in underserved areas of the state.

North Dakota Cybersecurity Insurance

Mr. Tag Anderson, Director, Risk Management Division, Office of Management and Budget, presented information ([Appendix E](#)) regarding cybersecurity insurance coverage for the state and political subdivisions. He noted the state purchased a commercial cybersecurity insurance policy in early 2018 which covered all state agencies with the exception of the Bank of North Dakota, but the policy expired in June 2021 and additional coverage has not been purchased due to increasing costs of cybersecurity insurance.

LARGE PROJECT REPORTING

Mr. Justin Data, Director, Project Management Office, Information Technology Department, presented information ([Appendix F](#)) regarding the 2021 quarter 4 summary status report ([Appendix G](#)) on large IT projects and project startup and closeout reports ([Appendix H](#)) completed since September 2021.

EDUCATION-RELATED INFORMATION TECHNOLOGY UPDATES

Mr. Darin King, Vice Chancellor for IT/Chief Information Officer, North Dakota University System, presented information ([Appendix I](#)) regarding the 2021 3rd and 4th quarter summary status reports ([Appendix J](#)) on large IT projects and a report relating to the coordination of services with ITD pursuant to North Dakota Century Code Section 54-59-12. He noted the University System and ITD work together regularly to address information security, financial, human resources, state network, and interactive video network needs.

STUDY OF INFORMATION TECHNOLOGY UNIFICATION

Game and Fish Department

Mr. Brian Hosek, Business Operations Manager, Game and Fish Department, presented information ([Appendix K](#)) regarding benefits or concerns of IT unification, any cost-savings realized as a result of IT unification, and a comparison of ITD invoices and bills for services provided to the agency prior to and after IT unification. He noted:

- Benefits of IT unification include access to ITD technology solutions, enterprise licensing, procurement, support, training, user experience, software services including deployment and maintenance services, cybersecurity protection, and an enhanced ability to plan and collaborate with ITD for project development and management;
- Concerns of IT unification include the coordination of people, processes, and technology and the increase in cost after unifying with ITD; and
- Since unifying with ITD at the start of the 2021-23 biennium, the Game and Fish Department has experienced a 10 percent reduction in phone costs and increases of 7 percent for IT development and 35 percent for data processing.

Bank of North Dakota

Mr. Jeffrey Weiler, Chief Innovation Officer, Bank of North Dakota, presented information ([Appendix L](#)) regarding benefits or concerns of IT unification, any cost-savings realized as a result of IT unification, and a comparison of ITD invoices and bills for services provided to the agency prior to and after IT unification. He noted:

- Benefits of IT unification include additional resources for innovation and project management, access to ITD's pool of resources, enhanced information security resources, a decrease in unnecessary procurement processes, improved strategic partnerships between the agencies, and assistance from ITD in overcoming IT inventory supply chain issues;
- Concerns of IT unification include ITD service times for the Bank's IT issues (i.e. help desk tickets), a lack of timely business communication from ITD, and having appropriate change management plans during unification staff transition;
- In response to the Bank's concerns, ITD developed an action plan to address each concern to provide additional value in the form of cost-savings, better software or IT resources, more efficient processes, or fewer unnecessary procedures;
- ITD designates a customer success manager for each unified agency and, while the Bank's assigned customer success manager is a position transferred from the Bank to ITD, the individual continues to be located at the Bank;
- A comparison of financial results and analysis of cost-savings realized due to IT unification is not yet available because ITD and the Bank have been unified for only 8 months; and
- The Bank believes IT unification will be successful for both agencies.

Industrial Commission

Mr. Michael Ziesch, Technology Support Staff Officer, Department of Mineral Resources, Industrial Commission, presented information ([Appendix M](#)) regarding the potential benefits, issues, and concerns of IT unification, and the agency's interest in being included in future IT unification initiatives. He noted:

- The Industrial Commission is not unified with ITD but uses ITD network, email, website, cybersecurity, license and certificate purchase, project management, IT procurement, and hosting services;
- The Industrial Commission recently completed a 3-year project to upgrade the agency's master database platform from a legacy system to a cloud-based web-enabled system known as NorthStar, which was completed using ITD's project management process; and
- The Industrial Commission does not support unifying with ITD by transferring full-time equivalent (FTE) positions to ITD due to the unique IT needs of the agency, specifically related to the NorthStar system, institutional knowledge of Industrial Commission IT staff, and the need for timely responses to agency IT needs that can be best met with IT staff working for the Industrial Commission.

After the meeting adjourned, Mr. Ziesch provided additional information ([Appendix N](#)) in response to committee questions regarding the Industrial Commission's IT staff years of service and IT activities.

Tax Commissioner

Mr. Brian Kroshus, Tax Commissioner, presented information ([Appendix O](#)) regarding the potential benefits, issues, and concerns of IT unification, and the agency's interest in being included in future IT unification initiatives. He noted due to the complexity of the Tax Department's tax and revenue collection software, GenTax, and the need for timely responses to agency IT needs, the Tax Department does not support unifying with ITD.

In response to a question from a committee member, Mr. Lucas Asche, Director of Information Management and Technology, Tax Commissioner's office, noted of the Tax Commissioner's 118 FTE positions, 7 are FTE IT positions.

REPORT FROM THE CHIEF INFORMATION OFFICER

Annual Report

Mr. Greg Hoffman, Director of Administrative Services, Information Technology Department, presented information ([Appendix P](#)) regarding ITD's annual report ([Appendix Q](#)) pursuant to Section 54-59-19.

Coordination of Services

Mr. Schell presented information ([Appendix R](#)) regarding the coordination of services with political subdivisions and the University System pursuant to Section 54-59-12. He noted ITD collaborates with political subdivisions on network, cybersecurity, statewide interoperable radio network (SIRN), election systems, 911, clerk of courts, geographic information system, criminal justice information sharing, and health alert network services and collaborates with the University System on network, cybersecurity, distance education, financial, human resources, and co-location services.

Mr. Terry Traynor, Executive Director, North Dakota Association of Counties, commented on the frequent collaboration between ITD and counties for various IT services.

Statewide Interoperable Radio Network

Mr. Schell presented information ([Appendix S](#)) regarding the status of the SIRN project. He noted:

- Phase 1 of the project relates to console replacements. The majority of public safety answering points (PSAPs) have converted to new Motorola consoles compatible with SIRN, with the remaining individual and multicounty PSAPs scheduled to convert in 2022 and the State Radio PSAP scheduled to convert in 2024;
- Phase 2 of the project relates to radio frequency and mobile radio coverage. Group 1 of Phase 2 consists of 82 tower sites, of which 67 percent of the towers have been completed. The group 1 towers are expected to provide 95 percent radio coverage with 95 percent reliability;
- Through February 2022, 4,529 of an estimated 20,000 radios have been purchased by local public safety agencies and \$6.5 million of an estimated \$30 million of reimbursement requests have been submitted by these agencies for the state's \$1,500 cost-share responsibility for each radio. The Information Technology Department anticipates most local public safety agencies will purchase radios in 2023 and 2024;
- ITD has accessed \$20 million of the \$80 million Bank of North Dakota line of credit;
- Due to supply chain issues, ITD anticipates the SIRN project will be delayed and over budget; and
- ITD anticipates requesting additional funding from the 2023 Legislative Assembly, including funding to replace the \$20 million of Bank profits appropriated for ITD for the 2019-21 biennium which was not used.

Health Information Technology Advisory Committee

Ms. Shila Blend, Director, Health Information Technology, Information Technology Department, presented information ([Appendix T](#)) regarding an update of activities of the Health Information Technology Advisory Committee, North Dakota Health Information Network (NDHIN), and other health IT initiatives, including any transfers from the health information technology planning loan fund made pursuant to Section 3 of Senate Bill No. 2021 (2021). She noted:

- Federal funding available from the Health Information Technology for Economic and Clinical Health (HITECH) Act expired in September 2021;
- The Centers for Medicare and Medicaid Services (CMS) recently certified NDHIN as a Medicaid management information system, which may allow ITD to request up to 75 percent federal reimbursement for NDHIN expenditures; however, ITD continues to work with CMS regarding the appropriate cost allocation formula for approval of NDHIN expenditure reimbursements;
- When a cost allocation formula is approved by CMS, ITD will be able to submit expenditure reimbursement requests for costs incurred since October 2020 which were not reimbursable with HITECH funding; and
- In November 2021, ITD requested the Bank of North Dakota transfer \$3 million of the \$6 million authorized in Section 3 of Senate Bill No. 2021 from the health information technology planning loan fund to the electronic health information exchange fund to pay for expenditures of the NDHIN and other health IT initiatives until additional federal funding is available.

No further business appearing, Chairman Bosch adjourned the meeting at 3:41 p.m.

Levi Kinnischtzke
Senior Fiscal Analyst

ATTACH:20