

2019 HOUSE APPROPRIATIONS

HB 1021

2019 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee - Government Operations Division
Medora Room, State Capitol

HB1021
1/11/2019
Recording Job# 30691

- Subcommittee
 Conference Committee

Committee Clerk: Sheri Lewis

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the information technology department; and to provide for transfers.

Minutes:

Attachment A

Chairman Vigesaa: Opened the hearing on HB1021.

Roll call taken.

Shawn Riley, CIO, ND Information Technology Department: See testimony attachment A.

Representative Mock: Could you share a list of the 17 IT organizations you have identified?

Shawn Riley: The list is actually in my testimony.

Shawn Riley continued with his testimony.

Vice Chairman Brandenburg: What if one doesn't want to change?

Shawn Riley: I don't want to make people change. I want people to see the value of change. Unification brings us together so that instead of having 17 totally different ways to approach things, we can evaluate all of these organizations as an interprise.

Shawn Riley continued with his testimony.

Vice Chairman Brandenburg: We have to have a reason why we're doing this to make sense.

Shawn Riley: My career has been integrated to that exact same train of thought.

Representative Mock: You were talking about bench marks; services of \$1.1 million and projects of \$1.5 million. Services would be your desktop support. Is that a fair understanding?

Shawn Riley: It's wider than that

Representative Mock: Can you explain the difference between projects and development?

Shawn Riley: Development is specifically the model in which build software. The project component is the methodologies to deliver and overhaul the program. We're evaluating business processes, coordinating our organization to deliver a system. The project may include hardware, software and exposure.

Shawn Riley continued with his testimony.

Representative Kempenich: If there becomes a problem within the centralization, it compounds. How do you handle that or do you just have to know that's a possibility?

Shawn Riley: It is correct that we can have a larger sphere of influence. But if I have 800 systems that I have to manage and determine how they're going to stay up versus 5, I can vastly more time making sure they're architected correctly than I can on 800.

Shawn Riley continued with his testimony.

Vice Chairman Brandenburg: You're saying that 2/3 of it can be shared by everybody that we don't see. A 1/3 is separate where every agency is a little different. Is that a fair statement?

Shawn Riley: I think that's relatively accurate in that sense.

Shawn Riley continued with his testimony.

Representative Kempenich: How do you get the education to the people as to what to do and what not to do? Where do you start with that conversation? Is that a component that you're doing?

Shawn Riley: Our cyber strategy is not a conversation to have this morning on this early deck. We want to get into that in a deep conversation at another time.

Shawn Riley continued with his testimony.

Vice Chairman Brandenburg: You have an increase of 115 FTE's; but are you taking and absorbing them from other agencies? This is a \$60 million increase in wages. Explain how this flows.

Shawn Riley: They are shifted to ITD so there are no increased costs to state government in that sense.

Vice Chairman Brandenburg: The FTE's are staying where they're at; but you're absorbing the FTE's in your agency and reducing them in the other agencies. Are they physically staying where they are?

Shawn Riley: Physically the individuals stay where they're at. The aspect of an imbedded IT workforce is absolutely critical to our success when it comes to that nature of understanding.

Vice Chairman Brandenburg: Can you put together a list of the FTE's coming to you?

Shawn Riley: Page 21 does have that information.

Representative Mock: If those employees are going to physically remain imbedded in those agencies where they work, the HR home of those employees will be within ITD?

Shawn Riley: That's correct.

Representative Mock: So that employee's workload, schedule and assignments will then have to come from ITD? There will be no supervisor or direction or assignments coming from onsite. Everything would be funneled through ITD?

Shawn Riley: In the sense of HR direction that is correct. In the sense of customer delivery, it's likely to be a paired responsibility. Even if it's a legacy ITD person and they've always been part of ITD, they're working with a customer and may be taking direction from the customer as to operations and how things are deployed or need to be managed.

Representative Mock: So we need to be clear how that employee's professional life is going function. Their relationship with the customer, with their assignments and their portfolio; there will be an onsite supervisor insuring that they're working where they need to work? Would that person report to ITD?

Shawn Riley: The problematic situation is what we're sitting in today. What we are looking to clarify is exactly that. The supervision will be in the ITD chain of command. That supervisor may or may not be physically located with those staff; it depends on the work. We have Skype and tools that allow us to be able to easily be connected with people everywhere.

Representative Mock: If we do move forward with the unification, and we are working together. We're probably looking more at the development side of the equation. You're looking at people who are going to be managing and building systems? Is it a little bit of all?

Shawn Riley: It's a little bit of everything. It's a little different by different agencies.

Representative Mock: If one employee with their billable hours are reduced due to not immediately having something to work on and you have another project that's being managed in a different department and agency that needs additional support, would this then allow you to shift work over?

Shawn Riley: That's absolutely true. Individuals can balance their time better across systems.

Dan Sipes, Chief Operating Officer, ND Information Technology Department: See testimony attachment A.

Representative Kempenich: Does that money lose its identity when it hits you?

Dan Sipes: Yes. We don't know if they're paying us with general funds, special funds or federal funds. It just comes to us as a special fund.

Dan Sipes continued with his testimony.

Representative Kempenich: Do you have the numbers that those other officers hold?

Dan Sipes: We don't have the numbers of what the other agencies have for IT staff.

Chairman Vigesaa: The DOT budget had an amount their budget of about \$85,000.00 for IT expenses. Can you explain why there wasn't just an exact trade off with that particular department?

Dan Sipes: I'm not sure I could explain that. I would have to defer to OMB; it's possible that some of that could be related to the comp package.

Vice Chairman Brandenburg: Somewhere there are 13 FTE's that are not adding up here. Am I missing 13 FTE's that should go away?

Dan Sipes continued with his testimony.

Chairman Vigesaa: Recessed the hearing.

2019 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee - Government Operations Division
Medora Room, State Capitol

HB1021
1/11/2019
Recording Job# 30702

- Subcommittee
 Conference Committee

Committee Clerk: Sheri Lewis

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the information technology department; and to provide for transfers.

Minutes:

Attachment A.

Chairman Vigesaa: Called the hearing on HB1021 back to order.

Shawn Riley continued with his testimony. See attachment A.

Representative Kempenich: Do we lose freedom or privacy? What's the trade off?

Shawn Riley: The trade off is we have to secure our systems. In today's world a lot of organizations are just ignoring the problem because they don't want to spend the money. We must be able to do this.

Vice Chairman Brandenburg: It's like we're at war with this stuff. Is it that bad?

Shawn Riley: Yes, we are. Every organization across the country is dealing with this problem. In July 2017 49% of every North Dakotan had data stolen in one attach; they took half of the entire country in one attack. If you have a credit card and it's more than 3 years old, that number is gone; someone took it.

Duane Shell, Chief Technology Officer, ND Information Technology Department: See testimony attachment A.

Representative Kempenich: Do you have a flow chart? Do you have the ability to take in these special circumstances? Will this conversation keep going forward?

Duane Shell: We have extensive interest in this project.

Representative Brandenburg: We need to get those counties to \$2.00.

Duane Shell: Ok.

Dan Sipes continued with his testimony. See attachment A.

Shawn Riley continued with his testimony. See attachment A.

Chairman Vigesaa: Have you visited with your contemporaries in other states and where are they at in this type of project?

Shawn Riley: I have been visiting with numerous other states and every state is in a bit of its own situation. Oklahoma in process of building a unified environment. Michigan, South Dakota and Minnesota have passed laws to get that done. Comparing government to government is very difficult.

Representative Mock: Every budget has in the additions from the base budget from last legislative session an item to add Microsoft 365 licensing expenses. In your budget we have that as; but yours are the licensing operating expenses. Can you explain how this is changing our approach for licensing the software? Why did that line item have to be added? What is the total expense with our Office 365 contracts? Can we compare it on how much we've spent on those services in previous bienniums?

Shawn Riley: People think of Microsoft Office as Word and Power Point. It includes the capability to do cloud services with our tool set. That extended technology includes a collection of security technologies.

Dan Sipes: If we look at our fiscal note, that is the incremental clause that we need added to our budget in order to cover the costs. There's about 49 agencies that are participating; so it's most of government but not all, and it covers about 7,300 staff. The annual cost we're projecting to be is about \$2.9 million per year; or \$5.8 million per biennium. We are the central licensing agency. We have a single enterprising license and we have a 16% additional discount from where we were at before when we did things individually.

Shawn Riley continued with his testimony.

Chairman Vigesaa: Closed the hearing on HB1021.

2019 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee - Government Operations Division
Medora Room, State Capitol

HB1021
1/16/2019
Recording Job# 30933

- Subcommittee
 Conference Committee

Committee Clerk: Sheri Lewis

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the information technology department; and to provide for transfers.

Minutes:

Attachments A and B

Chairman Vigesaa: Opened the hearing on HB1021.

Levi Kinitschke, Analyst, ND Legislative Council: Explained attachment A.

Shawn Riley, CEO, ND Information Technology Department: See testimony attachments A and B.

Representative Kempenich: There's a filter between the customer and you; it's called procurement. We're going to have to have some conversations about that.

Shawn Riley: We have a lot of opportunity for improvement.

Shawn Riley continued with his testimony.

Duane Schell, Chief Technology Officer, ND Information Technology Department: See testimony attachment A.

Vice Chairman Brandenburg: Did they pass it or not pass it? Where are we at with the counties?

Duane Schell: We have a combination of jurisdictional rates across the state. The two rates are either \$1.50; which is the maximum allowed by century code today for the local level. The others are at \$1.00. There are 21 PCAP's that are at \$1.50.

Vice Chairman Brandenburg: So we have 32 that didn't pass it?

Duane Schell: That are still at \$1.00.

Vice Chairman Brandenburg: So what are we going to do with them?

Duane Schell: That is still local vote at the jurisdiction.

Duane Schell continued with his testimony.

Representative Bellew: That \$.50 that added last time, that brings in how much per year?

Duane Schell: Based on the trending that we have now, we are seeing about \$4 million per year being accumulated.

Representative Bellew: The county commissioners vote on it?

Duane Schell: The first \$1.50 is a vote of the people within the jurisdictions.

Representative Bellew: Can you get me information?

Duane Schell: It's my understanding that the decision on the rate of that fee is a citizen choice via vote by the citizens within that jurisdiction. Specifically, when that was on the Ward county ballot last, I don't know; but I'll try to find out.

Vice Chairman Brandenburg: We leveraged all the dollars we had last time to keep it together.

Duane Schell continued with his testimony.

Representative Bellew: Can you bring us a breakdown of how much you've collected and what you spent the money on?

Duane Schell: We can provide details. The current SIRN balance is at \$5.5 million. The expenses so far have been fairly minimal. The expenses are related to the procurement activity.

Representative Kempenich: You didn't use any of that borrowing authority?

Duane Schell: We did not use any of our borrowing authority at this point.

Duane Schell continued with his testimony.

Representative Kempenich: Does Bowman county understand that they don't have to give up their system?

Duane Schell: Because of the confidential nature of the procurement, we were not able to talk about this until the intent to award went out last Thursday. Notices have gone out and the communication process has started.

Vice Chairman Brandenburg: The green ones want to support the plan; but do they have the \$.50?

Duane Schell: The first \$1.50 whether they're at the \$1.00 or \$1.50 at the local level; those resources are there to support the PCAP, the 911 center and associated activities. The additional \$.50 everybody has. Those resources are being transferred into the fund at the treasurer's office.

Chairman Vigesaa: Once you have that agreement, is there any indication that they'll come on board?

Duane Schell: As I indicated, the conversation is just getting started.

Duane Schell continued with his testimony.

Representative Bellew: How long will this last before you come back and say we need to update? Is it 20 years or 25 years?

Duane Schell: The contract is 5 years. We have options for extensions that we're looking to entertain. We have written through the negotiations of this to have support for 25 years. If we stay diligent with operating and upkeep with this, it could be many years.

Representative Mock: Have you had to adjust the cost and timeline estimates based on infrastructure review? How are those costs or timelines being reflected?

Duane Schell: This is the first time we had numbers through a competitive bid process. When we did the Televate study, there were budgetary numbers as part of that.

Representative Mock: What was the reason for the increase in the cost estimates?

Duane Schell: There's a couple of factors that came into play. The first one is the change from a VHF based solution to the 800 megahertz based solution. Within the different frequency spectrums they had different characteristics for propagation. The advantage of the VHF spectrum was a bit of a longer distance on coverage; the downside was building penetration. The second was some aging tower infrastructure that the state owns.

Duane Schell continued with his testimony.

Chairman Vigesaa: What other bills that are in the system for additional funding? Is that in addition to what you have in your request or is it the same amount of money coming at it from a different angle?

Duane Schell: There is HB1435. I saw it on the system for the first time yesterday. From a fiscal perspective there is a sum of \$40 million of SIIF funds that matches the executive budget request. It also references \$80 million in loan authority.

Vice Chairman Brandenburg: Your recommendation to the committee is the \$16.3 million which is already set up in the SIRN Fund and then we're looking at \$40 million from SIIF. Also there's another bill floating around for \$40 million and \$80 million of borrowing authority. You don't need this all at once?

Duane Schell: The numbers from last biennium that we were talking about were \$172 million. In reference to HB1435, the \$40 million of SIIF Funds in that bill are the same \$40 million that's in the executive budget. The \$80 million of borrowing authority, according to that bill, is from the Bank of North Dakota. Also included in that bill is language to fund and resource the PCAP equipment; there's \$8.5 million in core in PCAP. That would be a local responsibility. There's language limiting reimbursement on subscriber devices to \$1,500.00 per device.

Chairman Vigesaa: So the \$40 million is to get you through this biennium and we'll see how the expenses are required for further build out?

Duane Schell: Correct.

Shawn Riley continued with his testimony.

Representative Kempenich: How do you defend from within?

Shawn Riley: The reality is that there is no wall anymore.

Representative Bellew: On the previous slide you had an FTE cost of \$4.9 million. My understanding is that's all general funds?

Shawn Riley: Yes, that's correct.

Representative Bellew: When you remove the 17 FTE positions through numerous other funds. How come there can't be other funds for these FTE's?

Dan Sipes, Chief Operating Officer, ND Information Technology Department: When we look at the FTE reductions that we made in our base budget, those are assigned to services that have rates assigned to them. Those rates are for specific services. When we add cyber security, we can't just add those staff to those rates because they're not providing the same services. We reduced the FTE but that impacts rates. When add cyber security, today we don't have a built in funding mechanism for that service.

Shawn Riley continued with his testimony

Chairman Vigesaa: For the cyber security FTE's, do we have those skill sets within ITD right now or would these people be coming from industry outside our state?

Shawn Riley: The majority of these folks would be recruited into our organization. We have 1 or 2 of these positions that could potentially be folks who are already skilled that would be moving into these roles.

Shawn Riley continued with his testimony.

Representative Kempenich: Is this something that they've already developed or would this be unique?

Shawn Riley: Palo Alto Networks is the company that we have contacted. We do have other technologies that are extended out of that. All of this technology does exist. Palo Alto Networks is the world's largest cyber security organization.

Representative Kempenich: Is the reason why our volume is higher is because it's a monopolistic system?

Shawn Riley: I would use the word consensus. There is no other state that I'm aware of that higher education, K-12, political subs, counties, cities and all 3 branches of government sit in the same environment. When we talk to Minnesota, Minnesota still has schools in the Alexandria and Bemidji areas where they can't get broadband. That's because their government hasn't had the capacity and foresight that the North Dakota government was able to do back in the 90's creating station.

Shawn Riley continued with his testimony.

Representative Mock: Do you have an idea on how we can capture the longer term strategic vision for the large IT projects? Is laying the strategic vision of IT projects in that format possible?

Shawn Riley: The reality is having a strategic portfolio is only possible now that we're starting to have conversations around unification. Many initiatives have the capacity to flow under the radar in the Legacy model.

Representative Mock: I foresee us having more and more conversations as we keep working on this budget. How do the large IT projects outside of those 17 agencies fair? How will they be impacted with unification? I imagine unification will help in some regards? Not every large IT project is going to be part of the 17 agencies that you're proposing through unification.

Shawn Riley: That's correct. The agencies that our outside of our scope for unification will continue their model as they have done in the past. If it's over a \$500,000.00 project, it would be required to be project managed through the LPO. From a strategy standpoint, we have little to no influence on that.

Representative Mock: Have any of the large IT proposals from agencies outside of those 17; was there ranking in the priorities affected by the fact that they weren't part of the unification plan?

Shawn Riley: I could say that given some of the projects that came forth, if we were in a unified services would we have thought about those initiatives differently. The retirement software would have been thought of differently if it was part of the unification. Today we don't do that evaluation because that organization is not part of the unified services.

Vice Chairman Brandenburg: For your budget, you have \$305 million. We have \$56 million going into SIRN; of that \$16 million is going to be funded by the \$.50 fee and there's \$44

million coming out of SIIF for this biennium. If you take the \$56 million off of the \$207million; you have \$151 million left. What's the plan to fund the \$151 million for the next biennium?

Shawn Riley: Are you asking the difference in the operational dollars or the difference in the project dollars?

Vice Chairman Brandenburg: If you take the \$56 million off your cost, it should be \$250 million. Correct? We have to figure out the commitments to ongoing expenses.

Chairman Vigesaa: Representative Brandenburg is using the project amount of \$207 million and \$56 million in this biennium. What would be the plan going forward for the remainder of the funding for SIRN?

Duane Schell: I think HB1435 is an effort to start the delineate the difference between the state responsibility and the local responsibility on how we share in funding this solution. That's my impression of the bill. What we've asked for at this point is resources to be able to continue that project; and the key is defining who's responsible for aspects of it. We do know, based on the work that we've done, is the total project is at \$207.1 million.

Vice Chairman Brandenburg: It looks like you have 4 or 5 sessions to make this work.

Duane Schell: It's an estimate that just the work alone would take 5 years. Funding would have to be there to achieve that. If we chose from a funding strategy to spread it out further, that project could take longer than 5 years.

Chairman Vigesaa: Recessed the hearing.

2019 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee - Government Operations Division
Medora Room, State Capitol

HB1021
1/16/2019
Recording Job# 30935

- Subcommittee
 Conference Committee

Committee Clerk: Sheri Lewis

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the information technology department; and to provide for transfers.

Minutes:

Attachment C

Chairman Vigesaa: Brought the meeting back to order.

Jon Vannet, Great Plains Directory Service: See testimony attachment C.

Chairman Vigesaa: How often do you update your books?

Jon Vannet: We try to go around about 3 years. I have approximately 32 counties in our system and we're starting to do them a second time.

Representative Beadle: What information are you including within the publication? Is it just purely the maps with the parcel boundaries and owner information?

Jon Vannet: In the plat book we list the county commissioners and then we have the residents that are in the county. You have the plat on the left and the directory on the right; the plat is the land ownership and the directory is where the rural residents live.

Jon Vannet continued with his testimony.

Chairman Vigesaa: Closed the meeting.

2019 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee - Government Operations Division
Medora Room, State Capitol

HB1021
1/21/2019
Recording Job# 31139

- Subcommittee
 Conference Committee

Committee Clerk: Sheri Lewis

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the information technology department; and to provide for transfers.

Minutes:

Attachments A through G

Chairman Vigesaa: Opened the hearing on HB1021.

Shawn Riley, Director, ND Information Technology Department: See testimony attachment A.

Terry Traynor, Association of Counties: Made introductions.

Mike Dannenfelzer, Director, Central Dakota Communications Center: See testimony attachment B.

Representative Bellew: How much more funding?

Mike Dannenfelzer: The HB1435 is \$120 million or \$130 million in total.

Representative Bellew: That excludes this amount?

Mike Dannenfelzer: Right. They are two separate bills right now.

Gary Lorenz, Fire Chief, City of Grand Forks: See testimony attachment C.

Gary Sanders, Sheriff, Emmons County: Testified in support of HB1021.

Chairman Vigesaa: With the bid being awarded, can departments start ordering equipment or radios that will work with the new system?

Gary Sanders: That contract has been signed and agencies can go forward with that today.

Vice Chairman Brandenburg: Out in our area there are a lot of hills. This should take care of the issue of not having any reception at the bottom of a hill?

Gary Sanders: Tomography is always an issue when you're talking about radio signals. This is a system that would provide 95% coverage in a land mobile radio and 85% coverage with a portable radio.

Mike Lynk, Director, ND State Radio: See testimony attachment D.

Chairman Vigesaa: Is it realistic to expect that you could build out the entire system within a biennium?

Mike Lynk: The timeline is a 5 to 6 year build up; it's built up in 3 stages.

Shawn Riley continued with his testimony.

Dr. Pedersen, Director, Center for Distance Education: See testimony attachment A.

Chairman Vigesaa: Does it involve any physical moving on your part?

Dr. Pedersen: No.

Chairman Vigesaa: So the transition was quite smooth?

Dr. Pedersen: Yes.

Representative Kempenich: There's nothing going to change with adult management on farm?

Dr. Pedersen: With the career and tech part we're just in the initial stages. We're still apart with ETC (Education Technology Council); we're finishing that out. As long as we can justify it in our budget now, but we have to carry out our mission until June 30, 2019.

Shawn Riley continued with his testimony.

Bob Nutsch, GIS, ND Information Technology Department: See testimony attachment A.

Vice Chairman Brandenburg: Are you a part of the exclusionary?

Bob Nutsch: I'm excluded from that. In my role I work with multiple agencies to pull the data together. I don't directly do that work; it's more of a support role.

Vice Chairman Brandenburg: This data is picking winners and losers. The land owners don't know this is happening.

Bob Nutsch: Shortly after 9/11 there were some very valid concerns that people could plan some sort of attack.

Representative Beadle: What sort of data sets are you looking at collecting to be available for all of the various counties? Is it all the parcel information or is it the tax information; bringing it all together as one? What's available and in what way is it accessible?

Bob Nutsch: The number one thing would be the geometry. We need to identify a standard of what fields are those attributes.

Representative Beadle: How are you going to make sure that you're getting consistent data uploaded? What sort of burden is being put on the locals? How accessible and available is that data going to be for a third party vendor? Are there potential ways as a revenue stream where the state can get it back by offering a vendor to use it for their hunting lands or other parcel searches?

Bob Nutsch: The consistency of the data is critical. It boils down to how accessible it is.

Representative Beadle: If you're already collecting that data, it could be a way of reducing the ongoing operational costs on that.

Bob Nutsch: The data sets that we collect today are publicly available.

Bob Nutsch continued with his testimony.

Chairman Vigesaa: The infusion of the \$1.15 million. What is that for?

Bob Nutsch: The three pieces are data development, data maintenance and project management is how we came to the \$1.15 million.

Chairman Vigesaa: We had some testimony the other day that indicated that this information is already out there. You can go on any website and find it. How would you respond to that?

Bob Nutsch: It's a true statement; the data is out there and you can find it. A person needs to know where to go to find it.

Chairman Vigesaa: What percent would you say is complete?

Bob Nutsch: In some shape or form, roughly 48 counties have some flavor of parcels.

Chairman Vigesaa: It's pretty low in the format you would like to have it.

Bob Nutsch: For the seamless. When I look at what other states do, they'll create maps similar to what the assessing officers did.

Shawn Riley continued with his testimony.

Lise Kruse, Director, ND Department of Financial Institutions: See testimony attachment E.

Representative Kempenich: How long did that take?

Lise Kruse: They started it in December and we're in the testing phase right now.

Shawn Riley continued with his testimony.

Attachments F and G were brought in but not discussed.

Chairman Vigesaa: Closed the hearing.

2019 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee – Government Operations Division
Medora Room, State Capitol

HB1021
2/8/2019
Recording Job# 32478

- Subcommittee
 Conference Committee

Committee Clerk Sheri Lewis

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the information technology department; and to provide for transfers.

Minutes:

Attachment A

Chairman Vigesaa: Opened the discussion on HB1021.

Representative Mock: Discussed the green sheet.

Chairman Vigesaa: I know we talked about doing that cyber security out of the general fund?

Representative Mock: Correct. That would be both cyber and #7 out of the general.

Representative Mock continued with the green sheet.

Representative Mock: How many FTE's were there for the center for distance education?

Levi Kinnitschtzke, Analyst, ND Legislative Council: It was 29.8 FTE's.

Representative Mock continued with the green sheet.

Chairman Vigesaa: We would have to change the 17 FTE's to 16 FTE's in item 2?

Levi Kinnitschtzke: Yes.

Representative Mock continued with the green sheet.

Chairman Vigesaa: Could you explain the subtraction of the special funds and the addition on the general fund side of \$4.95 million?

Levi Kinnitschzke: Right now funding is appropriated to the department of public instruction. The information technology department is giving a special fund spending authority; so they can bill DPI to receive that funding. In the executive recommendation, the proposal was that we would no longer appropriate any dollars to DPI and then we would provide a general fund appropriation straight to ITD.

Chairman Vigesaa: I think they had a bill in the Senate yesterday. That's the education funding bill? Is there any way to check that?

Chairman Vigesaa: I don't.

Representative Mock continued with the green sheet.

Chairman Vigesaa: It's probably going to be handled in that other bill that Representative Bosch has; he has some other components in there about how the political subdivisions interact with this project. This other bill spells out some process so we know where the \$44 million is going to go.

Representative Mock: Correct.

Representative Mock continued with the green sheet.

Chairman Vigesaa: Is that hardware and software?

Representative Mock: It's mostly software. I don't know that there would be any true hardware costs in that.

Chairman Vigesaa: But it gives us a foundation to more adequately protect our system?

Representative Mock: Correct. The Office 365 has security measures built in; which is why we're funding the Office 365. That protects anything that runs within Microsoft; the cyber initiative is Stagenet entirely.

Chairman Vigesaa: We've had this talk about 365 in our committee as to if everyone needs that \$31.00 subscription.

Representative Kempenich: You have the 365 and then you have levels above it. We've never seen a comparison to see if every user needs that package.

Representative Mock: We're talking beyond your Word, Power Point and email; it's everything. The reason they moved it over for funding for every FTE is because even if you only have just an email address, that they are not the weak link that is not secured through cyber protection and can get access into the larger network.

Representative Mock continued with the green sheet.

Representative Kempenich: Do we adjust the operating also?

Chairman Vigesaa: If we're not going to do unification and they don't need these employees, those will all adjust. Correct?

Levi Kinnitschtzke: That's correct. Regarding the operating expenses, there is an additional description that says as funding for IT unification initiative; that includes the additional operating expenses that would be included as part of that initiative.

Chairman Vigesaa: Do you have what that was?

Levi Kinnitschtzke: That is \$15,920,000.00; on the green sheet it says \$16,464,000.00 because some of the temporary salaries were included in there.

Representative Kempenich: That's operating budget adjustments; but they're adding \$26 million to IT software. We should probably have a little bit better explanation of what those increases were.

Chairman Vigesaa: The large increases in their operating expenses for technology, can we get an idea for what that's for?

Representative Mock: Part of that is for SIRN. I have operating expenses of \$18.18 million and capital assets has \$38.15 million from the recommendation for SIRN. Without any other changes or additions regarding what's carrying over and what's not; we would be at \$122.3 million.

Chairman Vigesaa: IT still would have the technology costs to implement.

Levi Kinnitschtzke: See attachment A.

Chairman Vigesaa: When we don't move those over, the operating is going to come way down.

Levi Kinnitschtzke: Yes.

Chairman Vigesaa: Went through the green sheet.

Chairman Vigesaa: Has section 4 traditionally been in the ITD budget?

Levi Kinnitschtzke: The line item transfers section has traditionally been in ITD's budget. The additional income for appropriating federal funds received; that was the section that was added in the executive budget as a proposal for all capitol agencies.

Chairman Vigesaa continued with the green sheet.

Representative Mock: Made a motion to move all proposed changes to the House version.

Representative Beadle: Seconded the motion.

Levi Kinnitschke: Explained items that need to be cleared up for CDE to be moved to CTE.

Representative Mock continued with the green sheet.

Becky Keller, Analyst, ND Office of Management and Budget: That \$600,000.00 is to bring the K-12 equipment up to where they need it to be to meet the K-12 internet initiative.

Voice Vote made.

Motion Carried.

Chairman Vigesaa: Closed the discussion.

2019 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee – Government Operations Division
Medora Room, State Capitol

HB1021
2/11/2019
Recording Job# 32502

- Subcommittee
- Conference Committee

Committee Clerk Signature Sheri Lewis

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the information technology department; and to provide for transfers.

Minutes:

Attachment A.

Chairman Vigesaa: Opened the discussion on HB1021.

Representative Mock: See attachment A.

Representative Mock: The ½ FTE; that's the director's position of unifying that under ITD. Is that correct?

Levi Kinnitschtzke, Analyst, ND Legislative Council: This person was always an administrative ½ position. The director has always been a 1.0 FTE; her entire amount is being moved over to Edutech. This person was always an administrative secretary that's going over to CTE.

Representative Mock: Is that part of the transfer of CDE to CTE?

Levi Kinnitschtzke: That is part of the transfer of education technology council to CTE.

Representative Mock continued with his explanation.

Chairman Vigesaa: Item 7 on the green sheet would be included in the totals?

Levi Kinnitschtzke: Those are included in operating expenses; on page 1 that's included in the \$89 million for operating expenses but it is broken out.

Representative Mock continued with his explanation.

Representative Mock: We did underfund the full salary and wages item to pay for the \$1.2 million for the 5 cyber security?

Levi Kinnitschzke: The calculation for the 5 FTE for the cyber security professionals; because they are undesignated positions, they are an average of the 17 original FTE's.

Representative Mock: That \$1.2 million that's on page 2, did we reduce the total salary and wages line item for the remaining FTE's?

Levi Kinnitschzke: I didn't include that in my calculation; but I can put it into an amendment.

Representative Kempenich: If you underfund them, they're not sitting there filled.

Chairman Vigesaa: The direction we received was to reduce the salary and wages line by 2% to cover the cost. Would that be off of the base or off of the new number?

Levi Kinnitschzke: It would be 2% off of whatever changes the committee has decided on.

Representative Bellew: Made a motion to underfund the appropriated salary and wages line by for cyber security 2%.

Representative Mock: Seconded the motion.

Voice Vote made.

Motion Carried.

Representative Mock continued with his explanation.

Representative Mock: What was the reduction of the \$95,000.00 for the GIS system?

Levi Kinnitschzke: The \$95,000.00 is the net after the compensation package is added in. The net reduction for GIS is \$95,000.00; but that includes \$7,100.00 for salary increase and \$4,400.00 for the health insurance increase. There over a \$100,000.00 reduction in the agency's budget request and also included in the executive budget.

Representative Mock: Where is that money coming from?

Levi Kinnitschzke: That's general fund.

Representative Mock: Is that one FTE that's associated with that GIS system with compensation increases?

Levi Kinnitschzke: I believe it's one; there may be another fractional FTE.

Chairman Vigesaa: The \$1.37 million reduced for SIRN; that's reductions that they suggested?

Levi Kinnitschzke: To meet the governor's 10% reduction, it's 10% of what is in the base for SIRN.

Representative Mock: Would the \$438,000.00 also be 10% reduction?

Levi Kinnitschtzke: Correct.

Representative Kempenich: How long is that health technology running yet?

Levi Kinnitschtzke: That is an established office in their department; so it will be an ongoing part of their operations. There is a large project that approved last session for the health information network expansion project. That's expected to continue until September 2021; so they do have some carry over from what was appropriated last time.

Chairman Vigesaa: Are some of the expenses associated with that operational plus the expansion project?

Levi Kinnitschtzke: The reduction of \$481,000.00 for the health information technology office is primarily related to IT data processing. There are several reductions in several programs for data processing.

Chairman Vigesaa: The \$4.876 million is operations of that office?

Levi Kinnitschtzke: Correct.

Representative Mock continued with the amendment.

Representative Bellew: Under the operating expenses, the adjustments and enhancements of \$19.5 million. Could you help me out with that?

Levi Kinnitschtzke: That accounts for \$217,000.00 operating expenses for those 5 cyber security FTE, the base operating expense increase from the executive budget of \$2.78 million, there's \$4.2 million for Office 365 licenses, the combined \$4.2 million for the IT service management and the \$8.1 million of one-time funding for the cyber security package.

Representative Mock: Made a motion to adopt the amendment 19.0209.01002.

Representative Beadle: Seconded the motion.

Voice Vote made.

Motion Carried.

Representative Kempenich: Number 3 on the priority list of \$16 million. Was that their original request?

Representative Mock: The original request was \$37 million. The reason for \$37 million was because that was 10% reduction. Instead of fully funding the cyber, the executive recommendation was more comfortable reducing the 17 FTE's and making them cyber.

Chairman Vigesaa: We have power school coming in as general funds and then a reduction in special funds; the special funds used to be what would come K-12 to administer the program?

Levi Kinnitschtzke: Correct.

Chairman Vigesaa: In this case the change was to not have it come from DPI; but come directly from the general fund to ITD?

Levi Kinnitschtzke: Correct.

Representative Mock: Made a motion for a “Do Pass as Amended.”

Representative Kempenich: Seconded the motion.

Roll Call Vote: 6 Yeas 0 Nays 1 Absent.

Motion Carried.

Chairman Vigesaa: Closed the discussion.

2019 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee
Roughrider Room, State Capitol

HB 1021
2/15/2019
32840

- Subcommittee
 Conference Committee

Committee Clerk: Parker Oswald

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the information technology department; and to provide for transfers.

Minutes:

Chairman Jeff Delzer: Opens meeting on HB 1021.

(00:55) Representative Corey Mock: Begins to outline **amendment 19.0209.01003** on the budget of ITD (Information Technology Department).

(6:35) Representative Corey Mock: Any questions? Returns to **amendment 19.0209.01003 on page 2.**

(7:20) Representative J. Nelson: I have been doing some number crunching. I wanted to go back to the switch of CDE (Center for Distance Education). Those salaries were all included in the transfer, but was that broken out into the salary item?

Representative Corey Mock: I believe it was part of the overall salaries and wages from previous years.

Representative J. Nelson: We took it down 16 positions and put 5 back, but the salary line increased. It is about \$82,000 positions that were decreased and these new positions are around \$123,000. Do these new positions require expertise that was not necessary before?

(9:05) Representative Corey Mock: I can go through the salaries and wages. We had CDE as a line item in previous years. Were salaries and wages included in that line item?

Mr. Kinnischtzke: CDE was always its separate line item to keep them separate.

Representative J. Nelson: It has always been this way then.

(9:55) Chairman Jeff Delzer: If you look at the overall increase with 2% and 2% increase, that is not that big of an increase. The question asked was regarding the expertise levels.

Mr. Kinnischtzke: The answer is more than likely yes because it is involving cyber security. There is a higher average salary for these cyber security professionals.

Representative Corey Mock: The average salary worked out to about \$120,000 and the total for this was around \$1.234M. Returns to attachment 1 on page 3.

(13:20) Mr. Kinnischtzke: That would be ETC (Education Technology Council).

Representative Corey Mock: Thank you.

Representative David Monson: You kept the half FTE (full time employee) from ETC in the transfer of CDE from ITD to CTE (Career and Technical Education)?

(14:20) Representative Corey Mock: Yes. Continues outlining figures on **page 3 of amendment 19.0209.01003.**

(17:30) Representative Corey Mock: Makes motion to adopt amendment 19.0209.01003 for HB 1021, seconded by Representative Michael Howe.

Chairman Jeff Delzer: Further discussion.

(17:50) Representative Randy Schobinger: Did we get any assurances from ITD that they could do what needs to be done with the reduction of those positions?

Representative Corey Mock: We did talk to them about what would happen if we could not fund all of them. They said if we do the \$8.1M for the baseline project, that they would be able to do the cyber security initiatives.

Representative Randy Schobinger: My concern is the Governor's high creditability in cyber security. My concern is the cost of a breach and cost of funding this could pale in comparison to what a breach would cost.

(19:50) Chairman Jeff Delzer: The director seemed comfortable moving forward with this amount. We should let Senate take this and see what they can come up with.

Representative Corey Mock: The \$8.1M for the foundational tool is general fund and not SIIF (Strategic Investment and Improvement Fund). This \$8.1M is for threat intelligence, behavior analytics and vulnerability management. The 3 modules not funded would be; security incident and event management logging, advanced identity and data protection and the last one was the security orchestration and automation response. Those were just the descriptions we had and if we were able to fund it fully we would, but we wanted to at least give them enough to work with.

Chairman Jeff Delzer: Office 365 always gives extra security.

(22:25) Representative Corey Mock: Office 365 is much more than Microsoft Office and Word. It is two-factor authentication, everything would be encrypted and there is a lot of security and data protection.

Representative Mike Nathe: We have been hacked more than once. If there is a data breach in K-12 or higher education, the fingers will be pointed at us. I sat through a briefing with someone from ITD and being a victim of hack, it will scare you. I will support this.

(24:30) Chairman Jeff Delzer: Motion made by Representative Corey Mock to adopt amendment 19.0209.01003 in HB 1021. Voice vote, motion carries.

Representative Corey Mock: I mentioned the 3 projects for cyber security. I would move we change the line item of \$4.225M from general funds, that we move that to special funds and give them the authority to raise that.

(25:50) Chairman Jeff Delzer: Do you know where that would sit in the amendment? I imagine it would be operating and it would shift the source of funds from general to special.

Mr. Cronquist: Correct and it is **footnote 7** in the Statement Purpose of Amendment (SPA) of **amendment 19.0209.01003**.

(26:35) Representative Corey Mock: It is **amendment 19.0209.01003 page 3**.

Chairman Jeff Delzer: Motion made to further amend HB 1021 to move \$4.225M from general funds to special funds by Representative Corey Mock, seconded by Representative Michael Howe. Voice vote, motion carries.

Representative Corey Mock: Motion of do pass as amended made by Representative Corey Mock, seconded by Representative Thomas Beadle. Motion carries with 21 yes, 0 nay and 0 absent. Representative Corey Mock will carry HB 1021.

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1021

Page 1, line 2, remove "; and to provide for transfers"

Page 1, remove lines 10 through 24

Page 2, replace lines 1 and 2 with:

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and wages	\$59,359,772	\$1,415,287	\$60,775,059
Operating expenses	69,552,998	19,538,649	89,091,647
Capital assets	8,295,000	(4,041,883)	4,253,117
Centers for distance education	9,079,116	(9,079,116)	0
Statewide longitudinal data system	4,310,561	72,790	4,383,351
Educational technology council	1,121,472	(1,121,472)	0
Edutech	9,752,767	(132,729)	9,620,038
K-12 wide area network	4,534,278	631,674	5,165,952
Geographic information system	1,147,716	(95,688)	1,052,028
Health information technology office	5,315,509	(438,669)	4,876,840
Statewide interoperability radio network	<u>13,700,000</u>	<u>(1,370,000)</u>	<u>12,330,000</u>
Total all funds	\$186,169,189	\$5,378,843	\$191,548,032
Less estimated income	<u>165,636,855</u>	<u>(2,698,906)</u>	<u>162,937,949</u>
Total general fund	\$20,532,334	\$8,077,749	\$28,610,083
Full-time equivalent positions	344.30	(41.30)	303.00"

Page 2, line 3, after "FUNDING" insert "- EFFECT ON BASE BUDGET - REPORT TO SIXTY-SEVENTH LEGISLATIVE ASSEMBLY"

Page 2, line 4, after "biennium" insert "and the one-time funding items included in the appropriation in section 1 of this Act"

Page 2, replace lines 6 through 17 with:

"Electronic payment processing system	\$375,000	\$0
Health information network expansion	43,555,133	0
Statewide interoperability network loan	15,000,000	0
Cybersecurity	<u>0</u>	<u>8,100,000</u>
Total all funds	\$58,930,133	\$8,100,000
Less estimated income	<u>58,930,133</u>	<u>0</u>
Total general fund	\$0	\$8,100,000

The 2019-21 biennium one-time funding amounts are not a part of the entity's base budget for the 2021-23 biennium. The information technology department shall report to the appropriations committees of the sixty-seventh legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2019, and ending June 30, 2021."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1021 - Information Technology Department - House Action

	Base Budget	House Changes	House Version
Salaries and wages	\$59,359,772	\$1,415,287	\$60,775,059
Operating expenses	69,552,998	19,538,649	89,091,647
Capital assets	8,295,000	(4,041,883)	4,253,117
Center for Distance Education	9,079,116	(9,079,116)	
Statewide longitudinal data system	4,310,561	72,790	4,383,351
Educational Technology Council	1,121,472	(1,121,472)	
EduTech	9,752,767	(132,729)	9,620,038
K-12 wide area network	4,534,278	631,674	5,165,952
Geographic information system	1,147,716	(95,688)	1,052,028
Health information technology office	5,315,509	(438,669)	4,876,840
Statewide Interoperability Radio Network	13,700,000	(1,370,000)	12,330,000
Total all funds	\$186,169,189	\$5,378,843	\$191,548,032
Less estimated income	165,636,855	(2,698,906)	162,937,949
General fund	\$20,532,334	\$8,077,749	\$28,610,083
FTE	344.30	(41.30)	303.00

Department 112 - Information Technology Department - Detail of House Changes

	Adds Funding for Salary and Benefit Increases¹	Removes 16 FTE Positions²	Adds 5 Cybersecurity FTE³	Adjusts Base Level Funding⁴	Adds Funding for Microsoft Office 365 Licenses⁵	Adds Funding for IT Service Management and Platforms⁶
Salaries and wages	\$2,831,259	(\$2,649,997)	\$1,234,025			
Operating expenses			217,650	\$2,786,106	\$4,209,893	\$4,225,000
Capital assets				(4,041,883)		
Center for Distance Education						
Statewide longitudinal data system	73,846			(1,056)		
Educational Technology Council				(10,000)		
EduTech	292,499	(337,439)		(434,139)		
K-12 wide area network	41,674			590,000		
Geographic information system	11,584			(107,272)		
Health information technology office	42,882			(481,551)		
Statewide Interoperability Radio Network						
Total all funds	\$3,293,744	(\$2,987,436)	\$1,451,675	(\$1,699,795)	\$4,209,893	\$4,225,000
Less estimated income	2,811,539	(2,912,445)	0	(1,797,893)	4,209,893	0
General fund	\$482,205	(\$74,991)	\$1,451,675	\$98,098	\$0	\$4,225,000
FTE	0.00	(16.00)	5.00	0.00	0.00	0.00

	Reduces Funding for the Centers for Distance Education ²	Transfers the Centers for Distance Education to CTE ³	Transfers the Educational Technology Council to CTE ³	Transfers Funding from the Educational Technology Council to EduTech ¹⁰	Reduces Funding for SIRN ¹¹	Adds One-Time Funding for Cybersecurity Operating Expenses ¹²
Salaries and wages						
Operating expenses						\$8,100,000
Capital assets						
Center for Distance Education Statewide longitudinal data system	(\$229,116)	(\$8,850,000)				
Educational Technology Council			(\$765,122)	(\$346,350)		
EduTech				346,350		
K-12 wide area network						
Geographic information system						
Health information technology office						
Statewide Interoperability Radio Network					(\$1,370,000)	
Total all funds	(\$229,116)	(\$8,850,000)	(\$765,122)	\$0	(\$1,370,000)	\$8,100,000
Less estimated income	0	(3,050,000)	(585,000)	(5,000)	(1,370,000)	0
General fund	(\$229,116)	(\$5,800,000)	(\$180,122)	\$5,000	\$0	\$8,100,000
FTE	0.00	(29.80)	(0.50)	0.00	0.00	0.00

	Total House Changes
Salaries and wages	\$1,415,287
Operating expenses	19,538,649
Capital assets	(4,041,883)
Center for Distance Education Statewide longitudinal data system	(9,079,116)
Educational Technology Council	72,790
EduTech	(1,121,472)
K-12 wide area network	(132,729)
Geographic information system	631,674
Health information technology office	(95,688)
Statewide Interoperability Radio Network	(438,669)
	(1,370,000)
Total all funds	\$5,378,843
Less estimated income	(2,698,906)
General fund	\$8,077,749
FTE	(41.30)

¹ The following funding is added for 2019-21 biennium salary adjustments of 2 percent per year and increases in health insurance premiums from \$1,241 to \$1,427 per month:

	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
Salary increase	\$313,373	\$1,469,467	\$1,782,840
Health insurance increase	168,832	1,342,072	1,510,904
Total	\$482,205	\$2,811,539	\$3,293,744

² Funding for 16 FTE undesignated positions is removed, including 1 FTE EduTech position. Of the \$2,987,436 reduction, \$74,991 is from the general fund, \$262,448 is from the PowerSchool fund, and \$2,649,997 is from the Information Technology Department service fund.

³ Funding of \$1,451,675 is added for 5 FTE cybersecurity positions, of which \$1,234,025 is for salaries and wages and \$217,650 is for related operating expenses.

⁴ Base level funding is adjusted as follows:

	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
Adds funding for operating expenses	(\$97,594)	\$2,883,700	\$2,786,106
Reduces funding for capital assets		(4,041,883)	(4,041,883)
Reduces funding for the statewide longitudinal data system	(1,056)	0	(1,056)
Reduces funding for the Educational Technology Council	0	(10,000)	(10,000)
Reduces funding for EduTech	(295,980)	(138,159)	(434,139)
Adjusts funding for the K-12 wide area network	600,000	(10,000)	590,000
Reduces funding for the geographic information system	(107,272)	0	(107,272)
Reduces funding for the Health Information Technology Office	<u>0</u>	<u>(481,551)</u>	<u>(481,551)</u>
	\$98,098	(\$1,797,893)	(\$1,699,795)

⁵ Funding of \$4,209,893 is added from the Information Technology Department service fund for Microsoft Office 365 licenses.

⁶ Funding of \$4,225,000 is added from the general fund for information technology service management (\$2,000,000), application as a service platform (\$1,325,000), and automation and orchestration platforms (\$900,000).

⁷ Funding for the Centers for Distance Education is reduced by \$229,116 from the general fund, of which \$8,366 is from salaries and \$220,750 is from operating expenses.

⁸ Funding of \$8.85 million for the Centers for Distance Education, including 29.80 FTE positions, is transferred from the Information Technology Department to the Department of Career and Technical Education. Of this amount, \$5.8 million is for salaries and wages from the general fund and \$3.05 million is for operating expenses from the independent study operating fund.

⁹ Transfers a 0.50 FTE administrative assistant II position and \$765,122 for the Educational Technology Council from the Information Technology Department to the Department of Career and Technical Education. Of this amount, \$180,122 is from the general fund for salaries (\$76,556) and operating expenses (\$103,566). The remaining amount of \$585,000 includes \$500,000 from federal funds for capital assets and \$85,000 from the Information Technology Department service fund for grants.

¹⁰ Funding of \$346,350 is transferred from the Educational Technology Council to EduTech, relating to the salaries and fringe benefits of the director of EduTech. The position was formerly the director of both the Educational Technology Council and EduTech, prior to the transfer of the Educational Technology Council to the Department of Career and Technical Education.

¹¹ Funding of \$1.37 million is reduced for the Statewide Interoperability Radio Network (SIRN), of which \$400,000 is for operating expenses and \$970,000 is for capital assets, to provide a total appropriation of \$12.33 million from the SIRN fund.

¹² One-time funding of \$8.1 million is added from the general fund for cybersecurity operating expenses.

This amendment also removes a section allowing for the transfer of funds between line items.

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1021

Page 1, line 2, remove "; and to provide for transfers"

Page 1, remove lines 10 through 24

Page 2, replace lines 1 and 2 with:

"

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and wages	\$59,359,772	\$199,786	\$59,559,558
Operating expenses	69,552,998	19,538,649	89,091,647
Capital assets	8,295,000	(4,041,883)	4,253,117
Center for distance education	9,079,116	(9,079,116)	0
Statewide longitudinal data system	4,310,561	72,790	4,383,351
Educational technology council	1,121,472	(1,121,472)	0
Edutech	9,752,767	(132,729)	9,620,038
K-12 wide area network	4,534,278	631,674	5,165,952
Geographic information system	1,147,716	(95,688)	1,052,028
Health information technology office	5,315,509	(438,669)	4,876,840
Statewide interoperable radio network	<u>13,700,000</u>	<u>(1,370,000)</u>	<u>12,330,000</u>
Total all funds	\$186,169,189	\$4,163,342	\$190,332,531
Less estimated income	<u>165,636,855</u>	<u>(2,698,906)</u>	<u>162,937,949</u>
Total general fund	\$20,532,334	\$6,862,248	\$27,394,582
Full-time equivalent positions	344.30	(41.30)	303.00"

Page 2, line 3, after "FUNDING" insert "- EFFECT ON BASE BUDGET - REPORT TO SIXTY-SEVENTH LEGISLATIVE ASSEMBLY"

Page 2, line 4, after "biennium" insert "and the one-time funding items included in the appropriation in section 1 of this Act"

Page 2, replace lines 6 through 17 with:

"Electronic payment processing system	\$375,000	\$0
Health information network expansion	43,555,133	0
Statewide interoperable network loan	15,000,000	0
Cybersecurity	<u>0</u>	<u>8,100,000</u>
Total all funds	\$58,930,133	\$8,100,000
Less estimated income	<u>58,930,133</u>	<u>0</u>
Total general fund	\$0	\$8,100,000

The 2019-21 biennium one-time funding amounts are not a part of the entity's base budget for the 2021-23 biennium. The information technology department shall report to the appropriations committees of the sixty-seventh legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2019, and ending June 30, 2021."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1021 - Information Technology Department - House Action

	Base Budget	House Changes	House Version
Salaries and wages	\$59,359,772	\$199,786	\$59,559,558
Operating expenses	69,552,998	19,538,649	89,091,647
Capital assets	8,295,000	(4,041,883)	4,253,117
Center for Distance Education	9,079,116	(9,079,116)	
Statewide longitudinal data system	4,310,561	72,790	4,383,351
Educational Technology Council	1,121,472	(1,121,472)	
EduTech	9,752,767	(132,729)	9,620,038
K-12 wide area network	4,534,278	631,674	5,165,952
Geographic information system	1,147,716	(95,688)	1,052,028
Health Information Technology Office	5,315,509	(438,669)	4,876,840
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Total all funds	\$186,169,189	\$4,163,342	\$190,332,531
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General fund	\$20,532,334	\$6,862,248	\$27,394,582
FTE	344.30	(41.30)	303.00

Department 112 - Information Technology Department - Detail of House Changes

	Adds Funding for Salary and Benefit Increases¹	Removes 16 FTE Positions²	Adds 5 Cybersecurity FTE³	Underfunds Salaries by 2 Percent⁴	Adjusts Base Level Funding⁵	Adds Funding for Microsoft Office 365 Licenses⁶
Salaries and wages	\$2,831,259	(\$2,649,997)	\$1,234,025	(\$1,215,501)		
Operating expenses			217,650		\$2,786,106	\$4,209,893
Capital assets					(4,041,883)	
Center for Distance Education						
Statewide longitudinal data system	73,846				(1,056)	
Educational Technology Council					(10,000)	
EduTech	292,499	(337,439)			(434,139)	
K-12 wide area network	41,674				590,000	
Geographic information system	11,584				(107,272)	
Health Information Technology Office	42,882				(481,551)	
Statewide Interoperable Radio Network						
Total all funds	\$3,293,744	(\$2,987,436)	\$1,451,675	(\$1,215,501)	(\$1,699,795)	\$4,209,893
Less estimated income	2,811,539	(2,912,445)	0	0	(1,797,893)	4,209,893
General fund	\$482,205	(\$74,991)	\$1,451,675	(\$1,215,501)	\$98,098	\$0
FTE	0.00	(16.00)	5.00	0.00	0.00	0.00

	Adds Funding for IT Service Management and Platforms⁷	Reduces Funding for the Center for Distance Education⁸	Transfers the Center for Distance Education to CTE⁹	Transfers the Educational Technology Council to CTE¹⁰	Transfers Funding from the Educational Technology Council to EduTech¹¹	Reduces Funding for SIRN¹²
Salaries and wages						
Operating expenses	\$4,225,000					
Capital assets						
Center for Distance Education		(\$229,116)	(\$8,850,000)			
Statewide longitudinal data system						
Educational Technology Council				(\$765,122)	(\$346,350)	
EduTech					346,350	
K-12 wide area network						
Geographic information system						
Health Information Technology Office						
Statewide Interoperable Radio Network						(\$1,370,000)
Total all funds	\$4,225,000	(\$229,116)	(\$8,850,000)	(\$765,122)	\$0	(\$1,370,000)
Less estimated income	0	0	(3,050,000)	(585,000)	(5,000)	(1,370,000)
General fund	\$4,225,000	(\$229,116)	(\$5,800,000)	(\$180,122)	\$5,000	\$0
FTE	0.00	0.00	(29.80)	(0.50)	0.00	0.00

	Adds One-Time Funding for Cybersecurity Operating Expenses¹³	Total House Changes
Salaries and wages		\$199,786
Operating expenses	\$8,100,000	19,538,649
Capital assets		(4,041,883)
Center for Distance Education		(9,079,116)
Statewide longitudinal data system		72,790
Educational Technology Council		(1,121,472)
EduTech		(132,729)
K-12 wide area network		631,674
Geographic information system		(95,688)
Health Information Technology Office		(438,669)
Statewide Interoperable Radio Network		(1,370,000)
Total all funds	\$8,100,000	\$4,163,342
Less estimated income	0	(2,698,906)
General fund	\$8,100,000	\$6,862,248
FTE	0.00	(41.30)

¹ The following funding is added for 2019-21 biennium salary adjustments of 2 percent per year and increases in health insurance premiums from \$1,241 to \$1,427 per month:

	General Fund	Other Funds	Total
Salary increase	\$313,373	\$1,469,467	\$1,782,840
Health insurance increase	168,832	1,342,072	1,510,904
Total	\$482,205	\$2,811,539	\$3,293,744

² Funding for 16 FTE undesignated positions is removed, including 1 FTE EduTech position. Of the \$2,987,436 reduction, \$74,991 is from the general fund, \$262,448 is from the PowerSchool fund, and \$2,649,997 is from the Information Technology Department service fund.

³ Funding of \$1,451,675 is added for 5 FTE cybersecurity positions, of which \$1,234,025 is for salaries and wages and \$217,650 is for related operating expenses.

⁴ Salaries and wages are underfunded by 2 percent of the total salaries and wages line item in anticipation of savings from vacant positions and employee turnover.

⁵ Base level funding is adjusted as follows:

	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
Adds funding for operating expenses	(\$97,594)	\$2,883,700	\$2,786,106
Reduces funding for capital assets	0	(4,041,883)	(4,041,883)
Reduces funding for the statewide longitudinal data system	(1,056)	0	(1,056)
Reduces funding for the Educational Technology Council	0	(10,000)	(10,000)
Reduces funding for EduTech	(295,980)	(138,159)	(434,139)
Adjusts funding for the K-12 wide area network	600,000	(10,000)	590,000
Reduces funding for the geographic information system	(107,272)	0	(107,272)
Reduces funding for the Health Information Technology Office	<u>0</u>	<u>(481,551)</u>	<u>(481,551)</u>
	\$98,098	(\$1,797,893)	(\$1,699,795)

⁶ Funding of \$4,209,893 is added from the Information Technology Department service fund for Microsoft Office 365 licenses.

⁷ Funding of \$4,225,000 is added from the general fund for information technology service management (\$2,000,000), application as a service platform (\$1,325,000), and automation and orchestration platforms (\$900,000).

⁸ Funding for the Center for Distance Education is reduced by \$229,116 from the general fund, of which \$8,366 is from salaries and \$220,750 is from operating expenses.

⁹ Funding of \$8.85 million for the Center for Distance Education, including 29.80 FTE positions, is transferred from the Information Technology Department to the Department of Career and Technical Education. Of this amount, \$5.8 million is for salaries and wages from the general fund and \$3.05 million is for operating expenses from the independent study operating fund.

¹⁰ Transfers a 0.50 FTE administrative assistant II position and \$765,122 for the Educational Technology Council from the Information Technology Department to the Department of Career and Technical Education. Of this amount, \$180,122 is from the general fund for salaries (\$76,556) and operating expenses (\$103,566). The remaining amount of \$585,000 includes \$500,000 from federal funds for capital assets and \$85,000 from the Information Technology Department service fund for grants.

¹¹ Funding of \$346,350 is transferred from the Educational Technology Council to EduTech, relating to the salaries and fringe benefits of the director of EduTech. The position was formerly the director of both the Educational Technology Council and EduTech, prior to the transfer of the Educational Technology Council to the Department of Career and Technical Education.

¹² Funding of \$1.37 million is reduced for the Statewide Interoperable Radio Network (SIRN), of which \$400,000 is for operating expenses and \$970,000 is for capital assets, to provide a total appropriation of \$12.33 million from the SIRN fund.

¹³ One-time funding of \$8.1 million is added from the general fund for cybersecurity operating expenses.

This amendment also removes a section allowing for the transfer of funds between line items.

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 1 of 4

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1021

Page 1, line 2, replace "for transfers" with "a report"

Page 1, remove lines 10 through 24

Page 2, replace lines 1 and 2 with:

"	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and wages	\$59,359,772	\$199,786	\$59,559,558
Operating expenses	69,552,998	19,538,649	89,091,647
Capital assets	8,295,000	(4,041,883)	4,253,117
Center for distance education	9,079,116	(9,079,116)	0
Statewide longitudinal data system	4,310,561	72,790	4,383,351
Educational technology council	1,121,472	(1,121,472)	0
Edutech	9,752,767	(132,729)	9,620,038
K-12 wide area network	4,534,278	631,674	5,165,952
Geographic information system	1,147,716	(95,688)	1,052,028
Health information technology office	5,315,509	(438,669)	4,876,840
Statewide interoperable radio network	<u>13,700,000</u>	<u>(1,370,000)</u>	<u>12,330,000</u>
Total all funds	\$186,169,189	\$4,163,342	\$190,332,531
Less estimated income	<u>165,636,855</u>	<u>1,526,094</u>	<u>167,162,949</u>
Total general fund	\$20,532,334	\$2,637,248	\$23,169,582
Full-time equivalent positions	344.30	(41.30)	303.00"

Page 2, line 3, after "FUNDING" insert "- EFFECT ON BASE BUDGET - REPORT TO SIXTY-SEVENTH LEGISLATIVE ASSEMBLY"

Page 2, line 4, after "biennium" insert "and the one-time funding items included in the appropriation in section 1 of this Act"

Page 2, replace lines 6 through 17 with:

"Electronic payment processing system	\$375,000	\$0
Health information network expansion	43,555,133	0
Statewide interoperable network loan	15,000,000	0
Cybersecurity	<u>0</u>	<u>8,100,000</u>
Total all funds	\$58,930,133	\$8,100,000
Less estimated income	<u>58,930,133</u>	<u>0</u>
Total general fund	\$0	\$8,100,000

The 2019-21 biennium one-time funding amounts are not a part of the entity's base budget for the 2021-23 biennium. The information technology department shall report to the appropriations committees of the sixty-seventh legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2019, and ending June 30, 2021."

Re-number accordingly

Dr 2/15/19
2 of 4

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1021 - Information Technology Department - House Action

	Base Budget	House Changes	House Version
Salaries and wages	\$59,359,772	\$199,786	\$59,559,558
Operating expenses	69,552,998	19,538,649	89,091,647
Capital assets	8,295,000	(4,041,883)	4,253,117
Center for Distance Education	9,079,116	(9,079,116)	
Statewide longitudinal data system	4,310,561	72,790	4,383,351
Educational Technology Council	1,121,472	(1,121,472)	
EduTech	9,752,767	(132,729)	9,620,038
K-12 wide area network	4,534,278	631,674	5,165,952
Geographic information system	1,147,716	(95,688)	1,052,028
Health Information Technology Office	5,315,509	(438,669)	4,876,840
Statewide Interoperable Radio Network	13,700,000	(1,370,000)	12,330,000
Total all funds	\$186,169,189	\$4,163,342	\$190,332,531
Less estimated income	165,636,855	1,526,094	167,162,949
General fund	\$20,532,334	\$2,637,248	\$23,169,582
FTE	344.30	(41.30)	303.00

Department 112 - Information Technology Department - Detail of House Changes

	Adds Funding for Salary and Benefit Increases ¹	Removes 16 FTE Positions ²	Adds 5 Cybersecurity FTE ³	Underfunds Salaries by 2 Percent ⁴	Adjusts Base Level Funding ⁵	Adds Funding for Microsoft Office 365 Licenses ⁶
Salaries and wages	\$2,831,259	(\$2,649,997)	\$1,234,025	(\$1,215,501)		
Operating expenses			217,650		\$2,786,106	\$4,209,893
Capital assets					(4,041,883)	
Center for Distance Education						
Statewide longitudinal data system	73,846				(1,056)	
Educational Technology Council					(10,000)	
EduTech	292,499	(337,439)			(434,139)	
K-12 wide area network	41,674				590,000	
Geographic information system	11,584				(107,272)	
Health Information Technology Office	42,882				(481,551)	
Statewide Interoperable Radio Network						
Total all funds	\$3,293,744	(\$2,987,436)	\$1,451,675	(\$1,215,501)	(\$1,699,795)	\$4,209,893
Less estimated income	2,811,539	(2,912,445)	0	0	(1,797,893)	4,209,893
General fund	\$482,205	(\$74,991)	\$1,451,675	(\$1,215,501)	\$98,098	\$0
FTE	0.00	(16.00)	5.00	0.00	0.00	0.00

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3 of 4

	Adds Funding for IT Service Management and Platforms ²	Reduces Funding for the Center for Distance Education ⁸	Transfers the Center for Distance Education to CTE ⁹	Transfers the Educational Technology Council to CTE ¹⁰	Transfers Funding from the Educational Technology Council to EduTech ¹¹	Reduces Funding for SIRN ¹²
Salaries and wages						
Operating expenses	\$4,225,000					
Capital assets						
Center for Distance Education		(\$229,116)	(\$8,850,000)			
Statewide longitudinal data system						
Educational Technology Council				(\$765,122)	(\$346,350)	
EduTech					346,350	
K-12 wide area network						
Geographic information system						
Health Information Technology Office						
Statewide Interoperable Radio Network						(\$1,370,000)
Total all funds	\$4,225,000	(\$229,116)	(\$8,850,000)	(\$765,122)	\$0	(\$1,370,000)
Less estimated income	4,225,000	0	(3,050,000)	(585,000)	(5,000)	(1,370,000)
General fund	\$0	(\$229,116)	(\$5,800,000)	(\$180,122)	\$5,000	\$0
FTE	0.00	0.00	(29.80)	(0.50)	0.00	0.00

	Adds One-Time Funding for Cybersecurity Operating Expenses ¹³	Total House Changes
Salaries and wages		\$199,786
Operating expenses	\$8,100,000	19,538,649
Capital assets		(4,041,883)
Center for Distance Education		(9,079,116)
Statewide longitudinal data system		72,790
Educational Technology Council		(1,121,472)
EduTech		(132,729)
K-12 wide area network		631,674
Geographic information system		(95,688)
Health Information Technology Office		(438,669)
Statewide Interoperable Radio Network		(1,370,000)
Total all funds	\$8,100,000	\$4,163,342
Less estimated income	0	1,526,094
General fund	\$8,100,000	\$2,637,248
FTE	0.00	(41.30)

¹ The following funding is added for 2019-21 biennium salary adjustments of 2 percent per year and increases in health insurance premiums from \$1,241 to \$1,427 per month:

	General Fund	Other Funds	Total
Salary increase	\$313,373	\$1,469,467	\$1,782,840
Health insurance increase	168,832	1,342,072	1,510,904
Total	\$482,205	\$2,811,539	\$3,293,744

² Funding for 16 FTE undesignated positions is removed, including 1 FTE EduTech position. Of the \$2,987,436 reduction, \$74,991 is from the general fund, \$262,448 is from the PowerSchool fund, and \$2,649,997 is from the Information Technology Department service fund.

DF 2/15/19
4 of 4

³ Funding of \$1,451,675 is added for 5 FTE cybersecurity positions, of which \$1,234,025 is for salaries and wages and \$217,650 is for related operating expenses.

⁴ Salaries and wages are underfunded by 2 percent of the total salaries and wages line item in anticipation of savings from vacant positions and employee turnover.

⁵ Base level funding is adjusted as follows:

	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
Adds funding for operating expenses	(\$97,594)	\$2,883,700	\$2,786,106
Reduces funding for capital assets	0	(4,041,883)	(4,041,883)
Reduces funding for the statewide longitudinal data system	(1,056)	0	(1,056)
Reduces funding for the Educational Technology Council	0	(10,000)	(10,000)
Reduces funding for EduTech	(295,980)	(138,159)	(434,139)
Adjusts funding for the K-12 wide area network	600,000	(10,000)	590,000
Reduces funding for the geographic information system	(107,272)	0	(107,272)
Reduces funding for the Health Information Technology Office	0	(481,551)	(481,551)
	\$98,098	(\$1,797,893)	(\$1,699,795)

⁶ Funding of \$4,209,893 is added from the Information Technology Department service fund for Microsoft Office 365 licenses.

⁷ Funding of \$4,225,000 is added from the Information Technology Department operating service fund for information technology service management (\$2,000,000), application as a service platform (\$1,325,000), and automation and orchestration platforms (\$900,000).

⁸ Funding for the Center for Distance Education is reduced by \$229,116 from the general fund, of which \$8,366 is from salaries and \$220,750 is from operating expenses.

⁹ Funding of \$8.85 million for the Center for Distance Education, including 29.80 FTE positions, is transferred from the Information Technology Department to the Department of Career and Technical Education. Of this amount, \$5.8 million is for salaries and wages from the general fund and \$3.05 million is for operating expenses from the independent study operating fund.

¹⁰ Transfers a 0.50 FTE administrative assistant II position and \$765,122 for the Educational Technology Council from the Information Technology Department to the Department of Career and Technical Education. Of this amount, \$180,122 is from the general fund for salaries (\$76,556) and operating expenses (\$103,566). The remaining amount of \$585,000 includes \$500,000 from federal funds for capital assets and \$85,000 from the Information Technology Department service fund for grants.

¹¹ Funding of \$346,350 is transferred from the Educational Technology Council to EduTech, relating to the salaries and fringe benefits of the director of EduTech. The position was formerly the director of both the Educational Technology Council and EduTech, prior to the transfer of the Educational Technology Council to the Department of Career and Technical Education.

¹² Funding of \$1.37 million is reduced for the Statewide Interoperable Radio Network (SIRN), of which \$400,000 is for operating expenses and \$970,000 is for capital assets, to provide a total appropriation of \$12.33 million from the SIRN fund.

¹³ One-time funding of \$8.1 million is added from the general fund for cybersecurity operating expenses.

This amendment also removes a section allowing for the transfer of funds between line items.

**2019 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. HB1021**

House Appropriations - Government Operations Division Committee

Subcommittee

Amendment LC# or Description: _____

Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar

Other Actions: Reconsider _____

Motion Made By Representative Mock Seconded By Representative Beadle

Representatives	Yes	No	Representatives	Yes	No
Chairman Vigesaa			Representative Mock		
Vice Chairman Brandenburg					
Representative Beadle					
Representative Bellew					
Representative Howe					
Representative Kempenich					

Voice Vote

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:
 To move over all the discussed changes to the House version.
 Motion Carried.

**2019 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. HB1021**

House Appropriations - Government Operations Division Committee

Subcommittee

Amendment LC# or Description: _____

- Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar
Other Actions: Reconsider _____

Motion Made By Representative Bellew Seconded By Representative Mock

Representatives	Yes	No	Representatives	Yes	No
Chairman Vigasaa			Representative Mock		
Vice Chairman Brandenburg					
Representative Beadle					
Representative Bellew					
Representative Howe					
Representative Kempenich					

Vote 13-6

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:
A motion to underfund the appropriated salary and wages line by 2% for cyber security FTE's.
Motion Carried.

**2019 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. HB1021**

House Appropriations - Government Operations Division Committee

Subcommittee

Amendment LC# or Description: 19.0209.01002

Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar
Other Actions: Reconsider _____

Motion Made By Representative Mock Seconded By Representative Beadle

Representatives	Yes	No	Representatives	Yes	No
Chairman Vigesaa			Representative Mock		
Vice Chairman Brandenburg					
Representative Beadle					
Representative Bellew					
Representative Howe					
Representative Kempenich					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:
Motion Carried.

**2019 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. HB1021**

House Appropriations - Government Operations Division Committee

Subcommittee

Amendment LC# or Description: 19.0209.01002

Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar
Other Actions: Reconsider _____

Motion Made By Representative Mock Seconded By Representative Kempenich

Representatives	Yes	No	Representatives	Yes	No
Chairman Vigesaa	X		Representative Mock	X	
Vice Chairman Brandenburg					
Representative Beadle	X				
Representative Bellew	X				
Representative Howe	X				
Representative Kempenich	X				

Total (Yes) 6 No 0

Absent 1

Floor Assignment Representative Mock

If the vote is on an amendment, briefly indicate intent:
Motion Carried.

Date: 2/15/2019
 Roll Call Vote #: 1

**2019 HOUSE STANDING COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. HB 1021**

House Appropriations Committee

Subcommittee

Amendment LC# or Description: Adopt amendment 19.0209.01003

Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar

Other Actions: Reconsider _____

Motion Made By Representative Mock Seconded By Representative Howe

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer					
Representative Kempenich					
Representative Anderson			Representative Schobinger		
Representative Beadle			Representative Vigesaa		
Representative Bellew					
Representative Brandenburg					
Representative Howe			Representative Boe		
Representative Kreidt			Representative Holman		
Representative Martinson			Representative Mock		
Representative Meier					
Representative Monson					
Representative Nathe					
Representative J. Nelson					
Representative Sanford					
Representative Schatz					
Representative Schmidt					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

Voice Vote/Motion Carries

Date: 2/15/2019
 Roll Call Vote #: 2

**2019 HOUSE STANDING COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. HB 1021**

House Appropriations Committee

Subcommittee

Amendment LC# or Description: **Further amend to move \$4.225M from general fund to special fund**

Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar
 Other Actions: Reconsider _____

Motion Made By Representative Mock Seconded By Representative Howe

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer					
Representative Kempenich					
Representative Anderson			Representative Schobinger		
Representative Beadle			Representative Vigesaa		
Representative Bellew					
Representative Brandenburg					
Representative Howe			Representative Boe		
Representative Kreidt			Representative Holman		
Representative Martinson			Representative Mock		
Representative Meier					
Representative Monson					
Representative Nathe					
Representative J. Nelson					
Representative Sanford					
Representative Schatz					
Representative Schmidt					

Total (Yes) Voice vote - carries No _____

Absent _____

Floor Assignment _____

Move \$4.225M from general fund to special fund dollars.

Date: 2/15/2019
 Roll Call Vote #: 3

**2019 HOUSE STANDING COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. HB 1021**

House Appropriations Committee

Subcommittee

Amendment LC# or Description: _____

Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar
 Other Actions: Reconsider _____

Motion Made By Representative Mock Seconded By Representative Beadle

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer	X				
Representative Kempenich	X				
Representative Anderson	X		Representative Schobinger	X	
Representative Beadle	X		Representative Vigesaa	X	
Representative Bellew	X				
Representative Brandenburg	X				
Representative Howe	X		Representative Boe	X	
Representative Kreidt	X		Representative Holman	X	
Representative Martinson	X		Representative Mock	X	
Representative Meier	X				
Representative Monson	X				
Representative Nathe	X				
Representative J. Nelson	X				
Representative Sanford	X				
Representative Schatz	X				
Representative Schmidt	X				

Total (Yes) 21 No 0

Absent 0

Floor Assignment Representative Mock

Motion Carries

REPORT OF STANDING COMMITTEE

HB 1021: Appropriations Committee (Rep. Delzer, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (21 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1021 was placed on the Sixth order on the calendar.

Page 1, line 2, replace "for transfers" with "a report"

Page 1, remove lines 10 through 24

Page 2, replace lines 1 and 2 with:

	Base Level	Adjustments or Enhancements	Appropriation
Salaries and wages	\$59,359,772	\$199,786	\$59,559,558
Operating expenses	69,552,998	19,538,649	89,091,647
Capital assets	8,295,000	(4,041,883)	4,253,117
Center for distance education	9,079,116	(9,079,116)	0
Statewide longitudinal data system	4,310,561	72,790	4,383,351
Educational technology council	1,121,472	(1,121,472)	0
Edutech	9,752,767	(132,729)	9,620,038
K-12 wide area network	4,534,278	631,674	5,165,952
Geographic information system	1,147,716	(95,688)	1,052,028
Health information technology office	5,315,509	(438,669)	4,876,840
Statewide interoperable radio network	<u>13,700,000</u>	<u>(1,370,000)</u>	<u>12,330,000</u>
Total all funds	\$186,169,189	\$4,163,342	\$190,332,531
Less estimated income	<u>165,636,855</u>	<u>1,526,094</u>	<u>167,162,949</u>
Total general fund	\$20,532,334	\$2,637,248	\$23,169,582
Full-time equivalent positions	344.30	(41.30)	303.00"

Page 2, line 3, after "FUNDING" insert "- EFFECT ON BASE BUDGET - REPORT TO SIXTY-SEVENTH LEGISLATIVE ASSEMBLY"

Page 2, line 4, after "biennium" insert "and the one-time funding items included in the appropriation in section 1 of this Act"

Page 2, replace lines 6 through 17 with:

"Electronic payment processing system	\$375,000	\$0
Health information network expansion	43,555,133	0
Statewide interoperable network loan	15,000,000	0
Cybersecurity	0	<u>8,100,000</u>
Total all funds	\$58,930,133	\$8,100,000
Less estimated income	<u>58,930,133</u>	0
Total general fund	\$0	\$8,100,000

The 2019-21 biennium one-time funding amounts are not a part of the entity's base budget for the 2021-23 biennium. The information technology department shall report to the appropriations committees of the sixty-seventh legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2019, and ending June 30, 2021."

Re-number accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1021 - Information Technology Department - House Action

	Base Budget	House Changes	House Version
Salaries and wages	\$59,359,772	\$199,786	\$59,559,558
Operating expenses	69,552,998	19,538,649	89,091,647

Capital assets	8,295,000	(4,041,883)	4,253,117
Center for Distance Education	9,079,116	(9,079,116)	
Statewide longitudinal data system	4,310,561	72,790	4,383,351
Educational Technology Council	1,121,472	(1,121,472)	
EduTech	9,752,767	(132,729)	9,620,038
K-12 wide area network	4,534,278	631,674	5,165,952
Geographic information system	1,147,716	(95,688)	1,052,028
Health Information Technology Office	5,315,509	(438,669)	4,876,840
Statewide Interoperable Radio Network	13,700,000	(1,370,000)	12,330,000
Total all funds	\$186,169,189	\$4,163,342	\$190,332,531
Less estimated income	165,636,855	1,526,094	167,162,949
General fund	\$20,532,334	\$2,637,248	\$23,169,582
FTE	344.30	(41.30)	303.00

Department 112 - Information Technology Department - Detail of House Changes

	Adds Funding for Salary and Benefit Increases ¹	Removes 16 FTE Positions ²	Adds 5 Cybersecurity FTE ³	Underfunds Salaries by 2 Percent ⁴	Adjusts Base Level Funding ⁵	Adds Funding for Microsoft Office 365 Licenses ⁶
Salaries and wages	\$2,831,259	(\$2,649,997)	\$1,234,025	(\$1,215,501)		
Operating expenses			217,650		\$2,786,106	\$4,209,893
Capital assets					(4,041,883)	
Center for Distance Education						
Statewide longitudinal data system	73,846				(1,056)	
Educational Technology Council					(10,000)	
EduTech	292,499	(337,439)			(434,139)	
K-12 wide area network	41,674				590,000	
Geographic information system	11,584				(107,272)	
Health Information Technology Office	42,882				(481,551)	
Statewide Interoperable Radio Network						
Total all funds	\$3,293,744	(\$2,987,436)	\$1,451,675	(\$1,215,501)	(\$1,699,795)	\$4,209,893
Less estimated income	2,811,539	(2,912,445)	0	0	(1,797,893)	4,209,893
General fund	\$482,205	(\$74,991)	\$1,451,675	(\$1,215,501)	\$98,098	\$0
FTE	0.00	(16.00)	5.00	0.00	0.00	0.00

	Adds Funding for IT Service Management and Platforms ⁷	Reduces Funding for the Center for Distance Education ⁸	Transfers the Center for Distance Education to CTE ⁹	Transfers the Educational Technology Council to CTE ¹⁰	Transfers Funding from the Educational Technology Council to EduTech ¹¹	Reduces Funding for SIRN ¹²
Salaries and wages	\$4,225,000					
Operating expenses						
Capital assets						
Center for Distance Education		(\$229,116)	(\$8,850,000)			
Statewide longitudinal data system						
Educational Technology Council				(\$765,122)	(\$346,350)	
EduTech					346,350	
K-12 wide area network						
Geographic information system						
Health Information Technology Office						
Statewide Interoperable Radio Network						(\$1,370,000)
Total all funds	\$4,225,000	(\$229,116)	(\$8,850,000)	(\$765,122)	\$0	(\$1,370,000)
Less estimated income	4,225,000	0	(3,050,000)	(585,000)	(5,000)	(1,370,000)
General fund	\$0	(\$229,116)	(\$5,800,000)	(\$180,122)	\$5,000	\$0
FTE	0.00	0.00	(29.80)	(0.50)	0.00	0.00

	Adds One-Time Funding for Cybersecurity Operating Expenses ¹³	Total House Changes
Salaries and wages		\$199,786
Operating expenses	\$8,100,000	19,538,649
Capital assets		(4,041,883)
Center for Distance Education		(9,079,116)
Statewide longitudinal data system		72,790
Educational Technology Council		(1,121,472)
EduTech		(132,729)
K-12 wide area network		631,674
Geographic information system		(95,688)
Health Information Technology Office		(438,669)
Statewide Interoperable Radio Network		(1,370,000)
Total all funds	\$8,100,000	\$4,163,342
Less estimated income	0	1,526,094
General fund	\$8,100,000	\$2,637,248
FTE	0.00	(41.30)

¹ The following funding is added for 2019-21 biennium salary adjustments of 2 percent per year and increases in health insurance premiums from \$1,241 to \$1,427 per month:

	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
Salary increase	\$313,373	\$1,469,467	\$1,782,840
Health insurance increase	168,832	1,342,072	1,510,904
Total	\$482,205	\$2,811,539	\$3,293,744

² Funding for 16 FTE undesignated positions is removed, including 1 FTE EduTech position. Of the \$2,987,436 reduction, \$74,991 is from the general fund, \$262,448 is from the PowerSchool fund, and \$2,649,997 is from the Information Technology Department service fund.

³ Funding of \$1,451,675 is added for 5 FTE cybersecurity positions, of which \$1,234,025 is for salaries and wages and \$217,650 is for related operating expenses.

⁴ Salaries and wages are underfunded by 2 percent of the total salaries and wages line item in anticipation of savings from vacant positions and employee turnover.

⁵ Base level funding is adjusted as follows:

	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
Adds funding for operating expenses	(\$97,594)	\$2,883,700	\$2,786,106
Reduces funding for capital assets	0	(4,041,883)	(4,041,883)
Reduces funding for the statewide longitudinal data system	(1,056)	0	(1,056)
Reduces funding for the Educational Technology Council	0	(10,000)	(10,000)
Reduces funding for EduTech	(295,980)	(138,159)	(434,139)
Adjusts funding for the K-12 wide area network	600,000	(10,000)	590,000
Reduces funding for the geographic information system	(107,272)	0	(107,272)
Reduces funding for the Health Information Technology Office	0	(481,551)	(481,551)
	\$98,098	(\$1,797,893)	(\$1,699,795)

⁶ Funding of \$4,209,893 is added from the Information Technology Department service fund for Microsoft Office 365 licenses.

⁷ Funding of \$4,225,000 is added from the Information Technology Department operating service fund for information technology service management (\$2,000,000), application as a service platform (\$1,325,000), and automation and orchestration platforms (\$900,000).

⁸ Funding for the Center for Distance Education is reduced by \$229,116 from the general fund, of which \$8,366 is from salaries and \$220,750 is from operating expenses.

⁹ Funding of \$8.85 million for the Center for Distance Education, including 29.80 FTE positions, is transferred from the Information Technology Department to the Department of Career and Technical Education. Of this amount, \$5.8 million is for salaries and wages from the general fund and \$3.05 million is for operating expenses from the independent study operating fund.

¹⁰ Transfers a 0.50 FTE administrative assistant II position and \$765,122 for the Educational Technology Council from the Information Technology Department to the Department of Career and Technical Education. Of this amount, \$180,122 is from the general fund for salaries (\$76,556) and operating expenses (\$103,566). The remaining amount of \$585,000 includes \$500,000 from federal funds for capital assets and \$85,000 from the Information Technology Department service fund for grants.

¹¹ Funding of \$346,350 is transferred from the Educational Technology Council to EduTech, relating to the salaries and fringe benefits of the director of EduTech. The position was formerly the director of both the Educational Technology Council and EduTech, prior to the transfer of the Educational Technology Council to the Department of Career and Technical Education.

¹² Funding of \$1.37 million is reduced for the Statewide Interoperable Radio Network (SIRN), of which \$400,000 is for operating expenses and \$970,000 is for capital assets, to provide a total appropriation of \$12.33 million from the SIRN fund.

¹³ One-time funding of \$8.1 million is added from the general fund for cybersecurity operating expenses.

This amendment also removes a section allowing for the transfer of funds between line items.

2019 SENATE APPROPRIATIONS

HB 1021

2019 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee Harvest Room, State Capitol

HB 1021
2/28/2019
Job # 33031

- Subcommittee
 Conference Committee

Committee Clerk: Rose Laning

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the information technology department.

Minutes:

Testimony attached # 1.

Legislative Council: Levi Kinnischtzke
OMB: Larry Martin

Chairman Holmberg called the committee to order on HB 1021.

Shawn Riley, Director, Information Technology Department
ITD Testimony Attached # 1.

(7:45) **Senator Robinson:** The Senate has supported unification in all the bills we've kicked out. The House did not. What was their reasoning for not going down that road?

Shawn Riley: The only reason we really heard was it was a big change. That is was a significant change was the only consistent argument we heard back from the House.

Senator Robinson: They weren't fearful of additional costs or anything like that.

Shawn Riley: That is a concern but in multiple meetings, we were able to talk to what those additional costs could be or how they had been mitigated. We've shown that we are not increasing our overhead costs; we are not increasing our per staffing costs. We were able to mitigate that conversation or conversations. It was a process that we had to work through with the House.

Senator Robinson: Were they saying absolutely no, or maybe?

Shawn Riley: I think the House thinks this is - they really would back this process and I think they really will back unification. I think at this point they wanted us to prove our case to the Senate. They wanted us to go through the process and ensuring that the diligence had gone across the legislature.

Chairman Holmberg: You gave us the answer of the question he asked “why?” and then you gave us the back chatter which also is part of what happens on some of these budgets. Sometimes back chatter works; sometimes it’s true and sometimes it isn’t.

Shawn Riley: I would add to that - There are parties that have come out and stated their support for unification and then there have been parties in opposition. The majority of parties that we have heard in opposition are parties that are not actually in scope for us. They’re afraid that they will be in scope in the future. I understand why they would have a fearfulness because there is frankly, a lot of internally built fear around this type of change management process. What we have done over this last year and a half going through this unification initiative is we have taken an extensive amount of time to sit down with every manager, every executive cabinet, every single individual in the process, so all 460 people went through an individualized personalized review that helped us to be able to understand what they did and help them understand what was going to happen to them. The agencies that are very fearful of this that are outside of our scope have not gone through that process so they don’t feel the implications. They don’t understand yet what the real outcome is.

(12:15) **Shawn Riley:** The reality is that you cannot instantly get output, we cannot instantly have efficiencies and instantly have savings unless we start laying people off. We have to work through the process to obtain those savings and this is something that will take up to four years to be able to get through all of the initiatives.

(27:54) **Senator Robinson:** Of the 17 that you’re looking at – Are we looking at some reallocation of existing personnel that we have? Can we find them out on the market? Can we pay them enough money to move to North Dakota and live here in January, February and March? Those are issues we talked about during the interim. What about the availability of these folks and do we have folks on the staff that would potentially move into these positions? I imagine this pay is going to be higher than maybe many of our employees?

Shawn Riley: I’ll address the numbers. One of the things we want to make sure is understood is that the addition of the 17 FTEs brings us to the same number of FTEs that our IT organization had in the 2017-19 budget. As we went through our process of taking out FTEs to be able to meet the governor’s recommended budget, the FTE numbers that were put back in that 17 brings us back to that same number. As far as the capacity to recruit – the state of North Dakota salary model will never be able to manage the cyber security world today. In my former job, within that job, I had cyber security architects who were making \$175,000/year. That’s a pretty over the top for state government. However, we have been doing a ton of work with our partners, with our cyber security partners, with the K-12 organizations, with colleges, ie. BSC, Lake Region, NDSU, etc. to be able to work down a path of being able to staff these individuals through creative means, as well as a process of impressing upon people that you want to come here for the heart, for the service aspect instead of just the salary. We’ve been able to bring in staff from other states to be able to come here to work for us in this space because they are excited about what they can do on a national level because frankly, we are showing every other state how this should be done. That is what is really helping us to attract staff right now. As far as other staff, can other staff learn to be cyber security experts? Absolutely. We’ve had several people come to executive offices or directly to myself and ask specifically how they can evolve their career to become more cyber aware and how they can get cyber positions in the future.

Senator G. Lee: Say the Senate decided to move forward with the \$16.5M package in unification and cyber security, have you considered the cost to continue would be for that package as opposed to what we're doing today – what the difference might be?

Shawn Riley: The operational tail on this package is approx. \$4.5M going forward. On the \$11.4M operational costs are on tools

Senator G. Lee: So it's \$4.5M beyond what we're doing today in terms of ongoing costs?

Shawn Riley: It would be \$4.5M as an ongoing cost above and beyond what our 2017-19 budget would be for cyber. That's not really related to unification, that is purely the cyber tool set.

(35:01) **Chairman Holmberg:** When you have this number of people transferring around, is there a great difference in the salaries that were being paid by someone who worked in Human Services versus someone who worked in some other agency? And how do you plan to handle that issue?

Shawn Riley: There is absolutely a significant difference. The reality is that the State of North Dakota's organizations within our scope looked more like 17 different companies than they looked like components of the same company. The reality is that we had identical job description with two people in it. One person is doing a completely different job than the other person. We also had people who were in completely different job roles who are doing the identical job. As we've gone through those assessments, we are working with HRMS to go through and level out the jobs to begin with. The ranges are narrowing and this is happening over all ranges, not just within IT. Over time, we'll be able to continuously improve this process and be able to level that out, but that will be a long initiative.

Chairman Holmberg: Would there be anyone in your vision of the direction you're going, that would be making X this year but next year they would make less because of your changes. If I was an employee in Human Services, that would make me nervous.

Shawn Riley: Part of our principal statements that we walked through was to take care of the people. We do not expect anyone to take a pay cut. It is possible that someone would be at the top of the range and not be able to get a directed raise as quickly, but that would be a very minor number of people. We are working through the process to make sure folks are taken care of individually.

(37:23) **Dan Sipes, COO, ITD:** Continuing with attached # 1.

(41:50) **Senator Robinson:** Has the agency every been in a situation, given the nature of your billing cycles, of experiencing cash flow issues?

Dan Sipes: In general, I think the answer is no. One of the things we take great pains to do is when we set rates for the biennium, probably in March before they do their budgets, we do everything in our power to not change those rates for utility services or services they normally use because they plan their budget and come to you and say we're going to use this much services. So as long as they stay within the consumption that they planned for, our rates

should not cause that. The trickiest thing always for agencies is IT projects. That's not a utility service that they are using so those are typically estimates whether from a vendor or from ITD or anybody. IT projects are the most difficult that typically cause the agencies difficulties if there is one.

(43:11) continuing -

(47:02) **Senator Mathern:** On those House changes, are you asking for them to be restored?

Dan Sipes: No, we are not. We would concur with all the changes you see there. On the next two slides, there will be some changes that we're asking of you to specifically consider.

(58:30) **Shawn Riley:** I want to thank the committee for supporting us through our unification conversations like you're doing. The reality is that the House has been very supportive of conversations with us, but they're working through a process. Our cabinet leaders are very supportive but we're working through a process. Everyone across the board wants to deliver better services at lower costs, wants to be able to meet the needs of the citizen and wants to be able to have an expansion capability for the state of North Dakota. We just have to figure out what is the best way to be able to get there. Unification is a cornerstone component of that. This has been shown by organization after organization around the world. The reality is that you can't pull in 17 different ways and think that you're going to be able to go the way you want to go. We need to be able to pull in one direction to get where we need to go. Technology is evolving in an incredible rate and we simply can't all have the experts we need to be able to get done what we need to get done individually. We need to be able to deliver these services as a unified singular service. On top of that, with cyber, it's a simple reality that the citizen doesn't get to go somewhere else for many of these services. If your data is stolen at a local retailer, you can say you don't want to do business with him anymore and you go somewhere else. When you do your business with the government in the state of North Dakota, you don't have an option. You don't get to say I want to go pick a different government. Even that responsibility, we have a higher bar that we have to stand by to be able to secure their data. Those are my two major end points – between unification and cyber. For our citizen's data, we have a higher responsibility than your average private sector organization because we have to have that information and that citizen has no option.

(1:01:11) **Senator Robinson:** What type of turnover have we had in the last couple years? How many have just left employment with ITD thinking I don't need this?

Shawn Riley: We've had a running attrition rate between 5-7% for the last 11 years and we have seen no appreciable increase in that attrition rate. There is a slightly different impact rate right now because of the VSIPs but if you discount the VSIPs, then our attrition rate still stays within the norm over the last 10 years. I would expect post-unification; you will see some pick up in attrition. It is very normal to see a 2,3 or 4% tick up in attrition. People who are closer to retirement are saying rather than do something new, they might as well retire.

Senator Robinson: We have a strong ITD over the years. Is the morale upbeat? I would expect it to be surprisingly very positive, correct?

Shawn Riley: I think morale is actually very solid. There are definitely some questions about what does the future look like. We just got back our employee survey and it is still very positive. The most feedback we got around unification is to get it done already. When we talked to other agencies, DHS has been exceedingly excited to get this done.

Senator Grabinger: This GIS project in here – I've had a constituent who had some concerns with that saying a lot of this work is already being done. He came and testified in the House on it. If someone could explain a few things to me afterward, I would appreciate it.

Vice-Chairman Wanzek said the sub-committee will be: Senator Wanzek, Senator Poolman and Senator Robinson.

Vice-Chairman Wanzek: Closed the hearing on HB 1021.

2019 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee Harvest Room, State Capitol

HB 1021
3/27/2019
Job # 34273

- Subcommittee
 Conference Committee

Committee Clerk: Rose Laning/Marne Johnson

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the information technology department.

Minutes:

2 attachments

Legislative Council: Levi Kinnischtzke
OMB: Larry Martin

Senator Wanzek called the sub-committee to order on HB 1021. Senator Poolman and Senator Robinson were also present. Attachment #1 is the ITD budget summary.

Shawn Riley, Director, Information Technology Department

Reviewed the IT budget. Please see attachment #2.

This is a summary document. Starting with our requested funding changes, then I'll work through some of our strategy aspects. Regarding our budget as it left the first half of session and what we have here from the House, we have a \$67 million difference to what our preferred state would be. The primary statement in that sense comes in the shared services, which is unification. As a reminder, that is not new dollars, those are dollars that are shifting from other agencies. That \$44 million, there are no new dollars in that, it is a zero-dollar sum. The next down is cyber security, the House did foresee an \$8.1 million component that they added for cyber security, which is the baseline of software. They did not add staff to be able to implement that software. We're looking at 252,000 people that we are defending on a daily basis, to do that with no staff is not feasible in today's world. Granted, we can bring it down from what it used to be, but we have to have some people to be able to work through that. The other initiatives we have here, these are projects that are all specifically for creating new efficiencies and new technologies across state. The SIRN initiative, which has been moved to House bill 1435, because that has been moved, I do not plan to speak to that today. From our legacy lift, we are talking about things like our mainframe. As we are trying to get rid of these old mainframe systems, it's not often I work on technology that is older than I am, but that does happen, mainframes being the example. We want to help get many of the systems off that. We won't completely fix it, but it gets many off. The next three initiatives are tightly interwoven, the North Dakota Gateway, the unified data platform, and citizen relationship management. Each of these helps to change the experience that the citizen has. These three initiatives are intertwined with each other. They can each operate individually, they can be

individual systems, but ultimately, we want all three. The last initiative here is for land parcels, that project is not an IT initiative, but an initiative around our GIS systems, this is a critical component of the trespass bill, SB 2315. From an operational standpoint, this does not impact operation, this does not make us more efficient, this helps us be able to expand services across our GIS platforms.

Senator Wanzek: It wouldn't just benefit that one bill; It's got benefits to other areas.

Shawn Riley: Correct. This is a foundational component for that area and for several others. The next slide gives you a breakdown specifically on unification. Reemphasizing that we have the \$44 million in shifts for unification and that there are zero new dollars within this space.

We had a question in regards to Department of Trust Lands, they are not a cabinet agency, but they were an agency that asked to be included in model, they did it early enough in our process that we were able to include them. Each of these agencies are cabinet related, except Trust Lands.

Cyber security. On an individual basis, we've been talking about some of the problems around cyber security within the state. We've had counties, cities, schools, every entity that has significant challenges in this space across the state. With passage of SB 2110, we hope to be first state to offer centralized cyber security assistance across strategy aspects for all governmental entities. This is a huge shift that can help entities defend themselves. The \$11.4 million is not a lot of money, but software-wise, this is a huge start for us. Gave an example of traffic in the city of Bismarck and how new technology will allow new and larger perspectives, and allow quicker response times, and anticipate events (7:45-8:50) That \$11.4 million is critical for us to have comprehensive technology, especially when we are talking about K12 and higher education environments.

Senator Wanzek: That was moved out in the House?

Shawn Riley: The House left in the \$8.1 million, which was the foundational tools, the other components of software were not moved in, in the first half, as far as the FTEs, they were completely unfunded in the House. From an FTE standpoint, we realize that 17 FTEs is a considerable number to be asking for, the reality is in a biennium state, this keeps ITD even. We are not increasing the size of government, we have found efficiencies within our other FTEs and our operational areas to be able to decrease those operational FTEs. These would be shifted into cyber security. Our numbers in the collective 17-19 and 19-21 biennia are even. Additionally, when we look at what we're trying to take on, when we think specifically about state entities; nation-state actors have been coming at states all across the country. We saw Pennsylvania, where the Pennsylvania Senate had to pay \$700,000 to be able to get back their ransomware systems, we've seen Virginia get hit, we see Atlanta losing \$6 million a day from impact of their cyber-attacks, we saw where Colorado's entire DOT was shut down, 8,500 machines that were shut down for several weeks. State government is being targeted. The other aspect we have in today's world as we think about those other entities, K12, higher education, political subs; cyber security across the whole planet is at a 0% unemployment rate. There's 450,000 jobs open in the US in this space. The average salary these entities would have to pay is \$116,000 per person, without benefits, let's round to \$150,000. Do we have the funds to have 400 different entities across the state to each hire an extra \$150,000 employee, that's them only getting one, when many would need

multiple? The answer is no. We don't have the capacity to add them. The rationale, where SB 2110 has come in, that authority allows us to centralize the 17 FTEs in a shared service that allows us to help all those entities in a vastly lower cost than we would otherwise see. This is something that other states are looking at; California is asking about this model. We're presenting this in May to the National Association of State CIOs, because every other state is asking. West Virginia and North Dakota have both taken on this approach, and our two states will be presenting to the rest of the nation on how they want to do this, because this is cheaper and more effective.

Senator Wanzek: You say the 17 FTEs is not a net increase, you're finding savings and efficiencies in other areas. Does that offset those enough for the salaries or is some of the salaries included in \$11.4 million?

Shawn Riley: Some are included in \$16.4 million, in the total project number.

Senator Wanzek: The House did not fund that at all?

Dan Sipes, COO, Information Technology Department: They initially funded it with general funds at \$4 million, then they underfunded our total salaries by 2%. The mechanics were a little off, by underfunding our salaries, then it would be a special fund reduction, which is where our normal salaries are. It was a different mechanic, but that was the net result is that they gave us FTEs with no funding, it was a little more complicated than that.

Levi Kinnischtzke: A little added information is that the House wanted to add 5 FTEs and they provided the funding for that, but in a subsequent change, they also underfunded the department salaries by 2%. The net effect of that is almost the equivalent amount they added for the 5 FTEs. The thought process at that time was they felt that they would ask the department to find efficiencies in the department in order to fund them. The net effect is that between providing the general fund dollars, but then reducing their general fund appropriation by 2% the net effect is that they provided the authorization for the 5 FTEs, but no new funding.

Senator Wanzek: One serious hacking incident could cost us more than even this.

Shawn Riley: Absolutely. When we look at the national, the impacts of many of our hacking incidents, there are communities in the state that I have talked to, they are looking at \$15-20k per device, when they get a ransomware attack. We've had a city that was swindled for \$14,000 for a PO insertion. The community was just paying it out, they accidentally discovered it. We've had other communities with much higher issues like that. Can a \$20 million issue happen? Absolutely. Those things are happening all over the country right now. Moving into projects, this is a reflection of our initiatives in their priority. What you'll see is unification, cyber, SIRN.

Senator Wanzek: You have SIRN at \$44 million, wasn't it at \$40 million?

(17:30) Duane Schell, Chief Section Officer, ITD: Originally, in the executive budget, you think about the mechanics of how it works, the governor asked for reductions across the board. We had special funding in 2017-2019 biennium for this initiative, we took the cuts across that line item, in our original budget. The \$40 million was new money in the executive

budget, which was SIIF funds, then there was another \$4 million to reinstate the special fund, to be able to leverage the 50 cent fee, which legislation passed as well, that is money set aside specifically for SIRN. That was the \$44 million that was asked for in the executive budget, on top of what was already in ITD's base budget for special funds. The \$40 million SIIF funds was duplicated in HB 1435, the House chose to take the \$40 million out of HB 1021, and focus the conversation of the \$40 million SIIF, which includes additional loan authority and other things on that bill.

Senator Wanzek: The 50 cents per month, per service, like a cell phone or land line. Does that go in a specific account, is there an account where it's meant to be, for SIRN?

Duane Schell: It was HB 1178 of the 65th assembly, it created a special fund within the treasurer's office, specifically for the SIRN initiative. The 50 cent fee sits on top of the existing 911 fee at local level. The 911 fee can be from 0 to \$1.50, voted on by the local 911 jurisdictions, which is a county in North Dakota, by the citizens in the county, they vote on what number that is. Most are at \$1.50. HB 1178 put 50 cents on top of what is there, the mechanics, as the counties collect that through the telecommunications companies, directly from the citizens, flow into that fund, and ITD has the authority to spend those funds based on direction from SIEC toward the usage of that SIRN network.

Senator Wanzek: Mostly those funds have accumulated, not expended?

Duane Schell: During the 2017-2019 biennium, most of the effort was focused on the procurement process the size of this project is significant and complex. Virtually the entire biennium is used to do the contract that's in place. The fund balance is \$5.5 - 6 million, our expend has been minimal, mostly project management and legal fees.

Shawn Riley: It's a significant initiative for us.
This puts them into our priority.

Senator Robinson: Are these expenditures onetime or continued commitments?

Shawn Riley: Yes, there are operational tails to each of these, that is sometimes in IT sometimes in the agency's, there's a little bit of flexibility to each of these. Next slide is a visual to help with our three interwoven initiatives. When we think about if I'm a citizen coming to 170 different websites, and today they are front doors to state government. In today's world, there is very little interaction between those sites, I can't go to one single place and renew my driver's license tabs, and do my fishing and hunting license etc. There is no direct integration, if I'm someone on unemployment, where I can go also to job reeducation, etc. The Gateway's purpose is intended to create a vastly better experience, one that is mobile friendly, which is the vast majority of new traffic. We want to change that to what the citizen expects. Citizen relationship management is more of a component that is dedicated for the agencies. The agencies need to be able to have an interaction, if they are looking at Shawn Riley, what are my impacts across all of state government, so they understand what programs apply or not, it brings down a lot of that waste aspect. It brings down a collective process management. From unified data platform, this is really a foundational component that allows us to manage data, so that we can bring that back to policy makers. In today's world, we are extraordinarily decentralized on data. The million or

so dollars we have here for the UDP platform is an architectural foundation that won't be the end of that project, it allows us to start collecting our data differently so that we can start making an impact for policy decisions. There's an article I read this morning, I don't know that there is a ton of homelessness in the state of North Dakota, but cities in the US have ended chronic homelessness, and how they did it is through data management. They are managing their information across their services differently so that they actually understood the problem. In this case it's very specifically focused towards homeless veterans. Whether North Dakota would use it this way or not, it's an example of one issue out of many that we can manage differently if we have proper data aggregation. That is how those three initiatives come together. They've been branded North Dakota Gateway across all three of those initiatives, because the citizen will only see the front end. The other two are backend aspects operationally across the state.

Next two items are requested language changes; line item transfers for technology projects, this is something that was removed by the House, in this sense, we believe this was removed because it was added to numerous budgets that didn't have it previously. ITD has had this for the last 4 biennia. 2006 was the first year that ITD has had this capability. As this initiative, we ask that this language be put back, it has not been a problem for us and gives us flexibility to assure things get done. The second aspect, carryover appropriation for NDHIN project, this has given us the capability to fully utilize the funds that are coming in.

Dan Sipes: Normally speaking, we testified last biennium, we mentioned that this was going to be a multiple biennium project. Our normal process would have been to use the IT carryover process at the end of the biennium to do that, but for this project and SB 2012, which is the DHS fund, it has a specific call out to give the carry over during the session. Since the funding is in both budgets, we're asking for that language to be inserted into our budget so the funding follows the same in both projects.

Sheldon Wolf, North Dakota Health IT Director: There's a difference in the number between the two. Theirs is just the federal money coming in, ours includes the match. If you look at them, there is a difference in the number. Theirs is \$40 million and ours \$43.5 million.

Dan Sipes: Theirs is \$40.8 million, ours is \$43.5 million. The difference is the match. Our match is special funds and billings from payors and providers.

Senator Poolman: You are looking for language here; this isn't about numbers.

Dan Sipes: I wanted to point it out, because if you compare the two, there's a difference in the number.

Shawn Riley: That concludes the prepared documents.

To add a little bit, things to think about, when we look at the unification components, and we look at the initiatives that are there, something we'd like to give a little more detail on, there have been lots of conversations talking about who should be in and out. There is a conversation about what is a pilot versus a long term initiative. We want to reflect here that each of the organizations that are within this document on page 2, has gone through a rigorous process at individual level. Every staff person has been reviewed to make sure they were IT people. Every manager and executive team have been met with. Job description reviews, HR reviews, individual meetings. A start-stop continue documentation for each of

those people, that documentation stops at a certain point until we know what's in unification, and then we continue it. It's a lot of work, specifically around these organizations. I know there are folks who would like to shrink or enlarge the list, and our push is that this list is already comprehensively reviewed. If anybody comes off this list, that means this list is going to have to be completely redone for the next biennium. We are already set at a point to be able to bring these organizations in, we've created transitional structures, they've gone through the personal emotion of this. They are in scope and with us in this delivery. These organizations are very much there. We know the House conversations have brought in organizations who are not in scope, I don't know where the Senate will land on that, with all kinds of organizations. The reality is, when we talk pilot, the scope of cabinet is the proper pilot. That is really the best place to start, that is 17 out of 57 agencies. At this point this is the right proof of concept.

Senator Wanzek: You are saying that all the work for unification has been done by these agencies. They are in position, if we don't move forward, we have to go back.

Shawn Riley: Yes.

Senator Wanzek: There are rumors out there that the House is adding some but not all back in?

Shawn Riley: The rumor mill is always entertaining. The reality is if you take the first four large organizations, there's only 20 some people left. The reality is that you are going to detrimentally impact those organizations if we don't take them. This has been all prepped, ready to go. I know there are conversations about organizations to add in both chambers, those organizations haven't been prepped through our process to go through model. We would ask to leave them out. This is the focus area, anybody who gets left out, it is going to cost more on how to get things done.

Senator Wanzek: You shared that a lot of this isn't increasing the budget, this is centralizing and shifting to a unified plan.

Shawn Riley: Correct. Let's say your farm today, half is John Deere and the other half is split between New Holland, Case IH, and you've got old Alice Chalmers. The mode you want to go is all John Deere, that's your standard, you've got all this other equipment, it may be \$500,000 for a combine in across all platforms, but your maintenance, tools, and your familiarity with the tools, and your capacity to get it done is much higher as you expand that standard across. We're shifting the nonstandard environments inward. The simple example is HP laptops. Within the state agencies, we've got about 8,000 HPs, we've got about 3,000 Dells.

Senator Wanzek: The point is consistency. It makes sense to me. We've got enough information to absorb, I'm leaning towards the original plan. The final position will be settled in conference committee. I'm hearing that the House is coming around to the unification. The cyber security, Shawn shared a story with me about the risk assessment done with the state agencies and the concern that there is with their systems, the risk we could face. It made me think hard.

Shawn Riley: Cyber is something that is challenging to talk about in a public forum. There are reasons you want to talk about certain things in public, you want people to understand the risk. There are some specific issues that we talk about on a one-on-one basis, where we can show a risk that if it were in the public, an attacker could use against us. We've seen numerous issues, our information security assessment we completed this year demonstrated many places where you don't want to have these kinds of problems. The reality is we that we haven't been able to do comprehensive assessments across the state, at this point we aren't resourced, nor do we have all the tools. As we listen to all folks coming at us, this is a huge concern for us.

Senator Robinson: That's still going to leave us with exposure when it comes to those agencies that are outside the fence.

Shawn Riley: The tool set we are looking to bring on board, allows us to be able to manage the network very much in a comprehensive way. However, when it gets to those agencies that are outside of scope, which when you talk pilot, it really truly is pilot. When we did our strategic reviews last year, there's probably in the neighborhood of 100-125 more IT staff that are outside of this scope, just in the executive branch. There's other organizations that have been mentioned, but there are absolutely risks in those areas, and what we've found, there are very few cyber security teams across the state.

Senator Robinson: Short of adding those agencies to this list, is there anything we can do legislatively to beef up our cyber security so we're not in the midst of the next biennium with a mess?

Shawn Riley: I think the one aspect that could really help us has been done by the Senate bill 2110. That allows us to manage the strategy aspect across all governmental entities across the state. We will start forward on assessments. I would be wary of creating a rule set or a law mandating a certain level of security before we knew where we really truly were comprehensively. Now, we have authorities within the Stagenet regulations that allows us to reactively help any agency in the government with this new authority in SB 2110, it gives us a limited proactive capability. Ultimately we may want to extend that proactive capability. That is something to work on this biennium.

Senator Wanzek: Closed the meeting.

2019 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee Harvest Room, State Capitol

HB 1021
4/3/2019
JOB # 34470

- Subcommittee
 Conference Committee

Committee Clerk: Alice Delzer / Florence Mayer

Explanation or reason for introduction of bill/resolution:

A Subcommittee hearing for ITD

Minutes:

1. Testimony of Melissa Baker (Parks & Rec)

Chairman Wanzek: Called the Subcommittee to order on HB 1021 at 9:00 am in the Harvest Room. Let the record show that all three members were present: Chairman Wanzek, Senator Poolman and Senator Robinson. Levi Kinnischtzke, Legislative Council and Becky J. Keller, OMB were also present. Chairman Holmberg (Chair of the Appropriations Committee) was also present.

Chairman Wanzek: Stated that the issues of unification, cyber security, GIS, etc will be discussed in this meeting.

Senator Robinson: There might have been a change in direction on the issue of unification. Maybe we can have a quick update as to where we are as of right now.

Chairman Holmberg: In meetings we had, which were moving targets, the House was not interested in doing everything. They were only interested in doing just a few. The highlighted ones I have are the ones that have been agreed to. The department of trust lands, human services, adjutant general, and DOT. Then there was talk about, people who earn more than I do, that they wanted financial institutions, but that was crossed off. Historical was also crossed off and then they added parks and rec. So then, it was trust lands, human services, adjutant general, parks and rec., and transportation. I visited with the governor's office and they would like us to consider job service and WSI. I said I'm not going to go there until we had another meeting of the people who earn more than I do, because we had already signed off on this list. That is where we are at right now, but that can change up until the last day of the session. It is just a simple amendment in OMB if that's what it takes. I do not want to sound like I'm the dictator, but that is where we are at right now.

Senator Robinson: I had that list too. If it is okay with the committee, we will start with the GIS project. I know the gentle man I was visiting with, he would like to comment on how that program helps him.

Jason Horning, North Dakota Association of Counties (NDACO): I presently serve as the next generation 911-program manager, but I am also an in-house resource for Geographic Information Systems. Geographic Information Systems (GIS) are critical to 911. We are building a new 911 network and the database is entirely geographically based, so all based on GIS information. I just want to give you a status report of where we are as counties. The North Dakota Association of Assessing Officers recently did a survey of 20 counties that have completed GIS work in the area of parcel development. 25 counties are rural only or have some sort of unknown extent. There are only a handful of counties that do not have any parcel information. The initiative that ITD is seeking is to bring together some of that information. I wanted to provide today is any sort of resource that would serve as a resource if you had any questions about GIS or how the counties are handling that parcel work and how we can provide that information if the project moves forward.

Chairman Wanzek: So the project is instrumental in being able to move forward?

Jason Horning: Correct. The parcels are complete in a lot of these counties, but they are islands of information. Each county manages whatever is within their jurisdiction. In order for the state and the public businesses in North Dakota to take advantage of that information, it all has to come together. Otherwise, they are going out individually and having to piece it together themselves. If there was a central place to store all the information, then the public and businesses would just have to go to that one place and it would be a bit more convenient.

Chairman Wanzek: Does anyone have anything to say about this at this time?

Julie Ellingson, North Dakota Stockmen's Association: Certainly, I cannot explain GIS, but I do understand that the project we are talking about is a critical component to a bill very important to our organization, SB 2315. This would serve as the foundation for the creation of the database. Ultimately, to provide information to landowners, sportsmen and others about land being opened or closed, and to help facilitate the bill that your chamber passed earlier this session. We would support that effort.

Chairman Wanzek: Thank you. Any more comments on GIS?

(0.8:10) Dan Sipes, COO, ITD: One of the things I want to talk about with that project, is that a lot is tied to that with SB 2315. I think we are stuck with thinking that is the only use case. I want to remind people that it is a much more broad use case than SB 2315. We have things around sighting and planning, emergency management zones, disease outbreaks, enrollment of land into state programs and we can get you information that we did not include in your packet that we did include in the House. We can get you more information on all of the various use cases. We have talked so much about 2315 that we sometimes think it is just that but I think the use case is much broader. There are a lot of counties doing a lot of good work so we'll be able to get all that information and have it all in one place and leverage that data is what the promise of this project is about.

Chairman Wanzek: I think that was the purpose of bringing it up is to establish the value and importance of beyond just that one purpose. There are a lot of areas where this could be beneficial.

(0.9:29) Senator Robinson: The timeline we are looking in terms of full implementation by all 53 counties; are we 1 year, 2 years or 3 years out?

Jason Horning: There are five counties that do not have any parcel information. The development of parcels is a painstakingly long process. We are talking at least about 1-2 years for the development of the parcels. The component of the budget is really to facilitate the aggregation of information from various counties. I do not think that would take long to get off the ground. In terms of being complete with parcel data across the state, that is going to take a number of years. In terms of building a home for all this information to live, I think that can happen much faster.

Chairman Wanzek: Moving on to unification. I do recall when we had our last meeting, I remember Shawn stating that some of these other agencies have made an investment into the unification process. I had asked him off the record if he could ever put a monetary value to that so we understand this. If we don't unify them, it appears we are going to have a select number of those that will be involved in the unification process. Do you want to comment on that?

(0.11:30) Shawn Riley, Chief Information Officer, ITD: In regards to unification, just checking my numbers that Senator Holmberg had just stated for those 5 organizations, that would bring into our overall proposal here for unification 96 FTEs out of the 145 FTEs. It is a large portion of the overall bucket, about two-thirds of that bucket. However, it does leave about 60 people out and of those individuals who are out, they broaden across numerous organizations. This overall initiative, we are looking to create the efficiencies over the next two biennium to the total of \$14 million dollars. Those efficiencies are pretty substantial. Upon that, if we are working with a portion of this overall organization, that substantially decreases what we can gain for efficiencies. What gets to be more complex is it's less about numbers then it is about the comprehensive consensus. And that comprehensive consensus, If we go from seven service management systems to six, that is certainly a benefit but going from seven to one is vastly more savings and efficiency for the organization. As far as the work lost, we would be looking at the efforts of nine agencies worth of reviews across all of their FTEs, job descriptions, sit-downs with their staff and leadership, all of those components in the workforce transition efforts. All of that work would have to be redone again going forward. That would extend our timetable by a minimum of 2 years. So our overall unification efforts being able to get to the comprehensive efficiencies that we are attempting to get to, would be extended by a minimum of 2 years by breaking this into different chunks.

Chairman Holmberg: One of the arguments, I'm not saying it's valid, but one of the arguments is, well if you do them all you will be overwhelmed and you won't be able to do it. Then a question that relates to that is as far as dollars are concerned, how many dollars have been expended that would kind of be put on the shelf? How much money did it cost the state?

(0.14:44) Shawn Riley: When it comes to the dollars component, that I would need to go back and verify that number given the cut that we have now. I will have that number for you by the end of today. I want to verify that against this new understanding of agencies since we had a different understanding yesterday. As far as the component of being overwhelmed, the reality is, I can tell you from experience, so I've used this same model with 12 medical centers, which is 19 hospitals and 72 clinics across three states. The reality is, we were able

to manage that process in a 2-year cycle. That is exactly the same structure we are using here. We are using the same model across that same group. This is geographically much simpler and structurally much simpler. The component of can we get this done? Absolutely we can. It is easier in a large group than in a smaller group. When you get into the smaller organizations they wear many, many hats, meaning they are kind of IT, and they're facilities and they're operations, and, and, and. When you get into larger groups, you can make much better cuts much faster and be able to get into those organizations and we would be able to get the efficiencies out of the systems.

Chairman Holmberg: When you visited with the House, who were more reluctant to do what the Senate had done, which was put the unification in all the bills, was there an appreciation for something you just said and something I understand, that if you did the full unification you would be able to demonstrate additional savings of FTEs that might sweeten the pot going forward. Was that articulated to our friends across the hall, and were the ears open or deaf? And you don't have to say "deaf".

Shawn Riley: I believe the term today is "Hearing Impaired". Was this illustrated. Yes, this was absolutely illustrated. What we walked through was a 70 to 100, rounding out also a 69 to 101, that is 15 to 22%. We are talking 70 to 100 FTEs worth of efficiency over the next two biennia for this project. That efficiency number is considerable. That is a \$14 million dollar shift in our capacity just taking the bottom end of 70 FTEs. I think the challenge the House had with this; they looked at us and said why not cut them now. The reality is, is that "Cut" is not the necessarily the right answer at all. The reality is, every organization on earth is buying technology for the purposes of increasing their operational efficiency. That 70 FTEs, the efficiency gain, can be done different ways. If we have to cut them, we cut them. But the reality is what all organizations that are implementing technology to their benefit, they're using those FTEs to get benefits elsewhere in the organization. What does that mean in government? 70 FTEs in IT can translate to the saving of 280-350 FTEs in the rest of the organizations. With the House, if they are looking for an absolute cash over cash model, that is an option. It is there, but it wasn't that exciting leaving that for 2 biennium.

(0.19.15) Chairman Wanzek: In other words, the efficiencies don't show up fast enough for them?

Shawn Riley: That is my understanding of where it goes. If I can illustrate, several people have come at me with other organizations or states that have had some painful places with their unification or consolidation efforts. Minnesota passed their law in 2011, they went into their consolidation efforts in 2012, it is now 2019 and they are still trying to figure this out. Part of the problem is what happened right up front, is they were told, # 1. they must cut FTEs right out of the gate; # 2. They were cut operational dollars right out of the gate, and # 3. They were given only partial of the unified effort. The same thing that I am hearing is the situation we are looking at right here. I do not want to fall into what Minnesota did. I fully understand the need of the legislature to look at the cost of government and try to manage down the costs. The reality is, technology implications come to the implications of all of government, not just the IT department. That component is difficult for folks who do not work in the field. They do not see that directly. That is exactly what I would suggest as we go forward. We want to make sure we take these efficiencies, we take \$14 Million dollars' worth of efficiencies over 2 biennia and we apply them going forward toward the operational

capacity of the state. What is of more value? Cutting 70 IT staff or not having to rehire 280 to 350 operation staff? Very simple numbers. The problem is, that is a strategic view that is not a cash over cash view. That is definitely more difficult in the legislative environment.

Chairman Wanzek: From a net perspective to the state, we are not adding more FTEs; we are not increasing funding. This is more or less shifting?

Shawn Riley: That is correct. There are no new dollars to be able to create these efficiencies. The way we create these efficiencies is by aligning ourselves. Instead of doing the same thing 17 different ways, we do the same thing 1 way. That is how we create the efficiencies. Added onto that, we have a different focus on process and workflow that isn't possible when you have 17 different organizations.

(0.22.04) Chairman Wanzek: So is it safe to say common sense would say, "Well, if we aren't spending a bunch more money or adding FTEs, what risk do we have?" Isn't it worth giving it a try?

Shawn Riley: Unfortunately, common sense is not as common as people hope it is. It's certainly difficult. The reality is, yes, this is pretty straightforward math equation.

Chairman Wanzek: Do members have any questions? Do you have other issues?

Senator Robinson: We should talk about cyber security.

Chairman Wanzek: We've gone over that. The House made cuts there as well. I am sensing there is an interest in taking a hard look at that and restoring it.

(23:07) Shawn Riley: If I may ask, before we move to cyber, I know there are several leaders here from around the state who would like to add in to the unification topic in regards to them not being included in our list to talk before moving into cyber.

Chairman Wanzek: I guess I would. We will be cutting into the next committee hearing. We will take 5 or 10 minutes at most to hear some of that.

(0.23.57) Mylynn Tufte, Director, Department of Health: For the department of health it is really important for us to be included in IT unification. We have gone through the process for the evaluation; we have been diligent in evaluating who should be in IT unification and who should not be in. We went through "start, stop, and continue". We have 4.5 FTEs that would be a part of IT unification. These FTEs are part of the team already. They have been matrixed into the IT environment, they sit in our organization and it feels normal. What I need from the IT department is for them to be a world-class organization. I need them to continue on to be more efficient and effective and our data to allow us to do more surveillance; to allow us to do more predictive modeling to better serve the citizens in a way we are not able to. If we are delayed 2 years, that doesn't help us. Our partner organizations, the agencies of Human Services and DOT, if they go and we don't go, that doesn't help us at all. We are supposed to work as one and if we sit back on the sidelines, I mean we can work around it, but this is costly, this cause's delays, this isn't good for the citizens and I think it adds bureaucracy so I think this would not serve the citizens well.

There are things we already do together through IRBs. I don't think this would be a very good decision for the citizens. I hope you will help us move into the IT unification.

(0.27.01) Bryan Klipfel, Director of Workforce Safety and Assurance, Job Service North Dakota: Back when I was with the Highway Patrol, the director of ITD at that time tried really hard to grab all of our IT people. That did not work very well. A number of sessions ago when Lisa Feldner of ITD, they transferred four of our developers over to ITD, that did not work well because it was kind of a forced take-over. This unification project is a lot different. We have had a lot of changed management discussions. We worked well with Shawn so I think the process and methods they are going through with this IT unification is a lot different. It will benefit the state and make us stronger in the IT area. I guess I support it that way. Between Job Service and WSI, we will have 38 employees. We have some of our employees working with ITD already, which has gone smoothly. I know it's going to work just because of the method this time as compared to other times. As far as all the IT employees will continue to work in our facility but will report to ITD, that's going to be beneficial. If I have one slight apprehension, it's going to be what's the cost going to be. I have been assured the cost should be pretty much the same that we are paying ITD now. I concur with the suggestion and I think it would be good for the state of ND.

Chairman Holmberg: You end up and the department ends up with a kind of double-edged sword because if you go ahead and move out what you want and resolve the differences and come up with a plan; then you go to the legislature, and you are criticized for being too far out ahead of your skis, you have not gotten our permission to do that. You're dammed if you do and dammed if you don't.

Bryan Klipfel: That is right. All I am saying is, and I am not sure what arrangements were made with the legislature, and how much communication was, I think there was some done there, but I can say with us agencies, we have had a lot of communication on it and it has worked very well so far.

(0.29:59) Chairman Holmberg: None of the people in the room that I was in that make more money than me were on the committee, that is all I know.

Chairman Wanzek: Was there anyone else?

(0.30.17) Michelle Kommer, Commissioner of Commerce and Labor: I follow my colleagues with the same request. We are very much hoping we would be able to be included in the unification effort. There has been some really fine work done to make sure this effort can be successful. In my past career, I worked for a company that bought other companies. I have 150 examples of real life experience of unification of IT services. In the beginning, we did those very poorly and we got better at it. It was a delight to come to work for state government and see the best and most effective and finest model of change management and planning that I have ever seen. I think, as Chairman Holmberg said, it is a little bit of a double-edged sword. I do not think anyone misunderstands that it is your decision and your responsibility to decide how to invest money and what the best path to do that. But the work that has been done was done in preparation to make those decisions easier for you. I can say with my experience having worked with Job Service previously, and now with Commerce and Labor, I think that we are very prepared, thanks to the work

done by the ITD technology department, to be extremely successful in this effort. One other thing, in my role as Commerce Commissioner I am very concerned, I mean it's a primary concern that ND is one of the best places to work, live and do business. Today in order to do business in ND, there are over 170 touch points from an information technology perspective. It is not a smooth process to become a business, to grow as a business. The process of uniting that information is fundamental to being able to stream line that process as it is streamlined in other states. From that perspective, I urge you to please help us bring this information together so we can, across all agencies and citizen's experiences and make it a more positive experience for the citizens of ND.

(0.33:24-0.35.44) Melissa Baker, Director of North Dakota Parks & Recreation

Department: Testified in favor of SB 1021 and submitted **Attachment #1**, which is a statement regarding the benefits of IT Unification for the Department. I was very happy to hear that we are on the list for unification, so I will not take very much of your time. Her testimony includes reasons why she feels being a part of the unification with ITD is vital for her Department and will allow them to be able to manage their work in their Department in a very productive manner.

(0.35:49) Chairman Wanzek: I think we will end out subcommittee there. I know we are going to have to put amendments together. I guess I am offering to the other committee members that I will meet with Mr. Riley and Levi. The issues we will discuss are definitely the agencies the leadership has presented to us. Then next time we might address cyber security. We will talk about that potentially in an amendment. I am interested in the GIS funding and restoring that. I will start working on those amendments and next meeting I will bring some of that back with me. We are getting a lot of information and insight into this whole process. Sooner or later, the full committee will want to know where the amendments are. We will have to start talking about that. We still have one more step, conference committee. Whatever we do is not the final here.

Senator Robinson: None of this has ever come easy. This legislature is not known for moving fast on these types of progressive, innovative forward-looking initiatives. I think back when Mr. Wolff was here, his directive was to get the job done. People were dragging their feet and fighting. We had strong legislative directive to move. I was on the IT committee in 1995 when they organized it. Then we moved to Lisa Feldner, she tried to take it to the next level and there was tremendous resistance. Now we have Shawn. The message would be, we cannot give up and fold up the tent just because we have resistance. This is an industry that is going to change and constantly change. Either we are with it or the train will leave the station.

Chairman Wanzek: Closed the subcommittee hearing on HB 1021.

2019 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee Harvest Room, State Capitol

HB 1021
4/10/2019
Job # 34658

- Subcommittee
 Conference Committee

Committee Clerk: Rose Laning / Justin Velez

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the information technology department.

Minutes:

No Attachments

Legislative Council: Levi Kinnischtzke
OMB: Larry Martin

Senator Wanzek called the sub-committee to order on HB 1021. **Senator Poolman** and **Senator Robinson** were also present.

Senator Wanzek: I haven't had as many bills where I've felt prodded and poked. The issue is unification, if we can solve the unification issue, we got the budget ready to go. We want to talk about cybersecurity and the necessity of increasing those dollar numbers up. I asked Shawn to present to us why it's so important to unify the whole cabinet rather than just 5. Leadership agreed to 5 agencies. I've been involved in a couple meetings with House leadership and Senate leadership and getting mixed directions. This committee needs to solve the IT unification issue.

Shawn Riley, Director, Information Technology Department: I empathize with many people coming at you from any direction so that is kind of my living day job as well.

Senator Wanzek: I just want to do the best thing for the state.

Shawn Riley: I appreciate that, that's why I'm standing here. I have been accused of being a castle builder and wanting to build a new world and my question to folks who know my background is, where did I come from? I had a way bigger castle in my old world. I'm here because I'm a kind of person who wants to change the world. My personal life changed immensely when I was in my early twenties when I was 22 years old. I ended up being the guardian of my 16,14,12-year-old siblings. I went from somebody who wanted to go and make money and conquer companies. I started my own company when I was 16, is sold it to Charter Communications when I was 19. I was well on my way to being my own Doug Burgum-style entrepreneur. Money is not a motivator. Otherwise i would not have taken a \$100,000 pay cut. How can I help to change the world? In unification this is one of those

projects where if we look at what our capabilities are and we look at what we are going to do in the future with technology, we are going to be changing the face of how government is delivered across this state and how citizens lives will be impacted through the use of technology. That technology does impact citizens lives. Having these first initial 5 agencies in unification, I thank you guys for taking that step. We have these other agencies out here and the reality is, if we are trying to create efficiencies and effectiveness, we are also trying to defend data. When we look at some of the agencies that are outside of the initial five and we think about the kind of information they have and how they affect citizens. We as a government, mandate that citizens give us their information. We do not make it optional. You can't optionally get a driver's license or a hunting license. That information management that we work with, you can't optionally manage that data if you are going to be on unemployment or getting services from any of our agencies, it is mandatory. What is our moral obligation to keep that information safe? That is what I will look at for part of those organizations and I can tell you part of what we need to think about is the security across the state. These organizations hold immense amounts of information. In today's world, we don't have any capacity to oversee delivery of services. When we look at something like the Department of Corrections (DOCR) which is outside of the initial scope of 5. When we look at somebody like Job Service or WSI, those three organizations, let's take the Department of Corrections as an example, DOCR has information on inmates, guards, counselors, physicians, patients, etc. In today's world we can demonstrate through our security assessments that, while they believe they are secure, they are not secure. I don't want to put into a public forum, specific aspects of that but on a one and one basis I am absolutely able to get into some very nasty details. That is an example of why we have to think about this as a unified service. These are good people with good hearts doing good work but, they do not have an enterprise view of how systems have to be deployed. When we think about cybersecurity right out of the gates and we think about the capacity to defend our data it is absolutely essential that these agencies be managed by teams that are dedicated to cybersecurity. This is incredibly difficult work today. I did an assessment in my old job and this assessment was intended to be able to determine salaries around cybersecurity folks, in my old job we did an assessment. What takes more knowledge, a general practitioner, physician. Doctor, M.D., or a cybersecurity person. You would imagine that given the organization I came from everybody would come out and say well, obviously the M.D. takes more knowledge. Once we did the actual assessment they were almost dead even. The same kind of knowledge and background that is necessary to be a doctor to be able to practice at a Mayo Clinic is what it would take to be a cybersecurity analyst in today's world. When you look at these organizations they are wearing every hat they can possibly have. That doesn't work in today's world. I can talk to very specific examples in an off the record conversation where this has happened. Part of the reason why Department of Trust Lands is in this conversation is because many of the leaders knew the specific cyber risks for Department of Trust Lands walking into the session. We were able to have that conversation well ahead of time. There are other aspects here that we are able to have but that is why trust lands was selected by the House and Senate to be one of the agencies to begin. They are not cabinet. They are there because we specifically know that there are millions of dollars at risk and we are able to demonstrate and absolute tangible risk. The reality is the rest of these organizations, if we could sit down with the leadership and go through at a point by point basis and understand that risk, they would be throwing these organizations in. Let's go past the cybersecurity side and let's talk about the actual initiative in its own right. We are talking about a zero-dollar investment to be able to create 14 million dollars' worth of efficiency over four years. That is 70 FTE's worth of

efficiency. That efficiency is going to be debated across the legislature and should be. You are going to look at the 70 FTE's and say, you're going to have certain people who are going to want to cut the whole thing. Take us down to zero and the 14 million dollar's. You are going to have other people say that they want to reinvest it and takes those 70 FTE's and reinvest in other services, you will have other folks that will want to get in between. Let's think about this from a technology standpoint. One, we could save the dollars straight out, perfectly acceptable way to approach that problem. I have had to approach that problem that exact same way myself, if we go back to 2008 when my organization that I was working with at that time had some fiscal issues, we had to think about efficiency that way and cut those FTE's. In other times when we are more financially viable, what we looked at is how do you reinvest those FTE's to get outcome? In the private sector world, the number is almost 20 to 1 and that number is one IT person reduces approximately 20 FTE's worth of work in operations. You take that IT person away you have to hire 20 more people to get the same work done. In government based on the way we are structured, the math I have says it is closer to 4 to 1, we can do better than that over time but still one IT person equals 4 operational people. You keep that IT person, that is four FTE's you do not need to hire. When we start looking at the future of technology and we look at the capability to be able to highly automate systems. Our technology today has the ability to automatically manage that. Does that mean that person goes away, not necessarily? We have all kinds of other work that we want to get done, we might take the cost effectiveness but we can also deliver other services. Highway patrol today, when the officer comes to the scene of a crash, that officer gets out of her car and she is supposed to manage traffic and help the people involved in the accident as well as documenting the accident. She gets out of the car and she pulls a camera out and they take pictures and then they move and try to manage the people. Let's think about how we can apply technology to be able to help them. If I take a little drone and I put a little bit of software behind it that connects to me phone and we give that to the officer. The officer gets out of their car, the pull the drone set it on their hood and they go 300 meters, the drone pops up and starts doing the photography by itself so, the officer no longer has to manage the documenting of the scene and can get to the individuals with injuries and controlling traffic faster and more effectively. These are the types of things where we look at unification and we say there's a huge capacity of savings. Zero-dollar investment for the potential of 14 million.

Senator Robinson: 16:12 – It is my understanding that there have been 5 agencies identified both the house and the senate are in agreement. DOT, DHS, Trust Lands and the other two?

Shawn Riley: DHS, Parks and Rec, Department of Emergency Services.

Senator Robinson: If there is an agreement on that, is that something that we could add to the list for Levi and move forward and get this thing closer to getting it on the floor of the Senate and ending up in conference?

Senator Wanzek: The executive proposal was to unify all the agencies. They picked 5 out of that.

Senator Robinson: At this juncture, are we at a position to move forward?

Senator Wanzek: That could be an option for us, we agree with those 5, which I think we are definitely going to do. I guess what I am struggling with is, there are more that have expressed some interest and I've got the leaders asking me to let them know if we are going to add them or not.

Senator Robinson: And that is Workforce Safety and Corrections?

Senator Wanzek: Corrections we already passed out but Workforce Safety and Job service. If I recall, one of the previous meetings that we had I think there was Workforce Safety and Job Service expressing interest. Am I wrong?

Shawn Riley: In a previous meeting, Job service, Workforce Safety, Parks and Rec, and also the Department of Health also came forward asking to be in. I would say there are other organizations that want to be included. The reality that we are trying to work through here is that when we talk about these capacities, just the five we have is 96 out of 145. That's a great step forward. We are talking about a huge component of re-work with the 50 people who are left here. We are going to have a lot of conversations that will have to be completely redone so let me give you a quick picture on that. I've talked to some of the opportunities going from HP or Dell systems. I don't care which one we go with but going with one or the other brings us much further down the road. Department of Corrections is on Dell, other agencies are on HP. We have talked about service management saying that there are 7 service management systems that have been identified here within just the cabinet, organizations that are ten times our size can do their work with one. There is no reason that we need to have 7, we can absolutely work with one. If we only have these five agencies we will be able to go from 7 down to 4. The reality is that we are prepared to be able to do this entire scope today. We don't need a pilot. We can compare ourselves, pick any company you can name, how many IT departments do they have? They have one IT organization, these organizations are considerably large than our groups and they do this because it is the vastly most effective way to deliver the service. I don't see a need to pilot this because we know from experience from all of these other organizations. I know from the detractor side they will mention Minnesota but the reality is what did Minnesota do that put them in situation they are in? Frankly, they did a partial unification and a component by component and now they are in year 7 trying to get this done and they are still working through the process, had they had the situation they have today legislatively in 2012, they would have been done by 2014. Let me give another spin to that too as we have this question that continues to come up of, did we really save money in 2003 when we went through consolidation? I know that question has been out there and there is this aspect of, well we really didn't save money because IT costs have continued to go up. You invest in IT to be able to keep operational expenditures lower. Had we still had 17 separate cabinet agencies was 17 non-consolidated agencies, how many data centers would exist in the state of North Dakota? 34 because everybody has to have two by mandate of what our classification of data they have. Today we have 2 post-consolidations. Texas has 187 networks and we only have one. I can tell you right now that running Stage net in North Dakota is vastly cheaper than the situation in Texas. I understand that there wasn't a lot of work done to be able to re-emphasize the benefits of consolidation and I understand today that certain legislatures have told me that the best thing we could do with IT is turn it all back to paper and, I understand that those situations exist. The reality is, how many more people does it take to be able to run a 14-billion-dollar budget if you are doing this all on pencil and paper. I understand change gets to be painful for people but the

reality is that people are not afraid of change, they are afraid of the loss that change can create and what we have done through our workforce transition process is to go to every single individual in this structure, all 460 people, and have done individual assessments. Those assessments can't be fully completed until we move through this legislative process but we are about 80% done. What we work through then, is making sure that we manage the individual loss making sure that those people don't have loss. One of the major loss concerns that the agencies have had is, well you're going to take all my people out of my agency and you are going to move them up to ITD north and I will lose my people and we said absolutely not, we are leaving those folks embedded and we want to move people out of ITD north because we want them closer to their customer base. The closer they are to their customer base, they better they understand operation. What we are trying to do here is we are trying to lift ourselves out a 1984 IT model and move ourselves into a 2020 IT model. That can be done in pieces if we have to. I'm an adapt and overcome guy, whatever we end up with we will adapt and overcome. There is no reason to wait another two years just to get the rest of the cabinet in when the cabinet is ready to go right now.

Senator Wanzek: If we just added Job Service and Workforce Safety, that would be 28 FTE's.

Shawn Riley: That would move us a long way, my reflection that I would say to the committee is; adding those two again. Look at the other agencies that are left, they have a couple of FTE's here and there and then look at the risk aspect. Department of Health, what kind of data did they have, what are they trying to do for initiatives, and same for the Department of Corrections. These are good people with good hearts trying to do good work but if you have four people trying to do something like cybersecurity, dedicated FTE, and that is 15 mins for those individuals, what can they get done in that space? That would be my challenge back to the committee was if you look at the rest of the folks on this, Job Service, their mainframe is older than I am and the technology they are trying to replace it with, needs a lot of guidance. When we talked to WSI, they have had breaches in the past and we want to ensure that doesn't happen in the future. You can look at the numbers there for WSI versus Job Service, WSI is using a much more modern platform with fewer FTE's to be able to deliver a very comparable amount of technology. Expand that to those other agencies. Department of Corrections would be very high on my list because of the risk nature of where they sit. The Department of Health would be very high on my list as well because of risk nature. If there are other agencies that we have to leave out, my challenge to the committee would be to ask the question, does it make sense to leave those out given what we know about the world and the fact that we are ready to envelop them and take them into this process. They have already gone through these initiatives to help get this done.

Senator Wanzek: I sense that there are a lot of us who are trusting what you're saying, but say prove it. By giving you 5, you can prove it.

Shawn Riley: I have noticed that North Dakota has a whole lot of Missouri in it, its all show me. The aspect that I would look at here is that I can prove it vastly better across the board. We will be doing bits and pieces and is DOT and DHS a major component of this? They absolutely are, the definitely help us move the bar. The reality is that it is less about the number of FTE's than it is about the number of organizations. In a normal organization, if we are taking ourselves from 17 strategies to 12, that is still 12 different strategies. That

compressions of strategies allows us to be able to deliver services in a vastly more streamlined way. When it comes to this aspect of prove it, I completely agree. Let's give just a handful of examples that we have been able to do in our current authorities. If we look at just our Microsoft contracts, we went from 60 contracts across the executive branch, down to 13 contracts. Doing so, saved us \$1.1 million dollars in our current platform. The web platforms that we have put together, we opened up a back end platform that now 32 agencies across the executive branch are on, saves \$538,000 dollars by changing that back end platform. This is no impact to experience to the citizen yet, this is just how it gets hosted on the back end. These are just a couple of examples where we have already been able to show, thinking differently about designing and delivering services can save money. Those we have been able to within our current role and really what we did was we just invite people to take part and everybody who wants to, they can play and be part of this savings. The capacity for us to be able to have just a plain and simple buying power is immensely different. If you buy your one bag of pioneer feed versus your 1,500 bags of pioneer feed, what is your cost per unit difference? Your cost per unit difference on 1,500 is vastly lower. We have been able to demonstrate some of those already within our current authorities and as we go forward, we will be demonstrating more and more of those examples.

Senator Wanzek: Let's move on to cyber security and what the house did. If you could explain to us exactly what the house is authorizing, you to do and why you would need the additional resources that were in the executive budget. Help me understand with cyber security, even if we don't unify by doing cyber security that could benefit all agencies not just those that are unified, correct?

Shawn Riley: Yes. I am just grabbing a quick document here so I make sure I say precisely for what the house action was.

Senator Wanzek: I can see that the House, there was \$11.4M of funding in the executive budget for cyber security and \$8.1M dollars that the house agreed to so, that leaves us with \$3.3M dollars less?

Shawn Riley: Yes, when it comes to cyber security there is kind of a combination of conversations to have here. \$11.4M dollars for tools and the tools are technologies that would be able to be comprehensively managed across the state. We would be able to use these tools within the network environment which is already within the unified prevue of the ITD organization. We will also have desktop tools so the industry calls the endpoint. Whether it this or that device, we would be able to manage systems. In the unified world we can also manage data authorization, data encryption, and that data in itself is managed. Without a unified world we are up to more of a hey you should do that and, if they do that then great but if they don't we can say hey, you should do that. In a unified environment we can come down to assess and manage and ensure that those things have happened. With the dollars that we have here for the \$11.4M, the \$3.3M that was not included in the house budget encovers security incident and event, advanced identity, and security orchestration and automation. Security incident and event management and logging, what that allows us to do is that any time anything happens we have a centralized source to see that. If any of you have had the opportunity to come down to the cyber demo that we did for a couple days back earlier in the session. We had a screen up that had all of the nations of the world and where the attacks are coming from all over the world. You saw this huge circle over Canada, China,

and shifting places around the world that are attacking us. Today, we can see a certain portion of what is coming at us but we only have limited capacity to see across the board. The example that I give is, if you are sitting over here on the corner of Divide and Fourth, you can see the car to your left and right but you have no idea what is happening across town. This group of technology allows us to be able to see what happens across town and log those events. Today we can't see what is happening across town and we have no methodology to be able to capture all of that. People who aren't familiar with this would think, why don't you just right it down or why don't you put it in a spreadsheet, the reality is we are talking 5.7 million attacks per month and when you are talking about 5.7 million attacks per month, you are talking about how many attacks per day and how many attacks per minute. The state of North Dakota doesn't want to add 400 people in FTE's just to be able to manage that and that is what it would take to go through and write all this stuff down. What we have to be able to have is we have automated defense systems and that system uses an artificial intelligence model that helps us to be able to consolidate all of that in one place. That is the tool set side. On the other components, this is the additional 4.9 million dollars and change, comes to staffing and that comes to the 17 FTE's. Those FTE's cover all of the different components within our cyber footprint. The Senate and the House have both passed SB 2110 which gives us the authority to be able to manage the strategy for organizations as well as operations for certain organizations across all governmental entities within the state. We have the ability to be able to help K-12, higher education, and state and local governments. We need of the 17 FTE's that are in this bucket, 8 of those FTE's are dedicated towards managing the tool set and the rest of those FTE's are dedicated to helping that full comprehensive customer base. A big part of that is the executive branch but when you get beyond the executive branch, we have people dedicated to K-12, higher education, and the political subs side. Just to re-emphasize this, we took 17 FTE's worth of efficiency in our current structure and that 17 FTE's in our current structure has been reapplied as 17 FTE's of cyber. As we came into this executive budget we came down the 17 FTE's to be able to get to an operational deployment and we reapply those back to cyber. What that means is that the comprehensive shared service out of all the unified service last budget was 460 FTE's, the budget we brought forth is 460 FTE's. Even with this service added in there is no growth of government in this component and that is how we've helped to manage. This would be another aspect where I would go back to unification and where people say I want to see the proof, completely agree. In time we have been here just within the ITD organization, we have been able to create this 17 FTE's worth of operational efficiencies which the legislature has an option of cutting that and manage cost or do we want to reapply that into cyber and provide that service. That is part of what we would be looking forward as we go forward that continued capacity of re-managing our process.

Senator Wanzek: The House took 16 of those 17 and they put back in 5 for cyber security, is that the way I am reading this?

Shawn Riley: The way I would say that; my understanding is they put back in 5 but those 5 are unfunded. There is an authority to hire but there is not an appropriation to pay them.

Senator Wanzek: The way I'm reading this, the 5 they put back in, there is a general fund appropriation in relation to that. Your saying they didn't fund those 5 or what is that appropriation then?

Levi Kinnischtzke: The five were included by the House in the tune of 1.2 million from the general fund but in a corresponding effort the House also underfunded the departments salaries by 2% which comes out to a nearly identical 1.2-million-dollar amount. Those two amounts were not exactly the same, there is an 18,000-dollar difference but by in large they are about the same dollar amount. The thought process from the house was that they wanted to provide the department the authorization for the FTE's the Mr. Riley had mentioned but they were looking to the department to find efficiencies in their budget in order to define the dollars to pay for them.

Senator Robinson: Decisions to make here.

Senator Wanzek: I'm thinking we'll have to schedule another meeting today or tomorrow morning. I'll bring some amendments that we can work off. We can't sit on this much longer. If there's no more to add, unless someone else had asked to present a potential amendment of unlimited liability to the state when contractors bid, there is unlimited liability that contractors but visiting with the leadership, there is a thought that, that should have a full hearing. That's why we're not bringing that up. Maybe we should touch on some of the other projects. I know there was a request to put back in the GIS project and I guess I am supportive of that. I'm interested in doing more for cyber security, I think that is a key thing regardless of what we do with unification. We haven't really talked about a lot of the other projects. Cyber I think has been dealt with, we don't need to do anything there. Legacy lift and some of those other projects, how important are they?

Shawn Riley: These are all initiatives dedicated specifically to be able to re-increase our effectiveness and efficiency. Legacy Lift helps to get smaller projects off the main frames so, ultimately we all want to have a great party somewhere with dancing around the mainframes as they go to the junkyard but the reality is that the mainframe is difficult to get off because of many different reasons, Legacy Lift helps us get rid of many of the smaller projects on the mainframes. The other projects that you have there, Citizen Relationship Management, Unified Data Platform, and then the North Dakota Gateway. Each of these are really focused towards, as the Governor call them, amazon experience and that, that component is really managing how the citizen directly interacts with technology across the state. The Unified Data Platform, CRM, UDP, Gateway SAR, those projects can stand alone but in an integrated status would make a much better platform to be able to interact with the citizen. When it comes to priorities, Unification at a zero dollar investment with a considerable output is our number one priority. Cyber is our number two priority. SIRN being that it has moved over to another bill, I just pull that out. Each of these projects really does enhance what we are doing within the state. It enhances our technology capabilities and provides better services going forward.

Senator Wanzek: I don't see any questions so I think we will end it right there, I appreciate that. The positive thing is there aren't a lot of other subcommittees meeting so we have a lot of room to schedule another meeting whether that be later today or first thing in the morning.

Senator Wanzek adjourns the subcommittee on

2019 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee Harvest Room, State Capitol

HB 1021
4/11/2019
Job # 34683

- Subcommittee
 Conference Committee

Committee Clerk: Rose Laning / Amy Crane

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the information technology department.

Minutes:

Attachment # 1

Legislative Council: Levi Kinnischtzke
OMB: Larry Martin

Senator Wanzek called the sub-committee to order on HB 1021. **Senator Poolman** and **Senator Robinson** were also present.

Senator Wanzek: went thru the amendments with Levi. They're not quite ready, but could he go thru the changes.

Levi Kinnischtzke handed out the Base Level Funding Changes – attached # 1. The amendments are being finalized and will be ready for the committee later this morning. He explained the Senate Version changes.

(3:35) Senator Wanzek: in the executive version there were 17 FTE for cyber security. And in visiting with IT, and asking what the bottom line was, that's how we came up with the bottom 8.

Levi Kinnischtzke: The five agencies being transferred for the IT unification.

(5:00) Senator Wanzek: That's not necessarily when you look at the full state budget, its moving dollars and FTEs out of other agencies' budgets. Correct?

Levi Kinnischtzke: That's correct. Specifically regarding the operating expenses, those expenses are dollars that are already sitting in an agency's budget and my understanding with this authorization, this would allow ITD the spending authority to be able to pay for those IT related expenses and bill back the agencies.

(8:14) Senator Wanzek: I had the opportunity to go through all of these with Levi. I'm pretty well up to speed with the changes we're making and I'm hopeful. Any questions?

Senator Poolman: Are you looking for a motion? I moved the amendment as outlined by Levi.

Senator Robinson: seconded the motion.

Senator Wanzek: The thing we need to understand is, we still have conference committees and you never know what can happen. We have a motion and a second, and I think that is subject to review of the amendments when we actually get them. Shawn do you have any comments?

Shawn Riley, CIO, ITD: Thank you for going through this process, I know this is a massive change for the state. I would love to see Senator Robinson's motion moved forward but we'll leave that for conference committee conversation. One question, in regards to the budget, there was a specific line item in regards to our capacity to be able to move dollars between line items. There was, also removed from the House, a language component, not a dollars component. This is just me learning the process in this case, is that discussed here or is that a conversation for conference committee?

Senator Wanzek: I did discuss that with Levi. I apologize I was going to look into that and now that you brought it up, I forgot. I do believe that is something that has been done in the past for ITD and it basically allows you to do that up to 10%. But OMB would have to approve of it?

Dan Sipes, COO, Information Technology Department: Before we've had the ability to do that, in the past couple of years it's been upon request. The OMB director would move it. Our biggest concern in the past has been sometimes you have stuff that's in our equipment line item and the cost change, so then you spend it out of operating instead. So it usually would be a line 30/line 50 type move. We haven't typically had to use that, I would prefer to have that flexibility just in sight of what we're doing with shared services to make sure that if we'd have something we didn't expect as we're working with those agencies, that we have it. I also respect your perspective on that, but that's historically how it's been. But it hasn't been capped at the 10% in our language.

Senator Robinson: If it's acceptable to Senator Poolman, I would suggest we see that in this language. I'd rather go into conference committee with that and battle to keep it rather than battle to try to put it in.

Senator Wanzek: I appreciate that you're bailing me out I forgot all about that. So that would be an amendment to the amendment that we have on our table right now. We'll vote on that amendment as presented, with the language Levi understands.

Senator Poolman: I withdraw my motion.

Senator Robinson: I withdraw the second.

Motions withdrawn.

Senator Poolman: Move the amendment being prepared by Levi with authority to move items between lines.

Senator Robinson: seconded the motion.

A Roll Call Vote Was Taken: 3 yeas, 0 nays, 0 absent.

Motion carried.

Chairman Holmberg: Would this then, I'm assuming since you made a change, this would not then be ready for our meeting at 11:00? Would it be ready for our 2:30 meeting?

Levi Kinnischtzke: More than likely it will be ready for 2:00.

Senator Wanzek: adjourned.

2019 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee
Harvest Room, State Capitol

HB 1021
4/11/2019
JOB # 34703

- Subcommittee
 Conference Committee

Committee Clerk: Alice Delzer / Florence Mayer

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the information technology department; and to provide a report. (Do Pass as Amended).

Minutes:

1.Proposed Amendment #19.0209.03002

Chairman Holmberg: Called the Committee to order on HB 1021. All committee members were present. Levi Kinnischtzke, Legislative Council and Larry Martin, OMB were present.

V. Chairman Wanzek: Submitted **Attachment #1** proposed Amendment #19.0209.03002 and explained the amendment. The most significant change in these amendments is adding back 5 cabinet agencies into the unification project. The executive branch wanted all the cabinet agencies to be part of unification, which would include 145.5 FTEs and roughly \$43M unification movement. It is a net wash of moving those FTEs back and forth. The House took them completely out and we are adding 5 agencies back in, which is roughly \$27M shift of money from those 5 agencies into IT and a shift of 96 FTEs. Only 5 of the 14 cabinet agencies, it is 96 of the 145.5 total FTEs. The larger agencies like the department of human services and the department of transportation are included in the unification program. The House also a major change is they took out \$3.3M of cyber security operating expenses. There were 17 FTEs in the executive budget for cyber security. The House added 5 FTEs back in to help handle cyber security but they didn't fund them. They didn't provide the funding for them. In visiting with IT, I asked what the bottom line was, they figured 8 FTEs would be necessary to fully implement cyber security to get it to where they would like it to be. We put another 3 in over the House but we funded all 8 FTEs, which would be \$2.3M. Help me out Levi, the \$18M \$544,000 and the \$8.8M.

(0.04:13) Levi Kinnischtzke, Legislative Council: That number is related to IT unification. That amount you discussed is item 4 on page 3 of the amendment.

V. Chairman Wanzek: For one time funding, we added the \$3.3M for cyber security. We also added the GIS statewide land project and we added in the legacy Lyft for \$2M of special funds. In addition, I would call it the Senator Erbele amendment, which is looking at a study for the next 2 years and providing a database program that would have the capability for landowners and hunters to provide electronic information regarding availability

of landowner's property and hunters and trappers. This is of interest to put in here to make sure we are providing that database that would possibly fit SB 2315. Whether it passes or does not pass, we are not getting in the trespassing issue, but we are trying to establish a database that could potentially be used for that purpose.

V. Chairman Wanzek: Moved to adopt the amendment # 19.0209.03002. 2nd by Senator Robinson.

Chairman Holmberg: Called for a voice vote. Motion carried.

Chairman Holmberg: Could we have a motion on the bill?

Senator Robinson: Moved a Do Pass as Amended on HB 1021. 2nd by V. Chairman Wanzek.

Chairman Holmberg: Call the roll on a Do Pass as Amended on 2021.

A Roll Call Vote Was Taken: 14 yea, 0 nay, 0 absent. Motion carried. V. Chairman Wanzek will carry the bill.

Chairman Holmberg: I have received a number of bills coming back from the House. I did not concur on PERS. These are ones they did not concur so I had to appoint committees: SB 2005, there is more than one difference. It included the salary of the treasurer and a few other changes. I would appoint Senators Bekkedahl, Dever, and Robinson. We have the same issue with the Agriculture Commissioner. We had raised the salary. Then SB 2017, game and fish. Has anyone heard what the House did?

Renae Bloms, OMB: The only change they made was to make the adjustment for the 3 FTEs that were the IT unification being as they were not going to be one of the pilot agencies, they put those back in. Then they would have made the adjustment for the 2 and 2 ½ salary.

Chairman Holmberg: Then I will concur. We might from time to time have a full meeting; otherwise, it is now the fun and games. Thank you all.

SV
4/11
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PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1021

Page 1, line 2, remove "and"

Page 1, line 2, after "report" insert "; to provide for a transfer; to provide an exemption; and to provide for a legislative management study"

Page 1, remove lines 12 through 24

Page 2, replace lines 1 and 2 with:

"Salaries and wages	\$59,359,772	\$22,014,729	\$81,374,501
Operating expenses	69,552,998	33,804,366	103,357,364
Capital assets	8,295,000	(4,041,883)	4,253,117
Center for distance education	9,079,116	(9,079,116)	0
Statewide longitudinal data system	4,310,561	76,584	4,387,145
Educational technology council	1,121,472	(1,121,472)	0
Edutech	9,752,767	(106,994)	9,645,773
K-12 wide area network	4,534,278	633,692	5,167,970
Geographic information system	1,147,716	1,054,913	2,202,629
Health information technology office	5,315,509	(436,363)	4,879,146
Statewide interoperable radio network	<u>13,700,000</u>	<u>(1,370,000)</u>	<u>12,330,000</u>
Total all funds	\$186,169,189	\$41,428,456	\$227,597,645
Less estimated income	<u>165,636,855</u>	<u>33,395,479</u>	<u>199,032,334</u>
Total general fund	\$20,532,334	\$8,032,977	\$28,565,311
Full-time equivalent positions	344.30	57.70	402.00"

Page 2, replace lines 8 through 14 with:

"Electronic payment processing system	\$375,000	\$0
Health information network expansion	43,555,133	0
Statewide interoperable network loan	15,000,000	0
Cybersecurity	0	11,400,000
Legacy lift project	0	2,000,000
Statewide land parcel project	<u>0</u>	<u>1,150,000</u>
Total all funds	\$58,930,133	\$14,550,000
Less estimated income	<u>58,930,133</u>	<u>3,150,000</u>
Total general fund	\$0	\$11,400,000"

Page 2, after line 18, insert:

"SECTION 3. EXCEPTION - LINE ITEM TRANSFERS. Notwithstanding section 54-16-04, the director of the office of management and budget shall make transfers of funds between line items in section 1 of this Act for the information technology department as may be requested by the chief information officer as determined necessary for the development and implementation of information technology projects. The department shall notify the legislative council of any transfers made pursuant to this section.

SECTION 4. ESTIMATED INCOME - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND - INFORMATION TECHNOLOGY PROJECTS. The estimated income line item in section 1 of this Act includes the sum of \$3,150,000 from

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the strategic investment and improvements fund for information technology projects, of which \$2,000,000 is for a legacy lift project and \$1,150,000 is for a geographic information system statewide land parcel project.

SECTION 5. EXEMPTION. The sum of \$43,555,133 of federal and other funds appropriated to the information technology department for the development of the health information network and care coordination project in chapter 46 of the 2017 Session Laws is not subject to the provisions of section 54-44.1-11. Any unexpended funds from this appropriation are available for the completion of the health information network and care coordination project during the biennium beginning July 1, 2019, and ending June 30, 2021.

SECTION 6. LEGISLATIVE MANAGEMENT STUDY - DEVELOPMENT OF A LAND ACCESS DATABASE. During the 2019-20 interim, the legislative management shall consider studying access to land for hunting and trapping and the development of a land access database. If selected by the legislative management, the study must be conducted by a new committee established by the legislative management to study access to public and private lands for hunting, trapping, and related issues, including the development of a hunters access database with the capability for landowners to provide electronic information regarding the availability of the landowner's property for hunters and trappers. The voting members of the committee must consist of the following, who must be appointed by the legislative management:

1. Two members representing agriculture organizations;
2. Two members representing sportsmen organizations; and
3. Five members of the legislative assembly, one of whom must be selected by the committee as chairman of the committee, including:
 - a. One member of the majority party in the house of representatives;
 - b. One member of the minority party in the house of representatives;
 - c. One member of the majority party in the senate;
 - d. One member of the minority party in the senate; and
 - e. One member from either party in either chamber.

The nonvoting members of the committee are:

1. A representative of the North Dakota association of counties;
2. The agriculture commissioner or the commissioner's designee;
3. The director of the game and fish department or the director's designee; and
4. The chief information officer or the officer's designee.

A member of the committee who is not a state employee is entitled to reimbursement for mileage and expenses as provided by law for state officers and employees, to be paid by the legislative council. A state employee who is a member of the committee is entitled to receive that employee's regular salary and is entitled to reimbursement for mileage and expenses to be paid by the employing agency. A member of the

3/21

committee who is a member of the legislative assembly is entitled to receive per diem compensation at the rate provided under section 54-35-10 for each day performing official duties of the committee. The legislative council shall pay the per diem compensation and reimbursement for travel and expenses as provided by law for any member of the committee who is a member of the legislative assembly. The committee may establish a prototype hunters access database in select counties prior to August 1, 2020. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-seventh legislative assembly."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1021 - Information Technology Department - Senate Action

	Base Budget	House Version	Senate Changes	Senate Version
Salaries and wages	\$59,359,772	\$59,559,558	\$21,814,943	\$81,374,501
Operating expenses	69,552,998	89,091,647	14,265,717	103,357,364
Capital assets	8,295,000	4,253,117		4,253,117
Center for Distance Education	9,079,116			
Statewide longitudinal data system	4,310,561	4,383,351	3,794	4,387,145
Educational Technology Council	1,121,472			
EduTech	9,752,767	9,620,038	25,735	9,645,773
K-12 wide area network	4,534,278	5,165,952	2,018	5,167,970
Geographic information system	1,147,716	1,052,028	1,150,601	2,202,629
Health information technology office	5,315,509	4,876,840	2,306	4,879,146
Statewide Interoperability Radio Network	13,700,000	12,330,000		12,330,000
Total all funds	\$186,169,189	\$190,332,531	\$37,265,114	\$227,597,645
Less estimated income	165,636,855	167,162,949	31,869,385	199,032,334
General fund	\$20,532,334	\$23,169,582	\$5,395,729	\$28,565,311
FTE	344.30	303.00	99.00	402.00

Department 112 - Information Technology Department - Detail of Senate Changes

	Adds Funding for Salary and Benefit Increases ¹	Adds Funding for FTE Cybersecurity Positions ²	Restores Funding for Salaries and Wages ³	Adds Funding for IT Unification ⁴	Adds One-Time Funding for Cybersecurity ⁵	Adds One-Time Funding for IT Projects ⁶
Salaries and wages	\$1,047,804	\$740,415	\$1,215,501	\$18,811,223		
Operating expenses		130,590		8,835,127	\$3,300,000	\$2,000,000
Capital assets						
Center for Distance Education						
Statewide longitudinal data system	3,794					
Educational Technology Council						
EduTech	25,735					
K-12 wide area network	2,018					
Geographic information system	601					1,150,000
Health information technology office	2,306					
Statewide Interoperability Radio Network						
Total all funds	\$1,082,258	\$871,005	\$1,215,501	\$27,646,350	\$3,300,000	\$3,150,000
Less estimated income	1,073,035	0	0	27,646,350	0	3,150,000
General fund	\$9,223	\$871,005	\$1,215,501	\$0	\$3,300,000	\$0
FTE	0.00	3.00	0.00	96.00	0.00	0.00

4021

	Total Senate Changes
Salaries and wages	\$21,814,943
Operating expenses	14,265,717
Capital assets	
Center for Distance Education	
Statewide longitudinal data system	3,794
Educational Technology Council	
EduTech	25,735
K-12 wide area network	2,018
Geographic information system	1,150,601
Health information technology office	2,306
Statewide Interoperability Radio Network	
Total all funds	\$37,265,114
Less estimated income	31,869,385
General fund	\$5,395,729
FTE	99.00

¹ Funding of \$1,082,258, of which \$9,223 is from the general fund and \$1,073,035 is from other funds, is added for 2019-21 biennium salary increases of 2 percent with a minimum monthly increase of \$120 and a maximum monthly increase of \$200 on July 1, 2019, and 2.5 percent on July 1, 2020. Of the amount added from other funds, \$328,977 of special funds relates to increases in health insurance premiums for FTE included in the information technology unification initiative.

² Funding of \$871,005 is added from the general fund for 3 FTE cybersecurity positions, of which \$740,415 is for salaries and wages and \$130,590 is for operating expenses to provide a total of 8 FTE cybersecurity positions. The House approved 5 cybersecurity positions.

³ Funding of \$1,215,501 from the general fund is restored for salaries and wages removed by the House relating to underfunding salaries and wages.

⁴ Funding of \$27,646,350 of special funds and 96.00 FTE positions are transferred from the Department of Trust Lands (2 FTE), Department of Human Services (48 FTE), Adjutant General - Department of Emergency Services (4 FTE), Parks and Recreation Department (1 FTE), and Department of Transportation (41 FTE) to the Information Technology Department for the information technology unification initiative. Of the \$27,646,350, \$18,266,327 is for the FTE positions, \$544,896 is for temporary salaries, and \$8,835,127 is for related operating expenses.

⁵ One-time funding of \$3,300,000 is added from the general fund for cybersecurity operating expenses to provide a total one-time appropriation of \$11,400,000 from the general fund. The House approved a one-time appropriation of \$8,400,000.

⁶ One-time funding of \$3,150,000 is added from the strategic investment and improvements fund for a legacy lift project (\$2,000,000) and a geographic information system statewide land parcel project (\$1,150,000). The House did not provide funding for these projects.

This amendment also:

- Adds a section to allow the Office of Management and Budget to transfer funds between line items in Section 1 as requested by the Chief Information Officer.
- Adds a section identifying \$3,150,000 of one-time funding from the strategic investment and improvements fund for information technology projects, of which \$2,000,000 is for a legacy lift project and \$1,150,000 is for a geographic information system statewide land parcel project.
- Adds a section providing an exemption for the \$43,555,133 of federal and other funds appropriated to the Information Technology Department by the 2017 Legislative Assembly for the development of the health information network and care coordination project.
- Adds a section to provide for a Legislative Management study regarding access to lands for hunting and trapping and the development of a land access database.

Date: 4-11-19

Roll Call Vote #: 1

**2019 SENATE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 1021**

Senate Appropriations Committee

Subcommittee

Amendment LC# or Description: _____

- Recommendation:
- Adopt Amendment
 - Do Pass Do Not Pass Without Committee Recommendation
 - As Amended Rerefer to Appropriations
 - Place on Consent Calendar

Other Actions: Reconsider to accept the changes as presented by Levi

Motion Made By Poolman Seconded By Robinson

Senators	Yes	No	Senators	Yes	No
Senator Holmberg			Senator Mathern		
Senator Krebsbach			Senator Grabinger		
Senator Wanzek			Senator Robinson		
Senator Erbele					
Senator Poolman					
Senator Bekkedahl					
Senator G. Lee					
Senator Dever					
Senator Sorvaag					
Senator Oehlke					
Senator Hogue					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:

Both the motion and the Second were withdrawn

Date: 4-11-19

Roll Call Vote #: 2

**2019 SENATE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 1021**

Senate Appropriations Committee

Subcommittee

Amendment LC# or Description: _____

- Recommendation:
- Adopt Amendment
 - Do Pass Do Not Pass Without Committee Recommendation
 - As Amended Rerefer to Appropriations
 - Place on Consent Calendar

Other Actions: Reconsider *to move the amendment prepared by Levi with the authority to move items between lines.*

Motion Made By Poolman Seconded By Robinson

Senators	Yes	No	Senators	Yes	No
Senator Holmberg			Senator Mathern		
Senator Krebsbach			Senator Grabinger		
Senator Wanzek	X		Senator Robinson	X	
Senator Erbele					
Senator Poolman	X				
Senator Bekkedahl					
Senator G. Lee					
Senator Dever					
Senator Sorvaag					
Senator Oehlke					
Senator Hogue					

Total (Yes) 3 No 0

Absent 0

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:

Date: 4-11-19
Roll Call Vote #: 1

2019 SENATE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 1021

Senate Appropriations Committee

Subcommittee

Amendment LC# or Description: 19.0209.03002

Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar
Other Actions: Reconsider _____

Motion Made By Wanzek Seconded By Robinson

Senators	Yes	No	Senators	Yes	No
Senator Holmberg			Senator Mathern		
Senator Krebsbach			Senator Grabinger		
Senator Wanzek			Senator Robinson		
Senator Erbele					
Senator Poolman					
Senator Bekkedahl					
Senator G. Lee					
Senator Dever					
Senator Sorvaag					
Senator Oehlke					
Senator Hogue					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:

*Voice Vote
Carried*

Date: 4-11-19

Roll Call Vote #: 2

**2019 SENATE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 1021**

Senate Appropriations Committee

Subcommittee

Amendment LC# or Description: _____

Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar

Other Actions: Reconsider _____

Motion Made By Robinson Seconded By Wanzek

Senators	Yes	No	Senators	Yes	No
Senator Holmberg	✓		Senator Mathern	✓	
Senator Krebsbach	✓		Senator Grabinger	✓	
Senator Wanzek	✓		Senator Robinson	✓	
Senator Erbele	✓				
Senator Poolman	✓				
Senator Bekkedahl	✓				
Senator G. Lee	✓				
Senator Dever	✓				
Senator Sorvaag	✓				
Senator Oehlke	✓				
Senator Hogue	✓				

Total (Yes) 14 No 0

Absent 0

Floor Assignment Wanzek

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

HB 1021, as engrossed: Appropriations Committee (Sen. Holmberg, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (14 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). Engrossed HB 1021 was placed on the Sixth order on the calendar.

Page 1, line 2, remove "and"

Page 1, line 2, after "report" insert "; to provide for a transfer; to provide an exemption; and to provide for a legislative management study"

Page 1, remove lines 12 through 24

Page 2, replace lines 1 and 2 with:

"Salaries and wages	\$59,359,772	\$22,014,729	\$81,374,501
Operating expenses	69,552,998	33,804,366	103,357,364
Capital assets	8,295,000	(4,041,883)	4,253,117
Center for distance education	9,079,116	(9,079,116)	0
Statewide longitudinal data system	4,310,561	76,584	4,387,145
Educational technology council	1,121,472	(1,121,472)	0
Edutech	9,752,767	(106,994)	9,645,773
K-12 wide area network	4,534,278	633,692	5,167,970
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Total general fund	\$20,532,334	\$8,032,977	\$28,565,311
Full-time equivalent positions	344.30	57.70	402.00"

Page 2, replace lines 8 through 14 with:

"Electronic payment processing system	\$375,000	\$0
Health information network expansion	43,555,133	0
Statewide interoperable network loan	15,000,000	0
Cybersecurity	0	11,400,000
Legacy lift project	0	2,000,000
Statewide land parcel project	<u>0</u>	<u>1,150,000</u>
Total all funds	\$58,930,133	\$14,550,000
Less estimated income	<u>58,930,133</u>	<u>3,150,000</u>
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Page 2, after line 18, insert:

"SECTION 3. EXCEPTION - LINE ITEM TRANSFERS. Notwithstanding section 54-16-04, the director of the office of management and budget shall make transfers of funds between line items in section 1 of this Act for the information technology department as may be requested by the chief information officer as determined necessary for the development and implementation of information technology projects. The department shall notify the legislative council of any transfers made pursuant to this section.

SECTION 4. ESTIMATED INCOME - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND - INFORMATION TECHNOLOGY PROJECTS. The estimated income line item in section 1 of this Act includes the sum of \$3,150,000 from the strategic investment and improvements fund for information technology projects, of which \$2,000,000 is for a legacy lift project and \$1,150,000 is for a geographic information system statewide land parcel project.

SECTION 5. EXEMPTION. The sum of \$43,555,133 of federal and other funds appropriated to the information technology department for the development of the health information network and care coordination project in chapter 46 of the 2017 Session Laws is not subject to the provisions of section 54-44.1-11. Any unexpended funds from this appropriation are available for the completion of the health information network and care coordination project during the biennium beginning July 1, 2019, and ending June 30, 2021.

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3. Five members of the legislative assembly, one of whom must be selected by the committee as chairman of the committee, including:
 - a. One member of the majority party in the house of representatives;
 - b. One member of the minority party in the house of representatives;
 - c. One member of the majority party in the senate;
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recommendations, together with any legislation required to implement the recommendations, to the sixty-seventh legislative assembly."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1021 - Information Technology Department - Senate Action

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FTE	344.30	303.00	99.00	402.00

Department 112 - Information Technology Department - Detail of Senate Changes

	Adds Funding for Salary and Benefit Increases ¹	Adds Funding for FTE Cybersecurity Positions ²	Restores Funding for Salaries and Wages ³	Adds Funding for IT Unification ⁴	Adds One-Time Funding for Cybersecurity ⁵	Adds One-Time Funding for IT Projects ⁶
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Statewide Interoperability Radio Network						
Total all funds	\$1,082,258	\$871,005	\$1,215,501	\$27,646,350	\$3,300,000	\$3,150,000
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General fund	\$9,223	\$871,005	\$1,215,501	\$0	\$3,300,000	\$0
FTE	0.00	3.00	0.00	96.00	0.00	0.00

	Total Senate Changes
Salaries and wages	\$21,814,943
Operating expenses	14,265,717
Capital assets	
Center for Distance Education	
Statewide longitudinal data system	3,794
Educational Technology Council	
EduTech	25,735
K-12 wide area network	2,018
Geographic information system	1,150,601
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Total all funds	\$37,265,114
Less estimated income	31,869,385
General fund	\$5,395,729
FTE	99.00

¹ Funding of \$1,082,258, of which \$9,223 is from the general fund and \$1,073,035 is from other funds, is added for 2019-21 biennium salary increases of 2 percent with a minimum monthly increase of \$120 and a maximum monthly increase of \$200 on July 1, 2019, and 2.5 percent on July 1, 2020. Of the amount added from other funds, \$328,977 of special funds relates to increases in health insurance premiums for FTE included in the information technology unification initiative.

² Funding of \$871,005 is added from the general fund for 3 FTE cybersecurity positions, of which \$740,415 is for salaries and wages and \$130,590 is for operating expenses to provide a total of 8 FTE cybersecurity positions. The House approved 5 cybersecurity positions.

³ Funding of \$1,215,501 from the general fund is restored for salaries and wages removed by the House relating to underfunding salaries and wages.

⁴ Funding of \$27,646,350 of special funds and 96.00 FTE positions are transferred from the Department of Trust Lands (2 FTE), Department of Human Services (48 FTE), Adjutant General - Department of Emergency Services (4 FTE), Parks and Recreation Department (1 FTE), and Department of Transportation (41 FTE) to the Information Technology Department for the information technology unification initiative. Of the \$27,646,350, \$18,266,327 is for the FTE positions, \$544,896 is for temporary salaries, and \$8,835,127 is for related operating expenses.

⁵ One-time funding of \$3,300,000 is added from the general fund for cybersecurity operating expenses to provide a total one-time appropriation of \$11,400,000 from the general fund. The House approved a one-time appropriation of \$8,400,000.

⁶ One-time funding of \$3,150,000 is added from the strategic investment and improvements fund for a legacy lift project (\$2,000,000) and a geographic information system statewide land parcel project (\$1,150,000). The House did not provide funding for these projects.

This amendment also:

- Adds a section to allow the Office of Management and Budget to transfer funds between line items in Section 1 as requested by the Chief Information Officer.
- Adds a section identifying \$3,150,000 of one-time funding from the strategic investment and improvements fund for information technology projects, of which \$2,000,000 is for a legacy lift project and \$1,150,000 is for a geographic information system statewide land parcel project.
- Adds a section providing an exemption for the \$43,555,133 of federal and other funds appropriated to the Information Technology Department by the 2017 Legislative Assembly for the development of the health information network and care coordination project.
- Adds a section to provide for a Legislative Management study regarding access to lands for hunting and trapping and the development of a land access database.

2019 CONFERENCE COMMITTEE

HB 1021

2019 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee – Government Operations Division
Medora Room, State Capitol

HB1021
4/19/2019
Recording Job# 34867

- Subcommittee
 Conference Committee

Committee Clerk: Sheri Lewis

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the information technology department; and to provide for transfers.

Minutes:

Attachments A and B

Chairman Beadle: Opened the conference committee on HB1021.

Roll Call taken.

Senator Wanzek: Explained the Senate changes. See attachments A and B.

Chairman Beadle: That was section 6 that was added on?

Senator Wanzek: Correct.

Chairman Beadle: Was there any funding added on?

Senator Wanzek: No. It's a legislative management study and it's shall consider; so it would be totally up to legislative management.

Senator Poolman: We did add a total of \$3.15 million for one-time funding from the SIF fund; \$2 million of that is for the legacy lift that the House didn't include. We did add \$1.15 million for the GIS.

Representative Mock: On section 6, does legislative management have it in their budget to appropriate to fund some of the positions that are not state employees? There are at least four voting members of this study that would not be included in normal reimbursements.

Senator Wanzek: I would assume that if it's a legislative management study, the funding to reimburse them for their expenses would come from the legislative council budget.

Representative Mock: We underfunded the position by 2% and you fully funded the entire agency. Is that correct?

Senator Wanzek: We removed the \$1,215,501.00 2% reduction.

Representative Mock: You said for the adjutant general it was 6 FTE's; I'm showing 4 FTE's?

Senator Wanzek: It should be 4 FTE's.

Representative Mock: The request for the 17 FTE's was a reduced request from the original recommendation to the governor; I believe of 37 FTE's. The 17 FTE's were essentially a hold harmless; it's restoring those lost 17 FTE's. How did you come to needing 8 FTE's? Is that contingent on any of the IT projects that you authorized?

Senator Wanzek: I would say no. I asked what the bottom line was to get the cybersecurity job done and the number I was given was 8 FTE's.

Representative Mock: You added the \$3.3 million from the general fund for the cybersecurity as one-time funding. With those additional modules that you've added, does that reduce the need of any of those FTE's? Are those 8 FTE's the bare minimum under the condition that those are the modules funded?

Senator Wanzek: As I understand it, it was the bottom line to get these things done.

Representative Mock: The one time projects; I don't recall the prioritization of the requests. But the legacy life of \$2 million and the GIS was ranked relatively low in the priorities. Can you explain why the Senate specifically added that one and the legacy lift ahead of any of the other requests?

Senator Wanzek: I don't recall seeing a priority list. The counties came forward and some others have expressed beyond the department the interest in GIS. I can't recall why we selected the legacy lift over the others.

Chairman Beadle: I do see the legacy lift was included in the budget changes that OMB has for us.

Senator Robinson: We've been having the discussion for 12 or 15 years that we need to move as soon as we can to get off the mainframe. The cost to operate that system has been very high for a long time. Our ability to maintain that system is in question. There are several agencies that want to be onboard with the unification.

Chairman Beadle: The scope of the change was one of the reasons why there was hesitancy beforehand. Looking at Minnesota, they've had a partial unification system that hasn't gone as smoothly. The more solid conclusion that doing this half-heartedly might not be the best result.

Senator Robinson: Change is very difficult for most legislatures; but working with ITD and having served as chairperson on that committee. We've struggled with change from day one.

Representative Mock: As far as the unification, you mentioned that you considered the full unification that the governor proposed; you clearly elected not to and stuck with the 5 agencies. You mentioned that some agencies want to be a part of it? Did you consider allowing them to opt in? What was the Senate's conversation and how did you settle with sticking with the 96 FTE's? Is that the Senate's position to stick with the 96 FTE's and unification is settled?

Senator Poolman: The Senate's position in the first half is that we supported full unification in every budget. The Senate has deferred to the leadership negotiations. If you brought full unification to the full Senate, they would support it; but it's in deference to leadership.

Senator Wanzek: There are a number of us that see the benefits of full unification. I think the Senate would support it; and it stems from the House's position and that is no unification. Through negotiations with the leadership I was told 5 agencies.

Representative Mock: You are correct. The House's position was no unification; and the agreement was the pilot project; that's 2/3 of the total FTE's. Our primary concern stems a little from the consolidation that occurred over the years regarding desktop support and shared services. The consolidation did not completely eliminate the need to have appropriations, IT expenses directed to the agency; the consolidation was not truly a consolidation. It led to growth within ITD that would not have been experienced had we not consolidated. The House's primary concern was to make sure that unification did not go down that same path. That we don't unify and two years later find the need to have IT personnel in these agencies working with the expanded ITD department. Were all 145 positions that were considered in unification necessary if it was unified or was there an option to reduce those numbers of FTE's if it had been unified?

Senator Robinson: They've done considerable work with the agencies. There will be changes as we move down this road. In the Senate's opinion, there are agencies that should be part of this package because of the nature of their work. The case can be made that we should go down this road.

Representative Kempenich: The problem on our side was that we were getting some mixed messages about the structure of the unification. There were some concerns brought up that there were some lapses of getting too unified.

Chairman Beadle: Others were fearful that unification means we're unifying all of the systems and putting things on the same servers and hardware. I think there was some misunderstanding in terms of how fully integrated it is.

Chairman Beadle: Closed the conference committee.

2019 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee – Government Operations Division
Medora Room, State Capitol

HB1021
4/22/2019
Recording Job# 34913

Subcommittee
 Conference Committee

Committee Clerk: Sheri Lewis

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the information technology department; and to provide for transfers.

Minutes:

Chairman Beadle: Opened the conference committee on HB1021.

Roll Call taken.

Chairman Beadle: We talked about total unification versus the piece meal approach that we're doing now.

Senator Robinson: We could vote unanimously for full unification.

Representative Kempenich: The indication is that there is a deal and they're going to stick with it. I'm not sure what your position is but we're at a standstill as far as moving forward with a full unification.

Representative Mock: There's one additional project besides the cybersecurity that the Senate put in. The GIS project for \$1.15 million was the lowest priority from ITD to be done. I'm curious as to why the Senate picked the lowest project and not even the least expensive project to add to it.

Senator Wanzek: The only reason I can recall is that there were some county folks that came in and spoke in support of it. We really never gave it consideration that it was the least.

Chairman Beadle: Certain counties have better GIS mapping systems in place than in others. Was it kind of related to that or was there a tie into SB2315 or one of those land trespass related bills?

Senator Wanzek: It's a combination of that. It was related to SB2315 but that wasn't the only reason. It appeared that it benefitted a number of situations.

Senator Robinson: Are we at a standstill until leadership gets together?

Chairman Beadle: The Senate is pretty strongly digging their heels in toward unification.

Representative Kempenich: It sounds like it's a done deal on the House side.

Chairman Beadle: One of the concerns I heard from the House appropriations chair was regarding a number of budgets that we've already acted on in both chambers where those conference committees have already been settled. How difficult would it be if an agency was to be brought in to make the unification adjustment on those bills that have already passed?

Levi Kinnischtzke, Fiscal Analyst, ND Legislative Council: You're correct that there were certain agencies that were originally included in the full unification initiative. Some of those agencies never did go to conference committee. There is always the availability to provide appropriations and FTE authorization in other budgets. It's not what legislative council would consider the cleanest or most transparent way of doing it. It has been done in the past.

Chairman Beadle: One of the conversations we've heard from our leadership is that often times we'll make corrections like that on the OMB budget. With the changes that we would be making in relation to this would be directly impacting the ITD budget. Is that a change we would be able to make just on this budget or is it better to have it on OMB?

Levi Kinnischtzke: If the question is that we're going to add agencies into a particular budget, OMB typically has been the vessel for that. It would be more germane to be in ITD rather than OMB.

Senator Robinson: It might be a couple days from now until a final decision is made. Is that your understanding?

Chairman Beadle: I would say that this might be an ongoing conversation piece.

Senator Poolman: With the other amendments that the Senate made, are there any other conversations that need to be made?

Chairman Beadle: I see some utility to doing the GIS but I don't see it being a high priority. I have some concerns about the legacy lift if they need that revenue to actually do that or if it would be done during this biennium.

Representative Mock: We did have a conversation about the legacy lift; and that was a higher priority to me. Section 6 is the only section that was not discussed in this committee. Was that put in another bill and defeated or is the first time that the study has been created?

Senator Wanzek: It is in SB2315. The sponsor of that bill talked to leadership and IT about putting this provision in there in case that one fails.

Chairman Beadle: This language was in SB2315 in the 03000 version. It does not appear to be in the 04000 version.

Senator Wanzek: I do believe it's been proposed to put this language back in. This language was not intended to go around the trespassing law.

Senator Poolman: You're in favor of the cybersecurity funding and I wanted to double check that that's both the operating and the FTE's.

Chairman Beadle: The initial request was 17 FTE's for cyber and the bare minimum is 8 FTE's.

Representative Mock: If all things equal, the House position is that we would be comfortable with that. If unification becomes more of a negotiation, we might then look at some other efficiencies.

Senator Poolman: We probably don't agree on the GIS language and money or the unification?

Chairman Beadle: That's correct.

Chairman Beadle: Closed the conference committee.

2019 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee – Government Operations Division
Medora Room, State Capitol

HB1021
4/24/2019
Recording Job# 34968

Subcommittee
 Conference Committee

Committee Clerk: Sheri Lewis

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the information technology department; and to provide for transfers.

Minutes:

Chairman Beadle: Opened the conference committee on HB1021.

Roll Call taken.

Representative Mock: The dye has been cast and that the agreement has been fairly set in stone to include any other agencies for the unification. The House's position is that we're comfortable with moving ahead with what the Senate did on unification. I don't know if the Senate has learned anything else regarding cybersecurity and if that is the requisite number of FTE's in order to fully do cyber; knowing that we did not fully unify.

Senator Wanzek: When we had this in the Senate, I asked what was the bottom line and I was told 8 FTE's. Now I've been told that 8 FTE's would simply allow them to put everything into place but not utilize it with schools, counties and cities. We would need to go beyond 8 FTE's.

Shawn Riley, CIO, ND Information Technology Department: The 8 cybersecurity FTE's allows us to be able to implement and manage the technology; which is the \$11.4 million of software. The additional FTE's would be dedicated towards remediation efforts within the K-12, higher ed, cities and counties that have all been extended within our authority as part of SB2110.

Senator Robinson: How many additional would we need on top of the 8 FTE's to accomplish that?

Shawn Riley: That is the 17 FTE's that was originally submitted within the executive budget.

Senator Robinson: Seventeen on top of the eight?

Shawn Riley: No. It would be 17 FTE's comprehensive.

Representative Mock: Because we didn't do the full unification, when you responded to the Senate that 8 FTE's were the bare minimum; that was with the presumption that it was full unification. Now that there's roughly 50 FTE's that are not being rolled into the unification, that's going to increase the need of an additional 9 FTE's?

Shawn Riley: To be able to complete our overall task, that's correct. That's an extra 9 FTE's.

Representative Mock: What does 10 FTE's get us? If we were to give an extra 2 FTE's in the cyber, does that move us any closer?

Shawn Riley: Every FTE certainly helps but what that does is it continues to leave a gap either for the K-12 environment or the higher ed environment or the cities or the counties; and we'll have to prioritize which one is the higher risk. We require 5 FTE's just to cover K-12 by itself.

Representative Kempenich: What is the timeline on political subdivisions? You're not going to get it all done in a year. I've been around awhile and I know it doesn't happen overnight.

Shawn Riley: The timeline is based more on the work effort in itself. The initial work effort that comes across is an assessment; and our attempt would be to do the assessment across the board. From there we have to determine what work effort is necessary to do remediations, fixes, and strategic guidance. Out of the gate we'd be looking at all 400 entities that are connected to Stage Net.

Representative Kempenich: You'd need 9 FTE's to do the assessment?

Shawn Riley: The 9 FTE's work through the assessment and the remediation. Our commitment in regards to the House for SB2110 was to be able to have the assessments completed by this next biennium.

Representative Kempenich: If you did add a couple of FTE's it'd be a slower process; but you could start an assessment with it.

Shawn Riley: Those additional 9 FTE's continue to keep us at a flat FTE number from previous bienniums to the current biennium.

Senator Robinson: I'm assuming the cybersecurity employees would demand higher pay. When you say it would be a lateral move, you've included the additional dollars in that transaction?

Shawn Riley: Yes. Within the \$4.9 million that was within the staffing component of this project; so out of the \$16.4 million, \$4.9 million is for the staffing component.

Senator Poolman: How many contracted employees do you have right now?

Shawn Riley: For all of the initiatives, it's a little more than 470 contractors that are working on multiple initiatives across the state.

Representative Kempenich: How seamless would that be if you had contractors move in?

Shawn Riley: The partial unification creates a lot of seams.

Chairman Beadle: With regards to SB2110, was there conversation about whether there should be been a fiscal note attached in order to have the FTE's?

Shawn Riley: No there was not conversation as that was dependent on this conversation separately.

Senator Wanzek: With SB2110 did we instruct you or authorize you? Is this something we're asking you to do but we're not giving you the resources to do it?

Shawn Riley: SB2110 gives us the capacity to be able to do cybersecurity strategy across all governmental entities.

Chairman Beadle: Closed the conference committee.

2019 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee – Government Operations Division
Medora Room, State Capitol

HB1021
4/25/2019
Recording Job# 34996

- Subcommittee
 Conference Committee

Committee Clerk: Sheri Lewis

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the information technology department; and to provide for transfers.

Minutes:

Chairman Beadle: Opened the conference committee on HB1021.

Roll Call taken.

Representative Kempenich: Made a motion for full unification across

Senator Wanzek: Seconded the motion.

Representative Mock: We do need to consider it but we haven't had the proposal come to this committee yet. I want to support this; I do see the benefits. Leadership has requested that we stick with the pilot project. I also see the unification as a pilot project. I am going to resist the motion. In working with leadership, if this motion fails, I would like to come back with some legislative intent that if this is a pilot project, that we have the findings of this project come to the IT committee. The intent is that next session we would adopt or implement those recommendations. If it's successful and has application to all agencies, then we would move forward with it next session.

Chairman Beadle: If this motion were to prevail, how would we have to do that from a timing perspective, if we try to make all the changes into this budget versus having them fix some of those other ones before they hit the floor?

Levi Kinnischtzke, Fiscal Analyst, ND Legislative Council: For the ones that have passed through, those are finalized; for instance, job service and workforce safety. If the legislative assembly decides to put additional dollars and FTE's into the ITD bill for a separate agency, that would be in addition to what was already passed for those agencies. It wouldn't take anything away from other agencies, it would just be in addition to.

Senator Wanzek: We're just moving on the unification?

Chairman Beadle: This is just including full unification in this budget.

Roll Call Vote: 4 Yeas 2 Nays 0 Absent

Motion Failed.

Representative Kempenich: We needed to get this out. I hope in the next 18 months that we get this brought out that this is a broader conversation. This is a state issue not just a few agencies issue.

Chairman Beadle: The conversation early on was that our committee was onboard. Members of the full appropriations committee were much more reluctant. They felt that they wanted to limit it.

Representative Kempenich: Things have changed.

Senator Poolman: I understand the House leaderships position; but, I would appreciate it if you would go to House leadership and advocate for some of the changes that need to be made to this budget as a consequence of that decision.

Representative Mock: Discussed the differences on the bill.

Senator Wanzek: To make the case for GIS, it's a seamless database that's needed by more than SB2315.

Chairman Beadle: Closed the conference committee.

2019 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee – Government Operations Division
Medora Room, State Capitol

HB1021
4/25/2019
Recording Job# 35004

Subcommittee
 Conference Committee

Committee Clerk: Sheri Lewis

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the information technology department; and to provide for transfers

Minutes:

Attachment A

Chairman Beadle: Opened the conference committee on HB1021.

Representative Mock: See attachment A.

Chairman Beadle: One of the differences is that SB2315 has the language that legislative management shall study; the language in HB1021 says shall consider studying. If SB2315 doesn't pass, would it make any sense keeping the consideration as a fall back?

Representative Mock: I'm comfortable with keeping shall study.

Senator Wanzek: I would tend to agree with Representative Mock in just being consistent.

Representative Mock: Discussed the bill.

Chairman Beadle: With looking at how you'd be using this from SIF and it'd be coming out of one-time funding, is the assumption that the pilot is going to be successful?

Representative Mock: We can't anticipate the results of the pilot project. If we can't go above 8 FTE's, the department will need the capital to contract and to assist with the development of the cyber system.

Chairman Beadle: With SB2110 we have some language that ITD has to comply with some of the cyber for a number of other political subdivisions.

Senator Robinson: Do we know the impact of not doing the legacy lift and leaving the mainframe alone for another two years? I'm not opposed to contractors; but we're not going to save any money in that process at all.

Representative Mock: No one is more disappointed to lose the legacy lift project than me. We just need to identify that as a goal and we're going to do it.

Senator Robinson: This has been a goal for about 10 years. We're all concerned about saving money and we're wasting money.

Representative Kempenich: The mainframe has been an issue for quite a while. The security issue is an issue.

Chairman Beadle: On the House side during the January 16th presentation from ITD, we were given the priority list of the ITD priorities.

Representative Mock: Representative Kempenich were you considering an amendment regarding the legacy fund?

Representative Kempenich: It is going to be a challenge to spend this responsibly as it goes forward.

Representative Mock: Explained proposed amendments.

Senator Robinson: ITD already does that.

Representative Mock: The purpose of this is to have them come to the IT committee and budget section. The purpose is that if we have to change how they're billing and charging so that agencies are getting more transparency.

Representative Mock continued with his explanation.

Senator Poolman: Made a motion that the Senate recede to the amendments and further amend with the proposed changes to the bill.

Representative Mock: Seconded the motion.

Senator Robinson: I'm going to reluctantly support this motion.

Senator Poolman: Instead of saving money in the next biennium by unifying, we are now going to spend more money on contract employees without any of the savings that would have been incurred had we gone through unification.

Senator Robinson: On the Senate floor we've heard time and again we criticize agencies about getting things done and we haven't provided them with the tools to get it done. I think we have to reflect on what we're not doing here.

Representative Mock: I can't agree more with the Senators and their remarks.

Senator Wanzek: I think we have to at least acknowledge that we've made a valiant effort to do something with cybersecurity.

House Appropriations Committee – Government Operations Division
HB1021
April 25, 2019
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Roll Call Vote: 6 Yeas 0 Nays 0 Absent

Motion Carried.

Chairman Beadle: Closed the conference committee.

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PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1021

That the Senate recede from its amendments as printed on pages 1867-1870 of the House Journal and pages 1524-1527 of the Senate Journal and that Engrossed House Bill No. 1021 be amended as follows:

Page 1, line 2, replace "and" with "to amend and reenact sections 37-17.3-02.2 and 37-17.3-03 of the North Dakota Century Code, relating to the membership of the statewide interoperability executive committee and a state cost-share for radios purchased for the statewide interoperable radio network; to provide a legislative intent statement;"

Page 1, line 2, after "provide" insert "for"

Page 1, line 2, after "report" insert "to the legislative management; to provide for a transfer; to provide an exemption; and to provide for a legislative management study"

Page 1, remove lines 12 through 24

Page 2, replace lines 1 and 2 with:

"Salaries and wages	\$59,359,772	\$22,014,729	\$81,374,501
Operating expenses	69,552,998	35,804,366	105,357,364
Capital assets	8,295,000	(4,041,883)	4,253,117
Center for distance education	9,079,116	(9,079,116)	0
Statewide longitudinal data system	4,310,561	76,584	4,387,145
Educational technology council	1,121,472	(1,121,472)	0
Edutech	9,752,767	(106,994)	9,645,773
K-12 wide area network	4,534,278	633,692	5,167,970
Geographic information system	1,147,716	1,054,913	2,202,629
Health information technology office	5,315,509	(436,363)	4,879,146
Statewide interoperable radio network	<u>13,700,000</u>	<u>(1,370,000)</u>	<u>12,330,000</u>
Total all funds	\$186,169,189	\$43,428,456	\$229,597,645
Less estimated income	<u>165,636,855</u>	<u>35,395,479</u>	<u>201,032,334</u>
Total general fund	\$20,532,334	\$8,032,977	\$28,565,311
Full-time equivalent positions	344.30	57.70	402.00"

Page 2, replace lines 8 through 14 with:

"Electronic payment processing system	\$375,000	\$0
Health information network expansion	43,555,133	0
Statewide interoperable network loan	15,000,000	0
Cybersecurity	0	15,400,000
Statewide land parcel project	<u>0</u>	<u>1,150,000</u>
Total all funds	\$58,930,133	\$16,550,000
Less estimated income	<u>58,930,133</u>	<u>5,150,000</u>
Total general fund	\$0	\$11,400,000"

Page 2, after line 18, insert:

"SECTION 3. EXCEPTION - LINE ITEM TRANSFERS. Notwithstanding section 54-16-04, the director of the office of management and budget shall make transfers of funds between line items in section 1 of this Act for the information technology

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department as may be requested by the chief information officer as determined necessary for the development and implementation of information technology projects. The department shall notify the legislative council of any transfers made pursuant to this section.

SECTION 4. ESTIMATED INCOME - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND - INFORMATION TECHNOLOGY INITIATIVES. The estimated income line item in section 1 of this Act includes the sum of \$5,150,000 from the strategic investment and improvements fund for information technology initiatives, of which \$4,000,000 is for cybersecurity operating expenses and \$1,150,000 is for a geographic information system statewide land parcel project.

SECTION 5. EXEMPTION. The sum of \$43,555,133 of federal and other funds appropriated to the information technology department for the development of the health information network and care coordination project in chapter 46 of the 2017 Session Laws is not subject to the provisions of section 54-44.1-11. Any unexpended funds from this appropriation are available for the completion of the health information network and care coordination project during the biennium beginning July 1, 2019, and ending June 30, 2021.

SECTION 6. LEGISLATIVE MANAGEMENT STUDY - ACCESS TO LANDS.

1. During the 2019-20 interim, the legislative management shall study access to public and private lands for hunting, trapping, fishing, and related issues, including trespass violations and penalties, and provide recommendations regarding a land access database with the capability of electronic posting. At the direction of the legislative management, before August 1, 2020, the information technology department and game and fish department shall establish a trial electronic posting and hunter access information system in up to three counties. The information technology department and game and fish department may contract with a third party to assist with the electronic posting and hunter access information system development and operation. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-seventh legislative assembly.
2. The legislative management shall appoint a committee for this study as follows:
 - a. The voting members of the committee, who must be appointed by the legislative management, are:
 - (1) Two members representing agriculture landowners;
 - (2) Two members representing sportsmen organizations; and
 - (3) Five members of the legislative assembly, including:
 - (a) One member of the majority party in the house of representatives;
 - (b) One member of the minority party in the house of representatives;
 - (c) One member of the majority party in the senate;

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- (d) One member of the minority party in the senate; and
 - (e) One member from either party in either chamber to serve as the committee chairman.
- b. The nonvoting members of the committee are:
- (1) A representative of the North Dakota association of counties;
 - (2) The agriculture commissioner or the commissioner's designee;
 - (3) The director of the game and fish department or the director's designee;
 - (4) The chief information officer or the officer's designee; and
 - (5) A representative of the North Dakota state's attorneys' association.
3. A member of the committee who is not a state employee is entitled to reimbursement for mileage and expenses as provided by law for state officers and employees, to be paid by the legislative council. A state employee who is a member of the committee is entitled to receive that employee's regular salary and is entitled to reimbursement for mileage and expenses to be paid by the employing agency. A member of the committee who is a member of the legislative assembly is entitled to receive per diem compensation at the rate provided under section 54-35-10 for each day performing official duties of the committee. The legislative council shall pay the per diem compensation and reimbursement for travel and expenses as provided by law for any member of the committee who is a member of the legislative assembly.

SECTION 7. LEGISLATIVE MANAGEMENT STUDY - INFORMATION TECHNOLOGY UNIFICATION INITIATIVE. During the 2019-20 interim, the legislative management shall study the information technology department's transition to the run-grow-transform model and the information technology unification initiative. The study must include a review of changes in fees, services, operations, processes, and systems. The legislative management shall reports its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-seventh legislative assembly.

SECTION 8. LEGISLATIVE INTENT - INFORMATION TECHNOLOGY UNIFICATION INITIATIVE - REPORT TO SIXTY-SEVENTH LEGISLATIVE ASSEMBLY. It is the intent of the sixty-sixth legislative assembly that the information technology department provide direction to the executive branch agencies in the governor's cabinet not included in the information technology unification initiative pilot project regarding information technology strategic planning and operations. It is further the intent of the sixty-sixth legislative assembly that the sixty-seventh legislative assembly implement the findings and recommendations resulting from the information technology unification initiative pilot project.

SECTION 9. INFORMATION TECHNOLOGY DEPARTMENT REVIEW - REPORT TO LEGISLATIVE MANAGEMENT. During the 2019-20 interim, the information technology department shall conduct a review of service rates charged to state agencies, including rate structure and agency billing. The information technology

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department shall report the results of its review to the legislative management by September 1, 2020.

SECTION 10. LEGISLATIVE MANAGEMENT STUDY - STATEWIDE INTEROPERABLE RADIO NETWORK. During the 2019-20 interim, the legislative management shall study consolidated emergency and interoperable public safety communications system governance and funding options. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-seventh legislative assembly.

SECTION 11. AMENDMENT. Section 37-17.3-02.2 of the North Dakota Century Code is amended and reenacted as follows:

37-17.3-02.2. North Dakota statewide interoperability executive committee. (Effective through July 31, 2023)

1. The statewide interoperability executive committee consists of:
 - a. The director of state radio or a designee;
 - b. The director of the division of homeland security or a designee;
 - c. The superintendent of the highway patrol or a designee;
 - d. The adjutant general or a designee;
 - e. The director of the department of transportation or a designee;
 - f. A representative of the North Dakota sheriff's and deputies association;
 - g. A representative of the North Dakota emergency managers association;
 - h. A representative of the North Dakota fire chiefs association;
 - i. A representative of the North Dakota emergency medical services association;
 - j. A representative of the North Dakota police chiefs association;
 - k. A representative of the North Dakota peace officers association;
 - l. A representative of the North Dakota 911 association;
 - m. A representative of the North Dakota association of counties;
 - n. A representative of the North Dakota league of cities;
 - o. The North Dakota chief information officer or a designee;
 - ~~n.p.~~ The North Dakota Indian affairs commission executive director or a designee; and
 - ~~e.g.~~ One member of the North Dakota house of representatives and one member of the North Dakota senate appointed by the legislative management;
 - r. The director of the game and fish department or a designee; and

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- s. The state health officer or a designee.
- 2. The committee shall elect a chairman and vice chairman for terms of two years upon its initial meeting. ~~The adjutant general shall call and convene the initial meeting.~~
- 3. The committee shall prepare recommendations regarding a statewide ~~integrated interoperable radio system network~~ with due consideration for all stakeholders reliant upon ~~the statewide interoperable radio communication system network.~~
- 4. The committee may adopt rules governing the connection or integration of public safety answering points to the statewide interoperable radio network.

North Dakota statewide interoperability executive committee. (Effective after July 31, 2023)

- 1. The statewide interoperability executive committee consists of:
 - a. The director of state radio or a designee;
 - b. The director of the division of homeland security or a designee;
 - c. The superintendent of the highway patrol or a designee;
 - d. The adjutant general or a designee;
 - e. The director of the department of transportation or a designee;
 - f. A representative of the North Dakota sheriff's and deputies association;
 - g. A representative of the North Dakota emergency managers association;
 - h. A representative of the North Dakota fire chiefs association;
 - i. A representative of the North Dakota emergency medical services association;
 - j. A representative of the North Dakota police chiefs association;
 - k. A representative of the North Dakota peace officers association;
 - l. A representative of the North Dakota 911 association; ~~and~~
 - m. A representative of the North Dakota association of counties;
 - n. A representative of the North Dakota league of cities;
 - o. The North Dakota chief information officer or a designee;
 - p. The executive director of the North Dakota Indian affairs commission or a designee;
 - q. One member of the North Dakota house of representatives and one member of the North Dakota senate appointed by the legislative management;

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- r. The director of the game and fish department or a designee; and
 - s. The state health officer or a designee.
2. The committee shall elect a chairman and vice chairman for terms of two years upon its initial meeting. ~~The adjutant general shall call and convene the initial meeting.~~
 3. The committee shall prepare recommendations regarding a statewide integrated interoperable radio system network with due consideration for all stakeholders reliant upon the statewide interoperable radio communication system network.
 4. The committee may adopt rules governing the connection or integration of public safety answering points to the statewide interoperable radio network.

SECTION 12. AMENDMENT. Section 37-17.3-03 of the North Dakota Century Code is amended and reenacted as follows:

37-17.3-03. Political subdivisions may furnish receiving and transmitting sets for enforcement purposes.

1. Each county and organized city within the state may furnish to its law enforcement, firefighters, and emergency medical personnel the appropriate radio or radio systems personal and vehicular radios that can access the state statewide interoperable radio system network. Each mobile radio that is programmed to access the state statewide interoperable radio system network must be registered with the division of state radio and assigned a unit number. A one time fee of ten dollars for registering and assigning unit numbers must be paid to the director on all newly added radios by the appropriate governmental entity approved by the statewide interoperability executive committee. ~~Agencies with registered radios must validate assigned unit numbers annually.~~ The chief information officer shall establish a process to register and audit users of the statewide interoperable radio network.
2. The information technology department may provide a state cost-share for each radio purchased under this section. The state-cost share for each radio is one thousand five hundred dollars unless the cost of the radio is less than one thousand five hundred dollars in which case the state cost-share is the cost of the radio."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1021 - Information Technology Department - Conference Committee Action

	Base Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
Salaries and wages	\$59,359,772	\$59,559,558	\$21,814,943	\$81,374,501	\$81,374,501	
Operating expenses	69,552,998	89,091,647	16,265,717	105,357,364	103,357,364	\$2,000,000
Capital assets	8,295,000	4,253,117		4,253,117	4,253,117	
Center for Distance Education	9,079,116					
Statewide longitudinal data system	4,310,561	4,383,351	3,794	4,387,145	4,387,145	

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Educational Technology Council	1,121,472					
EduTech	9,752,767	9,620,038	25,735	9,645,773	9,645,773	
K-12 wide area network	4,534,278	5,165,952	2,018	5,167,970	5,167,970	
Geographic information system	1,147,716	1,052,028	1,150,601	2,202,629	2,202,629	
Health information technology office	5,315,509	4,876,840	2,306	4,879,146	4,879,146	
Statewide Interoperability Radio Network	13,700,000	12,330,000		12,330,000	12,330,000	
Total all funds	\$186,169,189	\$190,332,531	\$39,265,114	\$229,597,645	\$227,597,645	\$2,000,000
Less estimated income	165,636,855	167,162,949	33,869,385	201,032,334	199,032,334	2,000,000
General fund	\$20,532,334	\$23,169,582	\$5,395,729	\$28,565,311	\$28,565,311	\$0
FTE	344.30	303.00	99.00	402.00	402.00	0.00

Department 112 - Information Technology Department - Detail of Conference Committee Changes

	Adds Funding for Salary and Benefit Increases ¹	Adds Funding for FTE Cybersecurity Positions ²	Restores Funding for Salaries and Wages ³	Adds Funding for IT Unification ⁴	Adds One-Time Funding for Cybersecurity ⁵	Adds One-Time Funding for a GIS Project ⁶
Salaries and wages	\$1,047,804	\$740,415	\$1,215,501	\$18,811,223		
Operating expenses		130,590		8,835,127	\$7,300,000	
Capital assets						
Center for Distance Education						
Statewide longitudinal data system	3,794					
Educational Technology Council						
EduTech	25,735					
K-12 wide area network	2,018					
Geographic information system	601					\$1,150,000
Health information technology office	2,306					
Statewide Interoperability Radio Network						
Total all funds	\$1,082,258	\$871,005	\$1,215,501	\$27,646,350	\$7,300,000	\$1,150,000
Less estimated income	1,073,035	0	0	27,646,350	4,000,000	1,150,000
General fund	\$9,223	\$871,005	\$1,215,501	\$0	\$3,300,000	\$0
FTE	0.00	3.00	0.00	96.00	0.00	0.00

	Total Conference Committee Changes
Salaries and wages	\$21,814,943
Operating expenses	16,265,717
Capital assets	
Center for Distance Education	
Statewide longitudinal data system	3,794
Educational Technology Council	
EduTech	25,735
K-12 wide area network	2,018
Geographic information system	1,150,601
Health information technology office	2,306
Statewide Interoperability Radio Network	
Total all funds	\$39,265,114
Less estimated income	33,869,385
General fund	\$5,395,729
FTE	99.00

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¹ Funding of \$1,082,258, of which \$9,223 is from the general fund and \$1,073,035 is from other funds, is added for 2019-21 biennium salary increases of 2 percent with a minimum monthly increase of \$120 and a maximum monthly increase of \$200 on July 1, 2019, and 2.5 percent on July 1, 2020. Of the amount added from other funds, \$328,977 of special funds relates to increases in health insurance premiums for FTE included in the information technology unification initiative, the same as the Senate version. The House provided for salary increases of 2 percent each year of the biennium.

² Funding of \$871,005 is added from the general fund for 3 FTE cybersecurity positions, of which \$740,415 is for salaries and wages and \$130,590 is for operating expenses to provide a total of 8 FTE cybersecurity positions, the same as the Senate version. The House approved 5 cybersecurity positions.

³ Funding of \$1,215,501 from the general fund is restored for salaries and wages removed by the House relating to underfunding salaries and wages, the same as approved by the Senate.

⁴ Funding of \$27,646,350 of special funds and 96.00 FTE positions are transferred from the Department of Trust Lands (2 FTE), Department of Human Services (48 FTE), Adjutant General - Department of Emergency Services (4 FTE), Parks and Recreation Department (1 FTE), and Department of Transportation (41 FTE) to the Information Technology Department for the information technology unification initiative. Of the \$27,646,350, \$18,266,327 is for the FTE positions, \$544,896 is for temporary salaries, and \$8,835,127 is for related operating expenses, the same as approved by the Senate. The House did not approve funding for the unification initiative.

⁵ One-time funding of \$7.3 million, of which \$3.3 million is from the general fund and \$4 million is from the strategic investment and improvements fund, is added for cybersecurity operating expenses to provide a total one-time appropriation of \$15.4 million for cybersecurity operating expenses. The Senate provided a one-time appropriation of \$11.4 million from the general fund for cybersecurity operating expenses. The House approved a one-time appropriation of \$8.4 million from the general fund.

⁶ One-time funding of \$1.15 million is added from the strategic investment and improvements fund for a geographic information system statewide land parcel project, the same as the Senate. The House did not provide funding for these projects.

The Conference Committee did not approve a \$2 million one-time appropriation from the strategic investment and improvements fund for a legacy lift project previously approved by the Senate. The House did not provide funding for this project.

This amendment also:

- Adds a section to allow the Office of Management and Budget to transfer funds between line items in Section 1 as requested by the Chief Information Officer, the same as the Senate.
- Adds a section identifying \$5.15 million of one-time funding from the strategic investment and improvements fund for information technology initiatives, of which \$4 million is for cybersecurity operating expenses and \$1.15 million is for a geographic information system statewide land parcel project. The Senate provided total funding of \$3.15 million from the strategic investment and improvements fund.
- Adds a section providing an exemption for the \$43,555,133 of federal and other funds appropriated to the Information Technology Department by the 2017 Legislative Assembly for the development of the health information network and care coordination project, the same as the Senate.
- Adds a section to provide for a Legislative Management study regarding access to lands for hunting, trapping, fishing, and related issues and to provide recommendations regarding a land access database. The Senate also provided for a land access study.
- Adds a section to provide for a Legislative Management study regarding the information technology unification initiative. The study must include a review of changes in fees, services, operations, processes, and systems. The Senate did not provide for this study.
- Adds a section providing legislative intent that the Information Technology Department provide direction to the executive branch agencies in the Governor's Cabinet not included in the information technology unification initiative pilot project regarding information technology strategic planning and operations. It is further the intent of the Legislative Assembly that the 67th Legislative Assembly implement the findings and recommendations resulting from the information technology unification initiative pilot project. The Senate did not include this section.
- Adds a section to require the Information Technology Department to conduct a review of service rates charged to state agencies, including rate structure and agency billing. The Information Technology Department is required to report the results of its review to the Legislative Management by September 1, 2020. The Senate did not include this section.
- Adds a section providing for a Legislative Management study of the consolidation of emergency and interoperable public safety communication system governance and funding options. The Senate did not include this section.

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- Adds a section to amend the membership of the Statewide Interoperability Executive Committee. The Senate did not include this section.
- Adds a section relating to a state cost-share for each radio purchase for the statewide interoperable radio network. The Senate did not include this section.

Date: [Click here to enter a date.](#)
 Roll Call Vote #: "Enter Vote #"

**2019 HOUSE CONFERENCE COMMITTEE
 ROLL CALL VOTES**

BILL/RESOLUTION NO. HB1021 as (re) engrossed

House Appropriations – Government Operations Committee

- Action Taken**
- HOUSE accede to Senate Amendments
 - HOUSE accede to Senate Amendments and further amend
 - SENATE recede from Senate amendments
 - SENATE recede from Senate amendments and amend as follows

 - Unable to agree**, recommends that the committee be discharged and a new committee be appointed

Motion Made by: _____ Seconded by: _____

Representatives						Senators					
	4/19	4/22	4/24	Yes	No		4/19	4/22	4/24	Yes	No
Chairman Beadle	X	X	X			Senator Wanzek	X	X	X		
Representative Kempenich	X	X	X			Senator Poolman	X	X	X		
Representative Mock	X	X	X			Senator Robinson	X	X	X		
Total Rep. Vote						Total Senate Vote					

Vote Count Yes: _____ No: _____ Absent: _____

House Carrier _____ Senate Carrier _____

LC Number _____ of amendment

LC Number _____ of engrossment

Emergency clause added or deleted

Statement of purpose of amendment

**2019 HOUSE CONFERENCE COMMITTEE
 ROLL CALL VOTES**

BILL/RESOLUTION NO. HB1021 as (re) engrossed

House Appropriations – Government Operations Committee

- Action Taken**
- HOUSE accede to Senate Amendments
 - HOUSE accede to Senate Amendments and further amend
 - SENATE recede from Senate amendments
 - SENATE recede from Senate amendments and amend as follows
 - Other

- Unable to agree**, recommends that the committee be discharged and a new committee be appointed

Motion Made by: Representative Kempenich Seconded by: Senator Wanzek

Representatives		4/25	Yes	No	Senators		4/25	Yes	No
Chairman Beadle		X		X	Senator Wanzek		X		
Representative Kempenich		X	X		Senator Poolman		X		
Representative Mock		X		X	Senator Robinson		X		
Total Rep. Vote			1	2	Total Senate Vote			3	

Vote Count Yes: 4 No: 2 Absent: 0

House Carrier _____ Senate Carrier _____

LC Number _____ of amendment

LC Number _____ of engrossment

Emergency clause added or deleted

Statement of purpose of amendment

A motion for full unification across cabinet agencies.

Motion Failed.

**2019 HOUSE CONFERENCE COMMITTEE
ROLL CALL VOTES**

BILL/RESOLUTION NO. HB1021 as (re) engrossed

House Appropriations – Government Operations Committee

- Action Taken**
- HOUSE accede to Senate Amendments
 - HOUSE accede to Senate Amendments and further amend
 - SENATE recede from Senate amendments
 - SENATE recede from Senate amendments and amend as follows
_____ Other

- Unable to agree**, recommends that the committee be discharged and a new committee be appointed

Motion Made by: Senator Poolman Seconded by: Senator Mock

Representatives				Senators			
	4/25	Yes	No		4/25	Yes	No
Chairman Beadle	X	x		Senator Wanzek	X	X	
Representative Kempenich	X	X		Senator Poolman	X	X	
Representative Mock	X	X		Senator Robinson	X	X	
Total Rep. Vote		3		Total Senate Vote		3	

Vote Count Yes: 6 No: 0 Absent: 0

House Carrier Representative Mock Senate Carrier Senator Poolman

LC Number _____ of amendment

LC Number _____ of engrossment

Emergency clause added or deleted

Statement of purpose of amendment

A motion to accept the changes to the bill

Motion Carried

REPORT OF CONFERENCE COMMITTEE

HB 1021, as engrossed: Your conference committee (Sens. Wanzek, Poolman, Robinson and Reps. Beadle, Kempenich, Mock) recommends that the **SENATE RECEDE** from the Senate amendments as printed on HJ pages 1867-1870, adopt amendments as follows, and place HB 1021 on the Seventh order:

That the Senate recede from its amendments as printed on pages 1867-1870 of the House Journal and pages 1524-1527 of the Senate Journal and that Engrossed House Bill No. 1021 be amended as follows:

Page 1, line 2, replace "and" with "to amend and reenact sections 37-17.3-02.2 and 37-17.3-03 of the North Dakota Century Code, relating to the membership of the statewide interoperability executive committee and a state cost-share for radios purchased for the statewide interoperable radio network; to provide a legislative intent statement;"

Page 1, line 2, after "provide" insert "for"

Page 1, line 2, after "report" insert "to the legislative management; to provide for a transfer; to provide an exemption; and to provide for a legislative management study"

Page 1, remove lines 12 through 24

Page 2, replace lines 1 and 2 with:

"Salaries and wages	\$59,359,772	\$22,014,729	\$81,374,501
Operating expenses	69,552,998	35,804,366	105,357,364
Capital assets	8,295,000	(4,041,883)	4,253,117
Center for distance education	9,079,116	(9,079,116)	0
Statewide longitudinal data system	4,310,561	76,584	4,387,145
Educational technology council	1,121,472	(1,121,472)	0
Edutech	9,752,767	(106,994)	9,645,773
K-12 wide area network	4,534,278	633,692	5,167,970
Geographic information system	1,147,716	1,054,913	2,202,629
Health information technology office	5,315,509	(436,363)	4,879,146
Statewide interoperable radio network	<u>13,700,000</u>	<u>(1,370,000)</u>	<u>12,330,000</u>
Total all funds	\$186,169,189	\$43,428,456	\$229,597,645
Less estimated income	<u>165,636,855</u>	<u>35,395,479</u>	<u>201,032,334</u>
Total general fund	\$20,532,334	\$8,032,977	\$28,565,311
Full-time equivalent positions	344.30	57.70	402.00"

Page 2, replace lines 8 through 14 with:

"Electronic payment processing system	\$375,000	\$0
Health information network expansion	43,555,133	0
Statewide interoperable network loan	15,000,000	0
Cybersecurity	0	15,400,000
Statewide land parcel project	0	<u>1,150,000</u>
Total all funds	\$58,930,133	\$16,550,000
Less estimated income	<u>58,930,133</u>	<u>5,150,000</u>
Total general fund	\$0	\$11,400,000"

Page 2, after line 18, insert:

"SECTION 3. EXCEPTION - LINE ITEM TRANSFERS. Notwithstanding section 54-16-04, the director of the office of management and budget shall make transfers of funds between line items in section 1 of this Act for the information technology department as may be requested by the chief information officer as determined necessary for the development and implementation of information

Insert LC: 19.0209.03003
House Carrier: Beadle
Senate Carrier: Wanzek

technology projects. The department shall notify the legislative council of any transfers made pursuant to this section.

SECTION 4. ESTIMATED INCOME - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND - INFORMATION TECHNOLOGY INITIATIVES. The estimated income line item in section 1 of this Act includes the sum of \$5,150,000 from the strategic investment and improvements fund for information technology initiatives, of which \$4,000,000 is for cybersecurity operating expenses and \$1,150,000 is for a geographic information system statewide land parcel project.

SECTION 5. EXEMPTION. The sum of \$43,555,133 of federal and other funds appropriated to the information technology department for the development of the health information network and care coordination project in chapter 46 of the 2017 Session Laws is not subject to the provisions of section 54-44.1-11. Any unexpended funds from this appropriation are available for the completion of the health information network and care coordination project during the biennium beginning July 1, 2019, and ending June 30, 2021.

SECTION 6. LEGISLATIVE MANAGEMENT STUDY - ACCESS TO LANDS.

1. During the 2019-20 interim, the legislative management shall study access to public and private lands for hunting, trapping, fishing, and related issues, including trespass violations and penalties, and provide recommendations regarding a land access database with the capability of electronic posting. At the direction of the legislative management, before August 1, 2020, the information technology department and game and fish department shall establish a trial electronic posting and hunter access information system in up to three counties. The information technology department and game and fish department may contract with a third party to assist with the electronic posting and hunter access information system development and operation. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-seventh legislative assembly.
2. The legislative management shall appoint a committee for this study as follows:
 - a. The voting members of the committee, who must be appointed by the legislative management, are:
 - (1) Two members representing agriculture landowners;
 - (2) Two members representing sportsmen organizations; and
 - (3) Five members of the legislative assembly, including:
 - (a) One member of the majority party in the house of representatives;
 - (b) One member of the minority party in the house of representatives;
 - (c) One member of the majority party in the senate;
 - (d) One member of the minority party in the senate; and

Insert LC: 19.0209.03003
House Carrier: Beadle
Senate Carrier: Wanzek

- (e) One member from either party in either chamber to serve as the committee chairman.
 - b. The nonvoting members of the committee are:
 - (1) A representative of the North Dakota association of counties;
 - (2) The agriculture commissioner or the commissioner's designee;
 - (3) The director of the game and fish department or the director's designee;
 - (4) The chief information officer or the officer's designee; and
 - (5) A representative of the North Dakota state's attorneys' association.
3. A member of the committee who is not a state employee is entitled to reimbursement for mileage and expenses as provided by law for state officers and employees, to be paid by the legislative council. A state employee who is a member of the committee is entitled to receive that employee's regular salary and is entitled to reimbursement for mileage and expenses to be paid by the employing agency. A member of the committee who is a member of the legislative assembly is entitled to receive per diem compensation at the rate provided under section 54-35-10 for each day performing official duties of the committee. The legislative council shall pay the per diem compensation and reimbursement for travel and expenses as provided by law for any member of the committee who is a member of the legislative assembly.

SECTION 7. LEGISLATIVE MANAGEMENT STUDY - INFORMATION TECHNOLOGY UNIFICATION INITIATIVE. During the 2019-20 interim, the legislative management shall study the information technology department's transition to the run-grow-transform model and the information technology unification initiative. The study must include a review of changes in fees, services, operations, processes, and systems. The legislative management shall reports its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-seventh legislative assembly.

SECTION 8. LEGISLATIVE INTENT - INFORMATION TECHNOLOGY UNIFICATION INITIATIVE - REPORT TO SIXTY-SEVENTH LEGISLATIVE ASSEMBLY. It is the intent of the sixty-sixth legislative assembly that the information technology department provide direction to the executive branch agencies in the governor's cabinet not included in the information technology unification initiative pilot project regarding information technology strategic planning and operations. It is further the intent of the sixty-sixth legislative assembly that the sixty-seventh legislative assembly implement the findings and recommendations resulting from the information technology unification initiative pilot project.

SECTION 9. INFORMATION TECHNOLOGY DEPARTMENT REVIEW - REPORT TO LEGISLATIVE MANAGEMENT. During the 2019-20 interim, the information technology department shall conduct a review of service rates charged to state agencies, including rate structure and agency billing. The information technology department shall report the results of its review to the legislative management by September 1, 2020.

SECTION 10. LEGISLATIVE MANAGEMENT STUDY - STATEWIDE INTEROPERABLE RADIO NETWORK. During the 2019-20 interim, the legislative management shall study consolidated emergency and interoperable public safety

Insert LC: 19.0209.03003
House Carrier: Beadle
Senate Carrier: Wanzek

communications system governance and funding options. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-seventh legislative assembly.

SECTION 11. AMENDMENT. Section 37-17.3-02.2 of the North Dakota Century Code is amended and reenacted as follows:

37-17.3-02.2. North Dakota statewide interoperability executive committee. (Effective through July 31, 2023)

1. The statewide interoperability executive committee consists of:
 - a. The director of state radio or a designee;
 - b. The director of the division of homeland security or a designee;
 - c. The superintendent of the highway patrol or a designee;
 - d. The adjutant general or a designee;
 - e. The director of the department of transportation or a designee;
 - f. A representative of the North Dakota sheriff's and deputies association;
 - g. A representative of the North Dakota emergency managers association;
 - h. A representative of the North Dakota fire chiefs association;
 - i. A representative of the North Dakota emergency medical services association;
 - j. A representative of the North Dakota police chiefs association;
 - k. A representative of the North Dakota peace officers association;
 - l. A representative of the North Dakota 911 association;
 - m. A representative of the North Dakota association of counties;
 - n. A representative of the North Dakota league of cities;
 - o. The North Dakota chief information officer or a designee;
 - ~~n.p.~~ The North Dakota Indian affairs commission executive director or a designee; ~~and~~
 - ~~o.q.~~ One member of the North Dakota house of representatives and one member of the North Dakota senate appointed by the legislative management;
 - r. The director of the game and fish department or a designee; and
 - s. The state health officer or a designee.

Insert LC: 19.0209.03003
House Carrier: Beadle
Senate Carrier: Wanzek

2. The committee shall elect a chairman and vice chairman for terms of two years upon its initial meeting. ~~The adjutant general shall call and convene the initial meeting.~~
3. The committee shall prepare recommendations regarding a statewide ~~integrated interoperable radio system network~~ with due consideration for all stakeholders reliant upon the statewide interoperable radio communication system network.
4. The committee may adopt rules governing the connection or integration of public safety answering points to the statewide interoperable radio network.

North Dakota statewide interoperability executive committee. (Effective after July 31, 2023)

1. The statewide interoperability executive committee consists of:
 - a. The director of state radio or a designee;
 - b. The director of the division of homeland security or a designee;
 - c. The superintendent of the highway patrol or a designee;
 - d. The adjutant general or a designee;
 - e. The director of the department of transportation or a designee;
 - f. A representative of the North Dakota sheriff's and deputies association;
 - g. A representative of the North Dakota emergency managers association;
 - h. A representative of the North Dakota fire chiefs association;
 - i. A representative of the North Dakota emergency medical services association;
 - j. A representative of the North Dakota police chiefs association;
 - k. A representative of the North Dakota peace officers association;
 - l. A representative of the North Dakota 911 association; ~~and~~
 - m. A representative of the North Dakota association of counties;
 - n. A representative of the North Dakota league of cities;
 - o. The North Dakota chief information officer or a designee;
 - p. The executive director of the North Dakota Indian affairs commission or a designee;
 - q. One member of the North Dakota house of representatives and one member of the North Dakota senate appointed by the legislative management;
 - r. The director of the game and fish department or a designee; and

- s. The state health officer or a designee.
- 2. The committee shall elect a chairman and vice chairman for terms of two years upon its initial meeting. ~~The adjutant general shall call and convene the initial meeting.~~
- 3. The committee shall prepare recommendations regarding a statewide ~~integrated interoperable radio system network~~ with due consideration for all stakeholders reliant upon the statewide interoperable radio communication system network.
- 4. The committee may adopt rules governing the connection or integration of public safety answering points to the statewide interoperable radio network.

SECTION 12. AMENDMENT. Section 37-17.3-03 of the North Dakota Century Code is amended and reenacted as follows:

37-17.3-03. Political subdivisions may furnish receiving and transmitting sets for enforcement purposes.

- 1. Each county and organized city within the state may furnish to its law enforcement, firefighters, and emergency medical personnel the appropriate radio or radio systems personal and vehicular radios that can access the state statewide interoperable radio system network. Each ~~mobile radio that is programmed to access the state statewide interoperable radio system network~~ must be registered with the division of state radio and assigned a unit number. A one-time fee of ten dollars for registering and assigning unit numbers must be paid to the director on all ~~newly added radios by the appropriate governmental entity approved by the statewide interoperability executive committee. Agencies with registered radios must validate assigned unit numbers annually.~~ The chief information officer shall establish a process to register and audit users of the statewide interoperable radio network.
- 2. The information technology department may provide a state cost-share for each radio purchased under this section. The state-cost share for each radio is one thousand five hundred dollars unless the cost of the radio is less than one thousand five hundred dollars in which case the state cost-share is the cost of the radio."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1021 - Information Technology Department - Conference Committee Action

	Base Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
Salaries and wages	\$59,359,772	\$59,559,558	\$21,814,943	\$81,374,501	\$81,374,501	
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Capital assets	8,295,000	4,253,117		4,253,117	4,253,117	
Center for Distance Education	9,079,116					
Statewide longitudinal data system	4,310,561	4,383,351	3,794	4,387,145	4,387,145	
Educational Technology Council	1,121,472					
EduTech	9,752,767	9,620,038	25,735	9,645,773	9,645,773	
K-12 wide area network	4,534,278	5,165,952	2,018	5,167,970	5,167,970	
Geographic information system	1,147,716	1,052,028	1,150,601	2,202,629	2,202,629	

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 House Carrier: Beadle
 Senate Carrier: Wanzek

Health information technology office	5,315,509	4,876,840	2,306	4,879,146	4,879,146	
Statewide Interoperability Radio Network	13,700,000	12,330,000		12,330,000	12,330,000	
Total all funds	\$186,169,189	\$190,332,531	\$39,265,114	\$229,597,645	\$227,597,645	\$2,000,000
Less estimated income	165,636,855	167,162,949	33,869,385	201,032,334	199,032,334	2,000,000
General fund	\$20,532,334	\$23,169,582	\$5,395,729	\$28,565,311	\$28,565,311	\$0
FTE	344.30	303.00	99.00	402.00	402.00	0.00

Department 112 - Information Technology Department - Detail of Conference Committee Changes

	Adds Funding for Salary and Benefit Increases ¹	Adds Funding for FTE Cybersecurity Positions ²	Restores Funding for Salaries and Wages ³	Adds Funding for IT Unification ⁴	Adds One-Time Funding for Cybersecurity ⁵	Adds One-Time Funding for a GIS Project ⁶
Salaries and wages	\$1,047,804	\$740,415	\$1,215,501	\$18,811,223		
Operating expenses		130,590		8,835,127	\$7,300,000	
Capital assets						
Center for Distance Education						
Statewide longitudinal data system	3,794					
Educational Technology Council						
EduTech	25,735					
K-12 wide area network	2,018					
Geographic information system	601					\$1,150,000
Health information technology office	2,306					
Statewide Interoperability Radio Network						
Total all funds	\$1,082,258	\$871,005	\$1,215,501	\$27,646,350	\$7,300,000	\$1,150,000
Less estimated income	1,073,035	0	0	27,646,350	4,000,000	1,150,000
General fund	\$9,223	\$871,005	\$1,215,501	\$0	\$3,300,000	\$0
FTE	0.00	3.00	0.00	96.00	0.00	0.00

Total Conference Committee Changes	
Salaries and wages	\$21,814,943
Operating expenses	16,265,717
Capital assets	
Center for Distance Education	
Statewide longitudinal data system	3,794
Educational Technology Council	
EduTech	25,735
K-12 wide area network	2,018
Geographic information system	1,150,601
Health information technology office	2,306
Statewide Interoperability Radio Network	
Total all funds	\$39,265,114
Less estimated income	33,869,385
General fund	\$5,395,729
FTE	99.00

¹ Funding of \$1,082,258, of which \$9,223 is from the general fund and \$1,073,035 is from other funds, is added for 2019-21 biennium salary increases of 2 percent with a minimum monthly increase of \$120 and a maximum monthly increase of \$200 on July 1, 2019, and 2.5 percent on July 1, 2020. Of the amount added from other funds, \$328,977 of special funds relates to increases in health insurance premiums for FTE included in the information technology unification initiative, the same as the Senate version. The House provided for salary increases of 2 percent each year of the biennium.

² Funding of \$871,005 is added from the general fund for 3 FTE cybersecurity positions, of which \$740,415 is for salaries and wages and \$130,590 is for operating expenses to provide a total of 8 FTE cybersecurity positions, the same as the Senate version. The House

approved 5 cybersecurity positions.

³ Funding of \$1,215,501 from the general fund is restored for salaries and wages removed by the House relating to underfunding salaries and wages, the same as approved by the Senate.

⁴ Funding of \$27,646,350 of special funds and 96.00 FTE positions are transferred from the Department of Trust Lands (2 FTE), Department of Human Services (48 FTE), Adjutant General - Department of Emergency Services (4 FTE), Parks and Recreation Department (1 FTE), and Department of Transportation (41 FTE) to the Information Technology Department for the information technology unification initiative. Of the \$27,646,350, \$18,266,327 is for the FTE positions, \$544,896 is for temporary salaries, and \$8,835,127 is for related operating expenses, the same as approved by the Senate. The House did not approve funding for the unification initiative.

⁵ One-time funding of \$7.3 million, of which \$3.3 million is from the general fund and \$4 million is from the strategic investment and improvements fund, is added for cybersecurity operating expenses to provide a total one-time appropriation of \$15.4 million for cybersecurity operating expenses. The Senate provided a one-time appropriation of \$11.4 million from the general fund for cybersecurity operating expenses. The House approved a one-time appropriation of \$8.4 million from the general fund.

⁶ One-time funding of \$1.15 million is added from the strategic investment and improvements fund for a geographic information system statewide land parcel project, the same as the Senate. The House did not provide funding for these projects.

The Conference Committee did not approve a \$2 million one-time appropriation from the strategic investment and improvements fund for a legacy lift project previously approved by the Senate. The House did not provide funding for this project.

This amendment also:

- Adds a section to allow the Office of Management and Budget to transfer funds between line items in Section 1 as requested by the Chief Information Officer, the same as the Senate.
- Adds a section identifying \$5.15 million of one-time funding from the strategic investment and improvements fund for information technology initiatives, of which \$4 million is for cybersecurity operating expenses and \$1.15 million is for a geographic information system statewide land parcel project. The Senate provided total funding of \$3.15 million from the strategic investment and improvements fund.
- Adds a section providing an exemption for the \$43,555,133 of federal and other funds appropriated to the Information Technology Department by the 2017 Legislative Assembly for the development of the health information network and care coordination project, the same as the Senate.
- Adds a section to provide for a Legislative Management study regarding access to lands for hunting, trapping, fishing, and related issues and to provide recommendations regarding a land access database. The Senate also provided for a land access study.
- Adds a section to provide for a Legislative Management study regarding the information technology unification initiative. The study must include a review of changes in fees, services, operations, processes, and systems. The Senate did not provide for this study.
- Adds a section providing legislative intent that the Information Technology Department provide direction to the executive branch agencies in the Governor's Cabinet not included in the information technology unification initiative pilot project regarding information technology strategic planning and operations. It is further the

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Senate Carrier: Wanzek

- intent of the Legislative Assembly that the 67th Legislative Assembly implement the findings and recommendations resulting from the information technology unification initiative pilot project. The Senate did not include this section.
- Adds a section to require the Information Technology Department to conduct a review of service rates charged to state agencies, including rate structure and agency billing. The Information Technology Department is required to report the results of its review to the Legislative Management by September 1, 2020. The Senate did not include this section.
 - Adds a section providing for a Legislative Management study of the consolidation of emergency and interoperable public safety communication system governance and funding options. The Senate did not include this section.
 - Adds a section to amend the membership of the Statewide Interoperability Executive Committee. The Senate did not include this section.
 - Adds a section relating to a state cost-share for each radio purchase for the statewide interoperable radio network. The Senate did not include this section.

Engrossed HB 1021 was placed on the Seventh order of business on the calendar.

2019 TESTIMONY

HB 1021

**Department 112 - Information Technology Department
House Bill No. 1021**

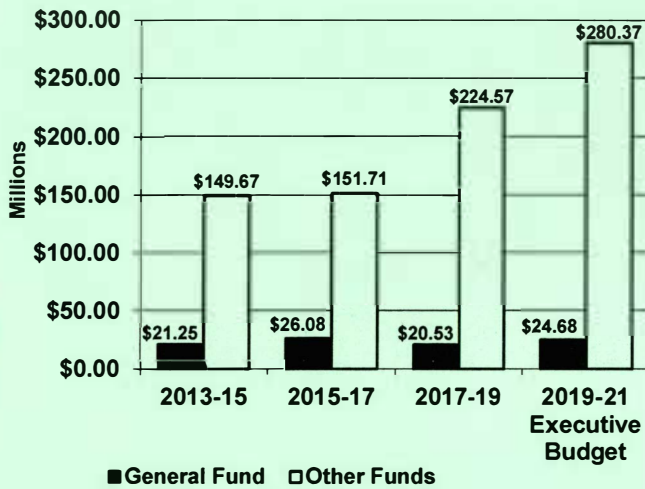
Executive Budget Comparison to Prior Biennium Appropriations

	FTE Positions	General Fund	Other Funds	Total
2019-21 Executive Budget	459.50	\$24,682,752	\$280,374,307	\$305,057,059
2017-19 Legislative Appropriations	344.30	20,532,334	224,566,988	245,099,322
Increase (Decrease)	115.20	\$4,150,418	\$55,807,319	\$59,957,737

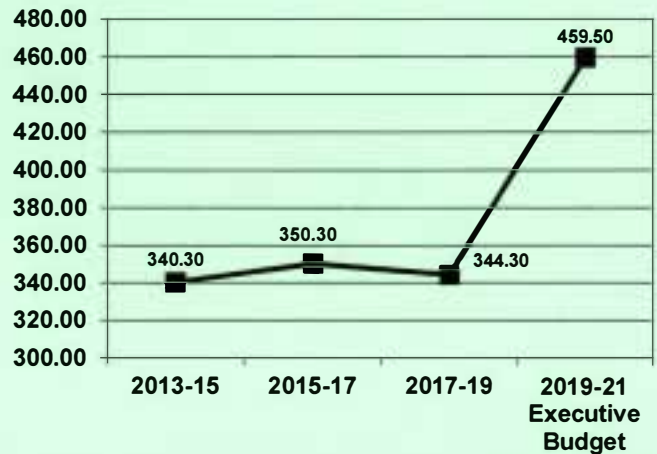
Ongoing and One-Time General Fund Appropriations

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2019-21 Executive Budget	\$24,682,752	\$0	\$24,682,752
2017-19 Legislative Appropriations	20,532,334	0	20,532,334
Increase (Decrease)	\$4,150,418	\$0	\$4,150,418

Agency Funding



FTE Positions



Executive Budget Comparison to Base Level

	General Fund	Other Funds	Total
2019-21 Executive Budget	\$24,682,752	\$280,374,307	\$305,057,059
2019-21 Base Level	20,532,334	165,636,855	186,169,189
Increase (Decrease)	\$4,150,418	\$114,737,452	\$118,887,870

Attached as an appendix is a detailed comparison of the executive budget to the agency's base level appropriations.

Executive Budget Highlights

	General Fund	Other Funds	Total
1. Provides funding for state employee salary and benefit increases, of which \$4,364,556 is for salary increases, \$1,787,476 is for health insurance increases, and \$540,914 is for retirement contribution increases	\$722,275	\$5,970,671	\$6,692,946
2. Removes 17 FTE positions, including temporary salaries of \$470,725	(\$503,856)	(\$2,912,445)	(\$3,416,301)
3. Adds 17 FTE cybersecurity positions, including related operating expenses of \$740,000	\$4,935,690	\$0	\$4,935,690
4. Transfers 145.5 FTE positions from 14 agencies for the information technology unification initiative	(\$6)	\$27,991,402	\$27,991,396
5. Adds funding for the information technology unification initiative, including temporary salaries (\$544,896) and operating expenses (\$15,920,000)	\$0	\$16,464,896	\$16,464,896

6. Adds funding for Microsoft Office 365 license operating expenses	\$0	\$4,209,893	\$4,209,893
7. Adds funding for information technology service management (\$2,000,000) an application as a service platform (\$1,325,000), and automation and orchestration platforms (\$900,000)	\$0	\$4,225,000	\$4,225,000
8. Reduces funding for capital assets	\$0	(\$4,041,883)	(\$4,041,883)
9. Transfers the Center for Distance Education to the Department of Career and Technical Education (CTE), including 29.80 FTE positions, salaries and benefits (\$4,969,288), temporary salaries (\$728,325), and operating expenses (\$2,473,590)	(\$5,697,613)	(\$2,473,590)	(\$8,171,203)
10. Transfers the Educational Technology Council to CTE, including a 0.50 FTE administrative assistant position, salaries and benefits (\$76,556), operating expenses (\$188,566), and capital assets (\$500,000)	(\$180,122)	(\$585,000)	(\$765,122)
11. Adjusts funding for PowerSchool to provide total funding of \$5,690,138, of which \$4,950,000 is transferred from the Department of Public Instruction from the general fund and \$740,138 from the PowerSchool fund	\$4,950,000	(\$4,730,482)	\$219,518
12. Adjusts funding for the K-12 wide area network to provide total funding of \$5,184,453, of which \$5,094,453 is from the general fund and \$90,000 is from the department's service fund	\$600,000	(\$10,000)	\$590,000
13. Adds one-time funding for the statewide interoperable radio network (SIRN) project to provide total funding of \$56,330,000, of which \$40 million is from the strategic investment and improvements fund and \$16.33 million is from the SIRN fund	\$0	\$44,000,000	\$44,000,000
14. Adds one-time funding from the strategic investment and improvements fund for a unified data platform project	\$0	\$1,000,000	\$1,000,000
15. Adds one-time funding from the strategic investment and improvements fund for a North Dakota gateway portal project	\$0	\$6,000,000	\$6,000,000
16. Adds one-time funding from the strategic investment and improvements fund for a legacy lift project	\$0	\$2,000,000	\$2,000,000
17. Adds one-time funding from the strategic investment and improvements fund for cybersecurity operating expenses	\$0	\$11,400,000	\$11,400,000
18. Adds one-time funding from the strategic investment and improvements fund for a customer relationship management project	\$0	\$4,500,000	\$4,500,000
19. Adds one-time funding from the strategic investment and improvements fund for a geographic information system statewide land parcel project	\$0	\$1,150,000	\$1,150,000

**Other Sections Recommended to be Added in the Executive Budget
(As Detailed in the Attached Appendix)**

Line item transfers - Section 3 would allow the Director of the Office of Management and Budget to transfer funds between line items in Section 1 as requested by the Chief Information Officer of the Information Technology Department (ITD) for the development and implementation of technology projects.

Additional income - Section 4 would appropriate all federal and other funds received by ITD in excess of those funds appropriated in Section 1 are appropriated for the 2019-21 biennium.

Educational Technology Council - Section 5 would repeal North Dakota Century Code Sections 54-59-17 and 54-59-18 related to meetings, compensation, powers, and duties of the Educational Technology Council.

Continuing Appropriations

There are no continuing appropriations for this agency.

Significant Audit Findings

There are no significant audit findings for this agency.

Major Related Legislation

House Bill No. 1048 - Requires the department to research, develop, and implement the use of distributed ledger-enabled platform technologies used by state agencies to protect against falsification, improve internal data security, and identify external hacking threats. The Chief Information Officer must report to the Legislative Management regarding the implementation of distributed ledger technologies before June 1st of each even-numbered year.

House Bill No. 1080 - Amends Section 54-59-20 to require any employees of contractors and subcontractors performing work for ITD be subject to a criminal history record check.

Senate Bill No. 2084 - Exempts the State Auditor from using ITD for database and hosting services.

Senate Bill No. 2086 - Exempts the State Auditor from using ITD for desktop support.

Senate Bill No. 2101 - Amends Section 15.1-07-33 to remove references to PowerSchool to provide ITD flexibility in selecting a state student information system.

Senate Bill No. 2110 - Amends Sections 54-59-01 and 54-59-05 to require ITD to advise, oversee, and regulate cybersecurity strategy for all state agencies, including institutions under the control of the State Board of Higher Education, counties, cities, and school districts.

Information Technology Department - Budget No. 112
House Bill No. 1021
Base Level Funding Changes

	Executive Budget Recommendation			
	FTE Position	General Fund	Other Funds	Total
2019-21 Biennium Base Level	344.30	\$20,532,334	\$165,636,855	\$186,169,189
2019-21 Ongoing Funding Changes				
Salary increase		\$471,005	\$3,893,551	\$4,364,556
Health insurance increase		192,897	1,594,579	1,787,476
Retirement contribution increase		58,373	482,541	540,914
Removes 17 FTE positions	(17.00)	(503,856)	(2,912,445)	(3,416,301)
Adds 17 FTE cybersecurity positions	17.00	4,935,690		4,935,690
Transfers 145.5 FTE positions for the IT unification initiative	145.50	(6)	27,991,402	27,991,396
Adds funding for the IT unification initiative			16,464,896	16,464,896
Adds funding for operating expenses		(97,594)	2,883,700	2,786,106
Adds funding for Microsoft Office 365 license operating expenses			4,209,893	4,209,893
Adds funding for IT service management			2,000,000	2,000,000
Adds funding for an application as a service platform			1,325,000	1,325,000
Adds funding for automation and orchestration platforms			900,000	900,000
Reduces funding for capital assets			(4,041,883)	(4,041,883)
Reduces funding for the Centers of Distance Education		(174,048)	(305,000)	(479,048)
Transfers the Center of Distance Education to CTE	(29.80)	(5,697,613)	(2,473,590)	(8,171,203)
Reduces funding for the statewide longitudinal data system		(1,056)		(1,056)
Reduces funding for the Educational Technology Council			(10,000)	(10,000)
Transfers the Educational Technology Council to CTE	(0.50)	(180,122)	(585,000)	(765,122)
Adjusts funding for PowerSchool		4,950,000	(4,730,482)	219,518
Reduces funding for EduTech		(295,980)	(138,159)	(434,139)
Adjusts funding for the K-12 wide area network		600,000	(10,000)	590,000
Reduces funding for the geographic information system (GIS)		(107,272)		(107,272)
Reduces funding for the Health Information Technology Office			(481,551)	(481,551)
Reduces funding for SIRN			(1,370,000)	(1,370,000)
Total ongoing funding changes	115.20	\$4,150,418	\$44,687,452	\$48,837,870
One-time funding items				
Adds funding for SIRN			\$44,000,000	\$44,000,000
Adds funding for a unified data platform project			1,000,000	1,000,000
Adds funding for a ND gateway portal project			6,000,000	6,000,000
Adds funding for a legacy lift project			2,000,000	2,000,000
Adds funding for cybersecurity operating expenses			11,400,000	11,400,000
Adds funding for a customer relationship management project			4,500,000	4,500,000
Adds funding for a GIS statewide land parcel project			1,150,000	1,150,000
Total one-time funding changes	0.00	\$0	\$70,050,000	\$70,050,000
Total Changes to Base Level Funding	115.20	\$4,150,418	\$114,737,452	\$118,887,870
2019-21 Total Funding	459.50	\$24,682,752	\$280,374,307	\$305,057,059

Other Sections for Information Technology Department - Budget No. 112

	Executive Budget Recommendation
Line item transfers	Section 3 would allow the Director of the Office of Management and Budget to transfer funds between line items in Section 1 as requested by the Chief Information Officer of ITD for the development and implementation of technology projects.
Additional income	Section 4 would appropriate all federal or other funds received by ITD in excess of those funds appropriated in Section 1 for the 2019-21 biennium.

Other Sections for Information Technology Department - Budget No. 112

Educational Technology Council

Executive Budget Recommendation

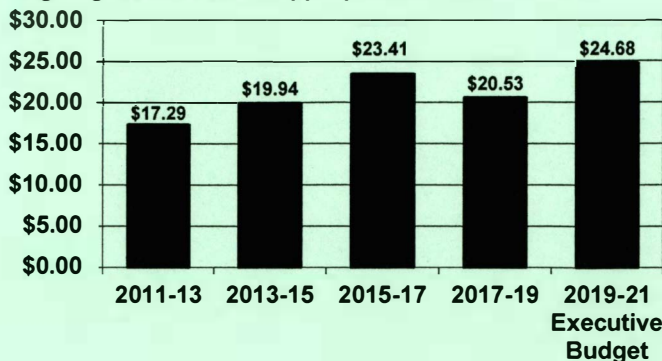
Section 5 would repeal North Dakota Century Code Sections 54-59-17 and 54-59-18 related to meetings, compensation, powers, and duties of the Educational Technology Council.

Department 112 - Information Technology Department

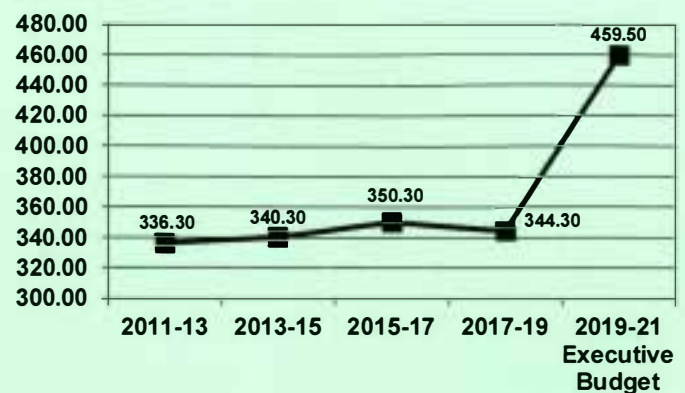
Historical Appropriations Information

Ongoing General Fund Appropriations Since 2011-13

Ongoing General Fund Appropriations (in Millions)



FTE Positions



Ongoing General Fund Appropriations					
	2011-13	2013-15	2015-17	2017-19	2019-21 Executive Budget
Ongoing general fund appropriations	\$17,294,580	\$19,939,428	\$23,406,055	\$20,532,334	\$24,682,752
Increase (decrease) from previous biennium	N/A	\$2,644,848	\$3,466,627	(\$2,873,721)	\$4,150,418
Percentage increase (decrease) from previous biennium	N/A	15.3%	17.4%	(12.3%)	20.2%
Cumulative percentage increase (decrease) from 2011-13 biennium	N/A	15.3%	35.3%	18.7%	42.7%

Major Increases (Decreases) in Ongoing General Fund Appropriations

2013-15 Biennium

1. Provided additional funding for ongoing operations of the Geographic Information System Initiative \$125,000
2. Provided additional funding for ongoing operations of the Criminal Justice Information Sharing Initiative projects \$215,000
3. Adjusted funding for the Center for Distance Education \$1,358,386

2015-17 Biennium

1. Removed the criminal justice information sharing system, including the transfer of 3 FTE positions to the Attorney General (\$2,258,373)
2. Added funding for costs-to-continue operations of the K-12 network (\$600,000) and for distance education college and career readiness (\$250,000) \$850,000
3. Added funding for the statewide longitudinal data system for ongoing operations and 1 FTE programmer analyst position \$3,500,000
4. Added funding for the Center for Distance Education for K-12 education, including 4 FTE teacher positions \$1,388,090
5. Added funding to implement multifactor authentication, including funding for 4 FTE information system security analyst positions \$537,001

2017-19 Biennium

1. Removed \$300,000 from the general fund for the EduTech Director position (\$300,000)
2. Adjusted the funding source from the general fund to the health information exchange fund for the Health Information Technology Director position (\$361,389)
3. Reduced funding for operating expenses, primarily related to contractor costs (\$1,275,949)
4. Added funding for the Center for Distance Education to provide a total appropriation of \$9,079,116 \$300,000
5. Reduced funding for Educational Technology Council grants, to provide total funding of \$1,121,472 for the Educational Technology Council, of which \$85,000 is for grants (\$545,000)

6. Reduced funding for the K-12 wide area network information technology contract costs, to provide total funding of \$4,534,278 for the K-12 wide area network, of which \$2,688,785 is for the information technology contract costs (\$490,345)

2019-21 Biennium (Executive Budget Recommendation)

1. Adds 17 FTE cybersecurity positions, including related operating expenses of \$740,000 \$4,935,690
2. Transfers the Center for Distance Education to CTE, including 29.80 FTE positions, of which \$5,697,613 is for salaries and benefits from the general fund and \$2,473,590 is for operating expenses from the independent study operating fund (\$5,697,613)
3. Transfers the Educational Technology Council to CTE, including a 0.50 FTE administrative assistant position (\$180,122)
4. Adjusts funding for PowerSchool to provide total funding of \$5,690,138, of which \$4,950,000 is transferred from the Department of Public Instruction from the general fund and \$740,138 is from the PowerSchool fund \$4,950,000
5. Adjusts funding for the K-12 wide area network to provide total funding of \$5,184,453, of which \$5,094,453 is from the general fund and \$90,000 is from the department's service fund \$600,000

**GOVERNOR'S RECOMMENDATION FOR THE
INFORMATION TECHNOLOGY DEPARTMENT
AS SUBMITTED BY THE
OFFICE OF MANAGEMENT AND BUDGET**

SECTION 1. APPROPRIATION. The funds provided in this section, or so much of the funds as may be necessary, are appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, and from special funds derived from federal funds and other income, to the information technology department for the purpose of defraying the expenses of that agency, for the biennium beginning July 1, 2019, and ending June 30, 2021, as follows:

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and wages	\$59,359,772	\$36,122,188	\$95,481,960
Operating expenses	73,552,998	66,960,999	140,513,997
Capital assets	17,995,000	24,408,117	42,403,117
Center for distance education	9,079,116	(9,079,116)	0
Statewide longitudinal data system	4,310,561	105,984	4,416,545
Educational technology council	1,121,472	(754,133)	367,339
EduTech	9,752,767	(167,203)	9,585,564
K-12 wide area network	4,534,278	650,175	5,184,453
Geographic information system	1,147,716	1,059,953	2,207,669
Health information technology office	5,315,509	(419,094)	4,896,415
Total all funds	\$186,169,189	\$118,887,870	\$305,057,059
Less estimated income	<u>165,636,855</u>	<u>114,737,452</u>	<u>280,374,307</u>
Total general fund	\$20,532,334	\$4,150,418	\$24,682,752
Full-time equivalent positions	344.3	115.20	459.50

SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO SIXTY-SEVENTH LEGISLATIVE ASSEMBLY. The following amounts reflect the one-time funding items approved by the sixty-fifth legislative assembly for the 2017-19 biennium and the 2019-21 one-time funding items included in the appropriation in section 1 of this Act:

<u>One-Time Funding Description</u>	<u>2017-19</u>	<u>2019-21</u>
Electronic payment processing system	\$375,000	0
Health information network expansion	43,555,133	0
GIS-Statewide Land Parcel	0	1,150,000
Statewide Interoperable Radio Network	0	44,000,000
Unified Data Platform	0	1,000,000
ND Gateway	0	6,000,000
Legacy Lift	0	2,000,000
Total all funds	\$43,930,133	\$54,150,000
Less estimated income	<u>43,930,133</u>	<u>54,150,000</u>
Total general fund	\$0	\$0

The 2019-21 one-time funding amounts are not a part of the entity's base budget for the 2019-21 biennium. The information technology department shall report to the appropriations committees of the sixty-seventh legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2019 and ending June 30, 2021.

SECTION 3. TRANSFERS. Notwithstanding section 54-16-04, the director of the office of management and budget shall make transfers of funds between line items in section 1 of this Act for the information technology department as may be requested by the chief information officer as determined necessary for the development and implementation of information technology projects.

SECTION 4. APPROPRIATION. In addition to the amounts appropriated to the information technology department in section 1 of this Act, there is appropriated any additional income from federal or other funds which may become available to the agency for the biennium beginning July 1, 2019, and ending June 30, 2021.

SECTION 5. REPEAL. Sections 54-59-17 and 54-59-18 of the North Dakota Century Code are repealed.

January 11, 2019

HB1021

Attachment A

NORTH
Dakota | Information Technology
Be Legendary.™

Team North Dakota

**EMPOWER PEOPLE
IMPROVE LIVES
INSPIRE SUCCESS**

House Appropriations Committee
Government Operations Division
January 11, 2019 | Medora Room
Bismarck, ND



Empower People | Improve Lives | Inspire Success

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Empower People | Improve Lives | Inspire Success

Our Purpose

To support the technology needs of state government, political sub divisions, K-12, and higher education

- Lower Costs
- Defend Information
- Enhance Experience

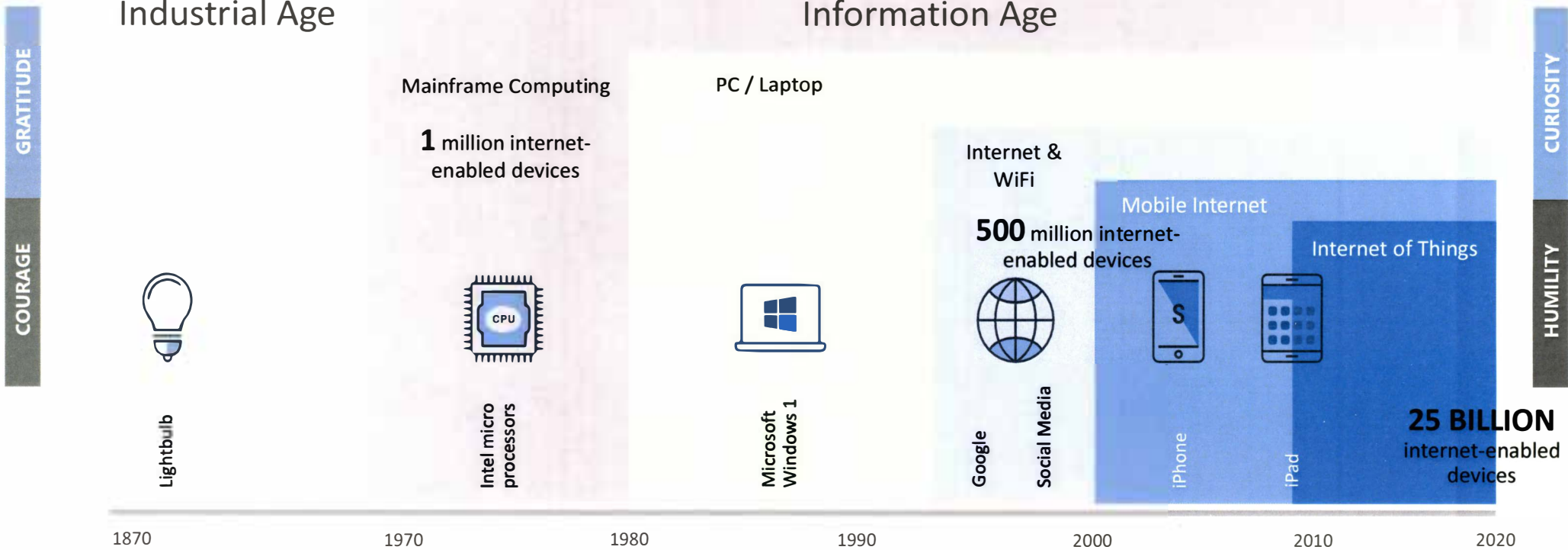


GRATITUDE
COURAGE

CURIOSITY
HUMILITY

Empower People | Improve Lives | Inspire Success

Our Purpose is becoming VERY complex



January 11, 2019

HB 1021

Attachment A

Empower People | Improve Lives | Inspire Success

GRATITUDE

COURAGE

CURIOSITY

HUMILITY

Agency Vision & Strategy Overview



Citizen Focused

Growth Mindset

Leadership Everywhere

Work As One

Make A Difference

4

Empower People | Improve Lives | Inspire Success

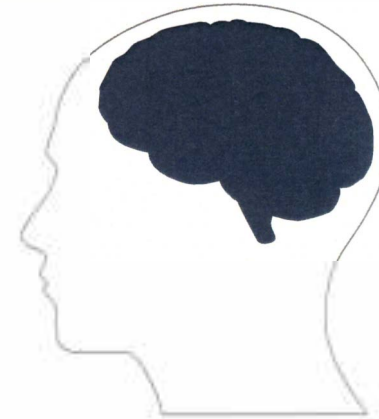
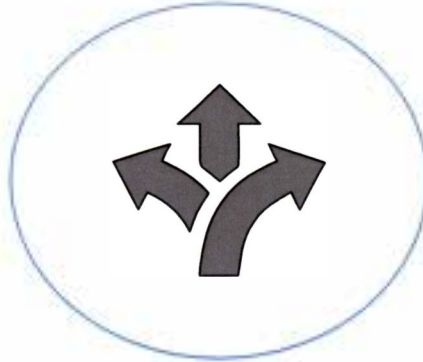
We must evolve and change:

New Strategy Pillars

Alignment

Efficiency

Delivery



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Alignment (Unification and Structural)

Unification creates:

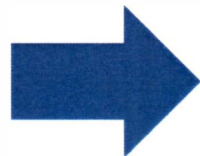
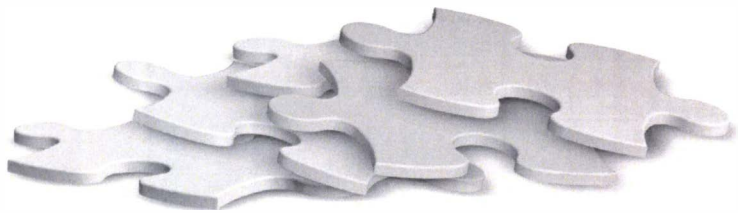
- 17 IT organization to 1
- Consistency
 - Vision
 - Agencies & Citizens Experience
 - Technology
- Ability to focus on Grow & Transform
- Opportunity to lower our cost of delivery
- Overall increased value to our customers
 - Simplest example: multiple PC vendors

Structural on business needs:



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Efficiency

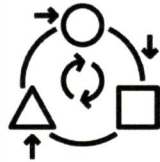
In our current situation, we are not highly efficient and *need reinvention*



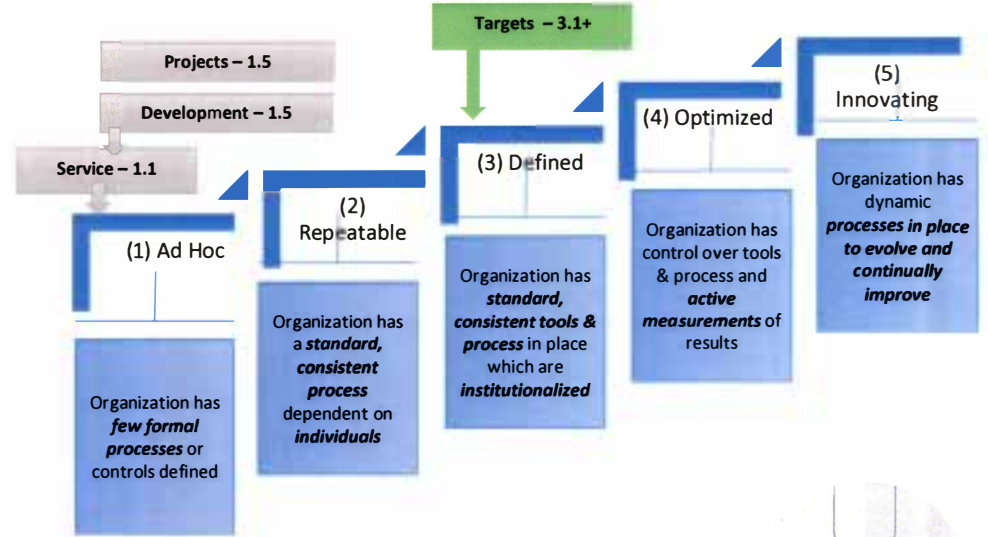
Run: 89%



Grow: 9%

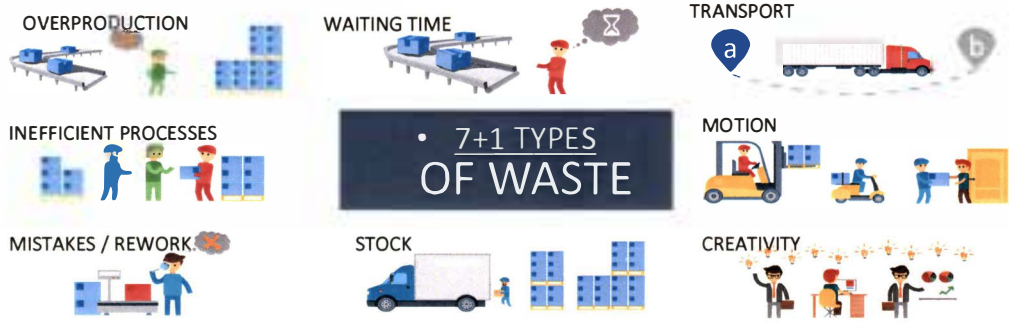


Transform: 2%



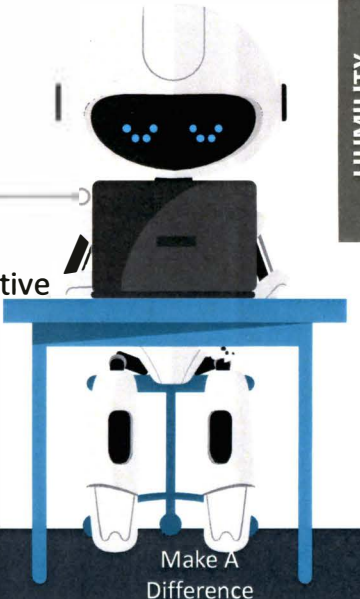
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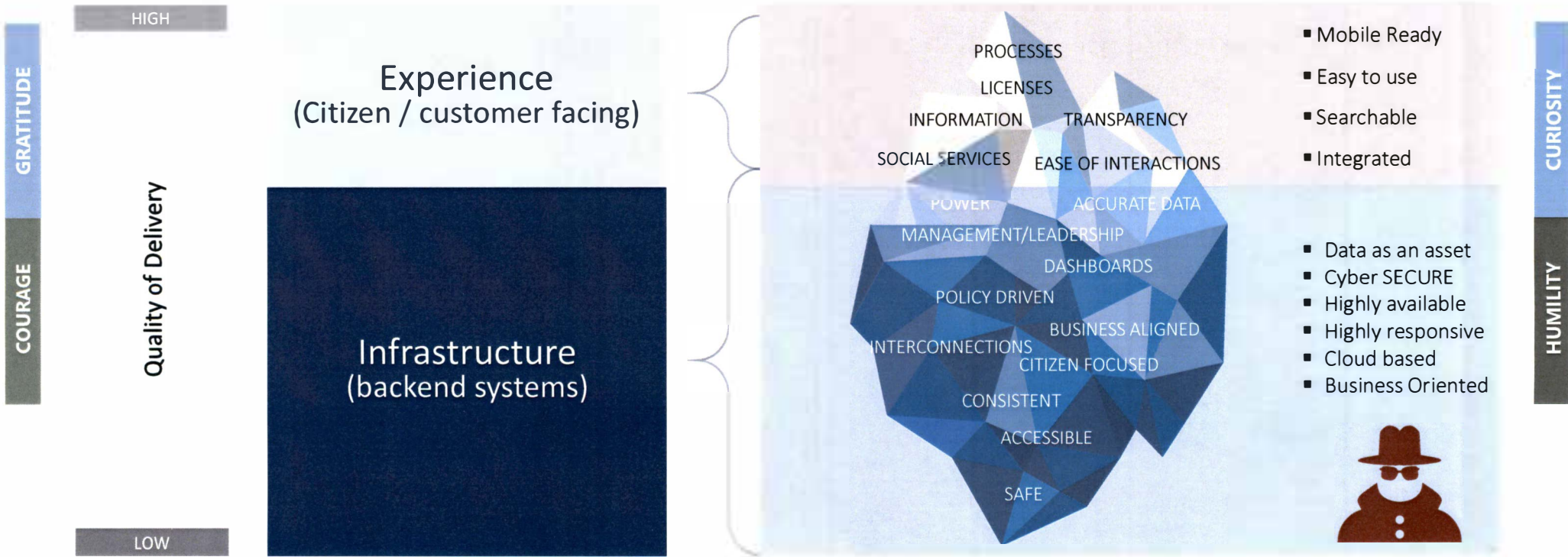
Advantages of AI

- Excels at repetitive tasks
- Can be automatically adaptive
- Faster to respond to ever-changing environments



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Delivery



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North Dakota is a target



• GOVERNMENT is a major target



Bad actors are targeting North Dakota for many reasons

- #2 State in the US for Energy production
- Leader in UAS research
- Nuclear and conventional Military bases
- Election systems
- 252,000 users on the network daily (Courts, Counties, K-12, Political Subs, etc.)
- Significant amounts of decentralized citizen data

5.7

Million
Attacks per month

Against Government organizations in North Dakota

North Dakota K-12 Example

- Indicators of threat from North Korea and other nation states identified
- Over 1/3 of ND schools infected with Double-Pulsar malware – allowed a bad actor to take control of devices and use them to attack others



Social "hactivism" with events like Dakota Access Pipeline

State-sponsored

Hactivist

Criminal

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Future State – Vision Summary

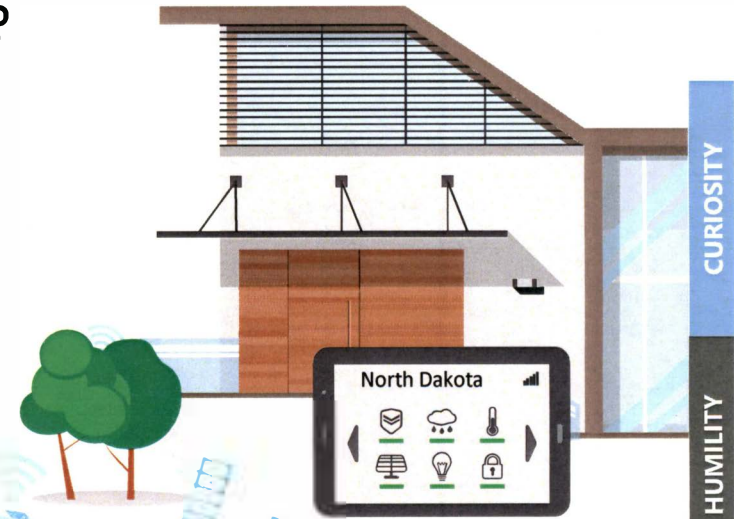
How might we provide world class technology and service?

IT must be a nimble enabler of state government with a focus towards technology that helps our customer to more effectively engage with citizens

Characteristics we are striving towards

- Highly automated
- Efficient, Integrated Processes
- Sensor driven data collection
- IT operates like a utility
- Artificial Intelligence
- Machine Learning
- Designed Workforce
- Secure
- Data treated as an asset
- Decisions via data
- Fewer applications
- Effective governance
- Focused intensely on quality
- Growth Mindset culture
- Architected for simplicity
- Self-service enabled

Continually Improving



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Vision & Strategy drive Budget



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January 11, 2019

HB1021

Attachment A

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Budget



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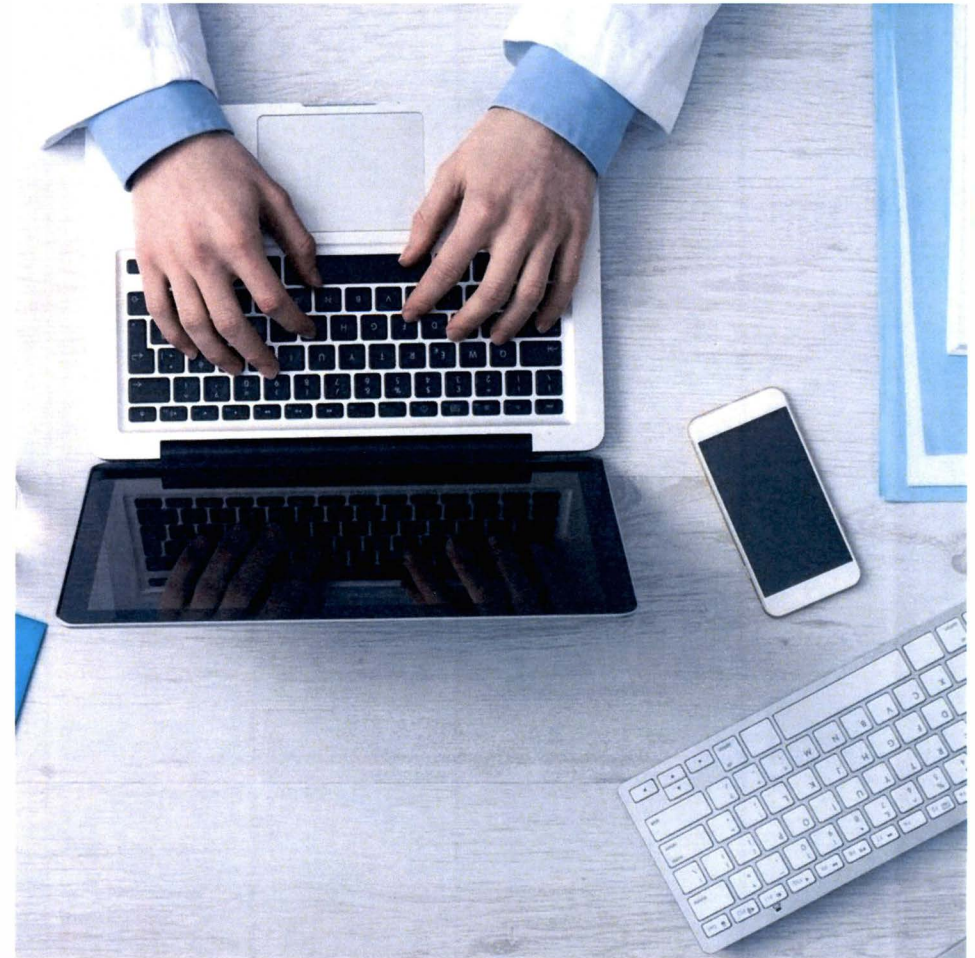
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Overview

- Information Technology Dept is:
 - Special Funded
 - Not growing the number of FTE
 - Shifting FTE into the department from the cabinet for Unification and Cyber
 - Shifting FTE out of the department (Center for Distance Education) for better alignment
- Managing numerous projects for multiple other agencies



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ITD Budget Programs

Program	General Funds	Special Funds	Federal Funds	Total
ITD Operations				
K-12 Network				
Geographic Information System				
Statewide Longitudinal Data System				
Educational Technology Council				
Center for Distance Education				
EduTech				
Health Information Technology				
Total				



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2017-2019 Program Budget

Program	General Funds	Special Funds	Federal Funds	Total	FTE
ITD Operations	\$ 975,942	\$ 163,506,828	\$ 1,800,000	\$ 166,282,770	266
K-12 Network	4,434,278	100,000	-	4,534,278	4
Geographic Information System	1,072,716	-	75,000	1,147,716	1
Statewide Longitudinal Data System	4,310,561	-	-	4,310,561	7
Educational Technology Council	521,472	100,000	500,000	1,121,472	1.5
Center for Distance Education	6,029,116	3,050,000	-	9,079,116	29.8
EduTech	3,188,249	6,564,518	-	9,752,767	31
Health Information Technology	-	48,370,642	500,000	48,870,642	4
Total	\$ 20,532,334	\$ 221,691,988	\$ 2,875,000	\$ 245,099,322	344.3



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2019-2021 HB1021 Base Budget

Program	General Funds	Special Funds	Federal Funds	Total	FTE
ITD Operations	\$ 975,942	\$ 148,131,828	\$ 1,800,000	\$ 150,907,770	266
K-12 Network	4,434,278	100,000	-	4,534,278	4
Geographic Information System	1,072,716	-	75,000	1,147,716	1
Statewide Longitudinal Data System	4,310,561	-	-	4,310,561	7
Educational Technology Council	521,472	100,000	500,000	1,121,472	1.5
Center for Distance Education	6,029,116	3,050,000	-	9,079,116	29.8
EduTech	3,188,249	6,564,518	-	9,752,767	31
Health Information Technology	-	4,815,509	500,000	5,315,509	4
Total	\$ 20,532,334	\$ 162,761,855	\$ 2,875,000	\$ 186,169,189	344.3



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2019-2021 Executive Budget Changes to HB1021 Base Budget

Program	General Funds	Special Funds	Federal Funds	Total	FTE
ITD Operations	\$ 5,160,217	\$ 122,627,908	\$ (296,821)	\$ 127,491,304	147.5
K-12 Network	660,175	(10,000)	-	650,175	-
Geographic Information System	(90,047)	1,150,000	-	1,059,953	-
Statewide Longitudinal Data System	105,984	-	-	105,984	-
Educational Technology Council	(159,133)	(95,000)	(500,000)	(754,133)	(0.5)
Center for Distance Education	(6,300,526)	(2,778,590)	-	(9,079,116)	(30.8)
EduTech	4,773,748	(4,940,951)	-	(167,203)	(1.0)
Health Information Technology	-	(419,094)	-	(419,094)	-
Total	\$ 4,150,418	\$ 115,534,273	\$ (796,821)	\$ 118,887,870	115.2



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2019-2021 Executive Budget

Program	General Funds	Special Funds	Federal Funds	Total	FTE
ITD Operations	\$ 6,136,159	\$ 270,759,736	\$ 1,503,179	\$ 278,399,074	413.5
K-12 Network	5,094,453	90,000	-	5,184,453	4
Geographic Information System	982,669	1,150,000	75,000	2,207,669	1
Statewide Longitudinal Data System	4,416,545	-	-	4,416,545	7
Educational Technology Council	362,339	5,000	-	367,339	1
Center for Distance Education	(271,410)	271,410	-	-	(1)
EduTech	7,961,997	1,623,567	-	9,585,564	30
Health Information Technology	-	4,396,415	500,000	4,896,415	4
Total	\$ 24,682,752	\$ 278,296,128	\$ 2,078,179	\$ 305,057,059	459.5



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Information Technology Operations

IT Functions and Service Delivery Areas

Key Customer Management

Business Intelligence

Enterprise Architecture

Business Operations Automation

Security Operations

EduTech

Data Science Management

Service Management

Systems & Procedures

Security Policy

Health Information Network

Programming / Development

Cloud & DC Services

Quality / Lean-Six Sigma

Threat Intelligence

Enterprise Applications

Information Management

Transport (Net/Radio / Voice)

Project / Portfolio Management

Strategic Sec Implementation

Business Applications

Internet of Things

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2019-2021 Executive Budget - Operations

Program – ITD Operations	General Funds	Special Funds	Federal Funds	Total	FTE
ITD Operations – 2017-19	\$ 975,942	\$ 133,254,828	\$ 1,800,000	\$ 136,030,770	265.75
ITD Ops (SIRN/911) – 2017-2019	-	30,252,000	-	30,252,000	0.25
One-Time Funding Reductions	-	(15,375,000)	-	(15,375,000)	-
ITD Operations Budget Changes	(97,600)	(668,292)	(300,000)	(1,065,892)	(15.0)
Cybersecurity (GF and SIIF)	4,935,690	11,400,000	-	16,335,690	17.0
IT Shared Services	-	44,456,303	-	44,456,303	145.5
IT Projects (SF-\$8.2M and SIIF-\$53.5M)	-	61,725,000	-	61,725,000	-
Compensation Package	322,127	5,714,897	3,179	6,040,203	-
Total Executive Budget - Operations	\$ 6,136,159	\$ 270,759,736	\$ 1,503,179	\$ 278,399,074	413.5



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IT Shared Service Staff/Funding

Agency	FTE	Salary	Operating	Agency	Staff	Salary	Operating
Governor's Office	-	-	\$ 15,840	Securities Department	-	-	\$ 8,400
Office of Management and Budget	4.0	\$ 717,985	\$ 142,967	Workforce Safety and Insurance	12.0	\$ 2,611,276	\$ 3,320,366
Dept of Trust Lands	2.0	\$ 365,360	\$ 55,794	Highway Patrol	2.0	\$ 402,484	\$ 1,138,194
Dept of Health	4.5	\$ 807,418	\$ 512,241	Dept of Emergency Services	4.0	\$ 710,891	\$ 256,601
Environmental Quality	1.0	\$ 207,012	\$ 296,028	Dept of Corrections	6.0	\$ 1,201,926	\$ 788,090
Indian Affairs	-	-	-	Dept of Commerce	1.0	\$ 190,839	\$ 126,417
Dept of Human Services	48.0	\$ 9,408,813	\$ 1,832,809	Game and Fish Dept	3.0	\$ 518,671	\$ 287,102
Job Service North Dakota	16.0	\$ 3,073,820	\$ 427,714	Parks and Recreation Dept	1.0	\$ 177,457	\$ 443,897
Labor Dept	-	-	-	Dept of Transportation	41.0	\$ 8,142,351	\$ 6,244,025
Dept of Financial Institutions	-	-	\$ 21,515	TOTALS	145.5	\$28,536,303	\$15,920,000

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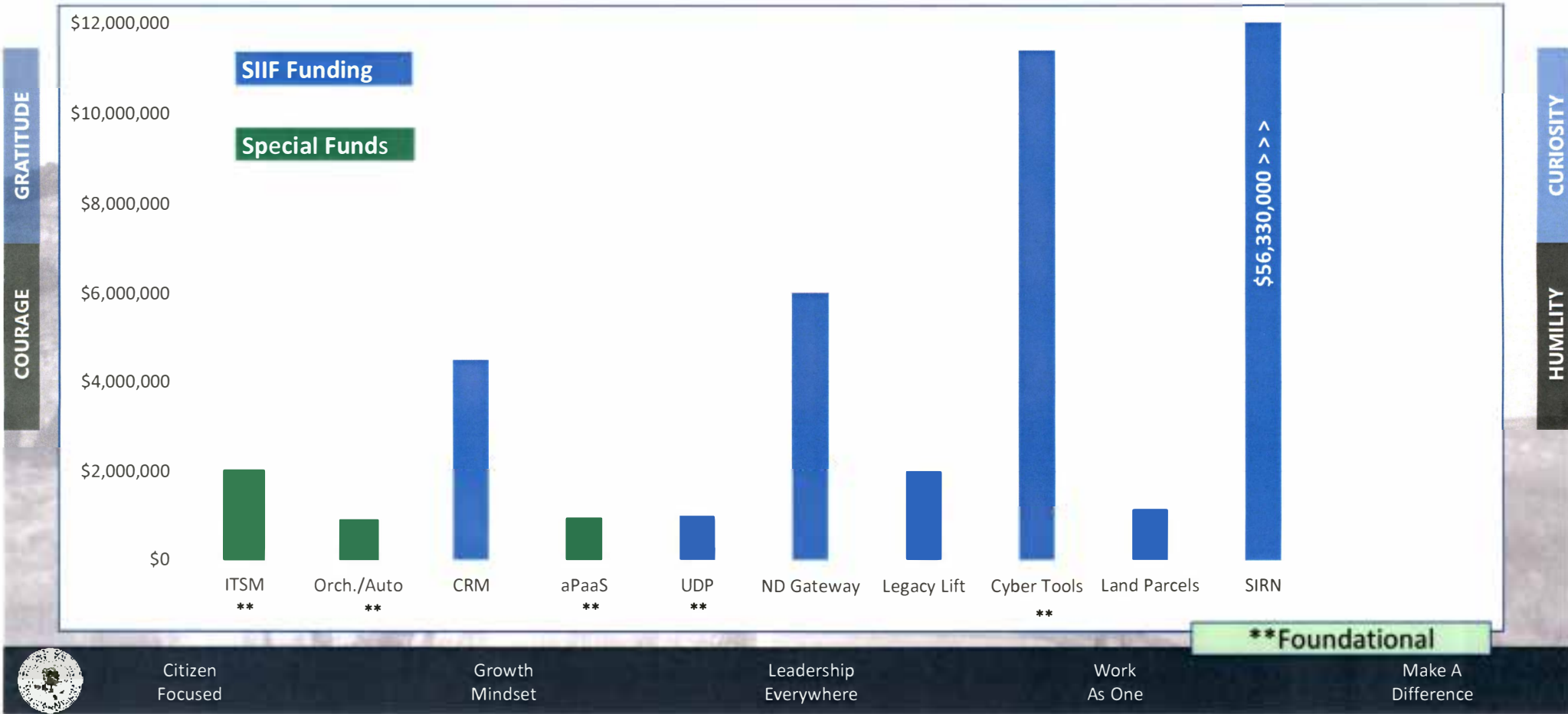
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Major IT Project Proposals – Information Technology



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Projects



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North Dakota Gateway Program / Portfolio

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ND Gateway

Citizen Relationship Management (CRM)

Unified Data Platform

Unified Sign On and Identity needs to be built across 3 tiers (Citizen, Business, and Entity)
Citizen facing

Significant process changes will be necessary across agencies
State facing

Can be built separately, but must be completely integrated



ND Gateway

The citizen facing web technology. Site would be integrated across agencies and fully functional across mobile with single sign on and workflow integration

CRM

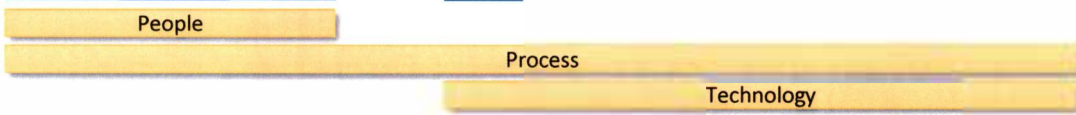
Operational toolset for agencies in how they interact and manage citizen relationships.

UDP

Underlying data technology that allows for the consolidation and triangulation of information across silos

NORTH Dakota Gateway

Be Legendary.™



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Transform

IT6: North Dakota Gateway

Description

- Create modern citizen need-based subsites on nd.gov that aggregate services by persona and/or goal to ensure quick and easy access to services. Over time, build a personalized portal.
- This series of sites will be integrated into the current network of nd.gov sites and enable a path for citizens to explore by their need as well as continue to access existing agency subsites. These new sites will be mobile-optimized and will be built with a unified brand feel and utilize best practice usability patterns.

Value / Expected Outcomes

- Expect a modest gain in revenue due to increased accessibility to fee-based services. Call volume and issues related to learning about and obtaining services will go down.
- Decrease cycle time from initiation (e.g., service request, license application) to resolution
- Decreased calls for status (incoming)
- Decreased cost per unit of service

Risks / Dependencies

- This effort will be dependent on a modern content management system/digital asset management system (CMS/DAM).
- This effort is dependent upon partnership and cooperation between agencies to support the persona-based approach needed.
- Dependency on upstream or parallel improvement. Dependency on knowledge management, SOP creation/refinement.

Business Need / Strategic Pillars

- Today, a citizen or business interacting with state government first has to understand the government structure to find needed services, visit multiple sites and quite often, end up calling anyway.
- This results in frustration at best and lack of securing critical services at worst, resulting in lost revenue opportunities, poor outcomes for vulnerable populations and missed opportunities.

Impact to Run/Grow/Trnfx

- State business owners get more time to work on "grow" and "transform" work as the new platform will allow a decrease in "run" work that is focused on walking the citizenry through what services exist and how to obtain them

Empowers / Enables

- Citizens and businesses in North Dakota.
- Agencies will use the backend system to create and update information and applications embedded in the site.

Budget Summary

Project planned budget: \$6,000,000

Measurements

- 100% full kit for participating agencies with application for services
- Increase from baseline Net Promoter Score (NPS) post-service delivery from x to y.

Challenges / Issues

- Requires cross-agency collaboration, participation, buy in
- Optimally, citizen engagement would be a key component of a successful implementation

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Transform

IT3: Citizen Relationship Management

Description

- Agencies do not have the capability to efficiently and effectively serve the citizen in a holistic manner, across agency boundaries.
- Select and implement citizen/customer relationship management (CRM) processes and tools based on a foundation of unified data and identity management.

Value / Expected Outcomes

- Increased citizen satisfaction
- Decrease in errors in information and increased efficiency in gathering information from citizens to provide services.
- Opportunities for service alignment and efficiency
- Increased opportunity to ensure citizen safety among vulnerable populations through a holistic view of services per person.

Risks / Dependencies

- Stakeholder agencies for project sponsorship
- Agency alignment around shared requirements.
- Agreement and development of underlying data architecture.
- Refinement of processes to ensure CRM automation is applied only to optimized processes.

Business Need / Strategic Pillars

- Having a singular view of a citizen enables state government to provide better service, anticipate needs and make government more seamless for citizens.
- Citizens and agency staff alike get frustrated in entering the same information again and again, decreasing satisfaction, increasing risk of errors and affecting overall quality of service delivery when gaps in knowledge occurring between organizations that may both be serving the same individual.

Impact to Run/Grow/Tnfx

- Agencies receive better insights and can discover unmet needs of shared clients or overlapping services

Empowers / Enables

- Citizens receive better service
- When implemented fully, citizens can see and track progress in their requests and receive regular updates on their services.
- Managers have higher visibility to service throughput and quality
- Officials have a better understanding of the community's needs and priorities

Budget Summary

Project planned budget: \$4,500,000

Measurements

- Process time to completion
- Citizen rate to connection to appropriate services
- Individual Agency metrics

Challenges / Issues

- As captured in the strategy review of Executive Branch agencies, many agencies face challenges coordinating communications and contacts with overlapping citizen clients.
- Lack of unified view of citizens and business across agencies necessary to increase quality and throughput of agency services.
- Additional expense in single-agency approaches to build agency based CRM solutions.

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IT5: Unified Data Platform Foundation

Description

- This package is for Stage 1 of this multi-year strategy to build out the base architecture for the UDP and identify data use cases that will provide quick wins.

Value / Expected Outcomes

- Creation of a scalable architecture that can manage multiple data types and classifications for the usage of all state agencies
- Significant cost reduction through data consolidation, availability and quality

Risks / Dependencies

- Data architecture and Governance need to exist before the technology can be implemented effectively
- No data inventory exists today
- No business data classifications for sensitive data

Business Need / Strategic Pillars

- Today we have challenges in data across the State of North Dakota with hundreds of data sources and disparate citizen experiences across government.
- No seamless method of data self-service
- Multiple definitions of the same data

Impact to Run/Grow/Trnfr

- A core strategy for ITD is the development of a Unified Data Platform (UDP) to which will leverage the latest technologies to ingest data for multiple sources and systems, provide for the proper security and privacy controls, and empower government decisions makers and citizens to make better decisions and gain new insights on the delivery and effectiveness of government services.

Empowers / Enables

- Empowers policy makers to make better decisions with more comprehensive data availability
- Provides consumers with self-service data acquisition, persistence and consumption

Budget Summary

Project planned budget: \$1,000,000

Measurements

- Rate of citizen information available
- Rate of state information available

Challenges / Issues

- Data sharing agreements and permissions (both real and perceived) are problematic across state government

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IT1: IT Service Management System

Description

- A recent external assessment of ITD's ITSM maturity rated the organization at a 1.1 (on a scale from 0-5). Our goal is to achieve a maturity level of 3.1 through improvements in people, process, and technology.
- Replace existing ITSM toolset (HEAT) and legacy work management system (WMS) with an industry leading solution; and replace a variety of ITSM systems in use by agencies within the scope of IT Shared Services.

Value / Expected Outcomes

- Reduction in the business impact of incidents, including the negative financial implications of critical IT issues
- Improved visibility into operations and performance
- Improved accountability, even across business-function boundaries
- Better understanding of what services are needed and provided

Risks / Dependencies

- The initial resistance to change that is inherent to a new system
- Transitional phase and rate of adoption that will accompany a new system
- Aligning all unified agency strategies and business requirements for a new system and making sure they are more effective and efficient

Business Need / Strategic Pillars

- Processes are immature and rely on people and heroics
- Single points of support failure
- Lack of training hampers effective use of processes
- Missing Opportunity for increased First Level Resolution
- WMS is outdated and only supports old processes

Impact to Run/Grow/Trnfx

- Standardization and the benefits that come along with one unified tool across the enterprise
- Self-service efficiencies and workload reductions

Empowers / Enable

- Better service and customer experience for all who interface with IT at the state

Budget Summary

Project planned budget: \$2,000,000
 Benefit expectations: \$120,000
 Net cost: \$1,880,000

Measurements

- Increased IT cost efficiency
- Impact to Operational Maturity

Challenges / Issues

- Consolidating other existing incident systems and processes
- Retiring WMS, which is a core operational system

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IT2: Automation/Orchestration Implementation

Description

- The delivery of technology today utilizes a minimal level of automation and orchestration, which results in a high reliance in manual processes that cause inconsistencies in service delivery
- Along with this challenge is wait times that exceed consumer expectations.
- Implementing an automation/orchestration platform and related process changes will improve service delivery.

Value / Expected Outcomes

- Improved consistency in service delivery
- Improved consistency in configuration reducing security risk
- Improved response time in service delivery
- Improved cost per unit of service delivery
- Improved ability to meet consumer demand

Risks / Dependencies

- Not all technology solutions will provide an appropriate API to support automation and orchestration
- Staff development and training will be required to support the solution
- Selection of a quality tool and implementation with an architecture and design is a dependency

Business Need / Strategic Pillars

- The State of ND relies on technology, and technology solutions, to fulfill its mission and to support the citizens of the State.
- In order to do so the delivery of technology needs to be efficient, effective, and responsive, and be delivered in a predictable and consistent fashion.
- In order to achieve this objective investment, in process and automation-orchestration platforms and tools are required.

Impact to Run/Grow/Trnfx

- By automating components of service delivery, more staff is enabled to move from having a sole focus on "run" work, toward being able to contribute to "grow" and transformational work

Empowers / Enables

- Any consumer of IT service across state government, local government, k-12 education, and higher education that consumes IT services from ITD including the IT professionals that assist this stakeholder community will be users of the solution.

Budget Summary

Project planned budget: \$900,000
 Benefit expectations: \$375,000
 Net cost: \$525,000

Measurements

- Ratio of manual vs automated processes
- Cost per process completion
- Average time to fill process
- Ratio of processes per FTE
- Impact to Operational Maturity

Challenges / Issues

- If not done:
 - The ability to meet customer capacity demands for technology services will be in jeopardy
 - The ability to meet customer response time demands for technology services will be in jeopardy
 - The quality and consistency of technology service delivery will not meet customer expectations

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IT4: aPaaS (application Platform as a Service) Implementation

Description

- Current solution delivery approach does not fully meet customer needs in three core areas: Speed & Agility, Cost, Demand.
- With the implementation of an aPaaS (Application Platform as a Service) solution we will increase both our capacity and velocity in which we deliver cost effective solutions.

Value / Expected Outcomes

- Increased speed to delivery
- Platform services facilitate reuse
- Increased flexibility to take advantage of technology advancements
- Mobile by default, modern platform by default

Risks / Dependencies

- Dependency on vendor platform stability and viability
- Constrained to a potentially variable cost models

Business Need / Strategic Pillars

- Speed & Agility - Most projects take too long to delivery and hinder business agility
- Cost - Most solutions are too expensive in both delivery and maintenance
- Demand - Current workload greatly exceeds the staff available to execute using traditional development approach and culture

Impact to Run/Grow/Tmfx

- Lends to an agile delivery model
- Unifies implementation of common & shared business processes
- Allows for adaptive solutions that fit business needs
- Enterprise benefits from updates and to the platform
- Over time generates a deep catalog of leverageable platform services

Empowers / Enables

- Empowers developers to deploy solutions faster
- Enables citizens and business leads to receive new business functionality more efficiently

Budget Summary

Project planned budget: \$1,325,000
 Benefit expectations: \$800,000
 Net cost: \$525,000

Measurements

- Application Time to Live
- Re-work requests
- Customer Sat Score
- Business Impact Score
- Ratio of legacy to modern systems
- Impact to Operational Maturity

Challenges / Issues

- Effectively adopting both a new development platform and set of delivery methodologies and practices (Agile/Lean/DevOps)
- Achieving optimal business adoption

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Run

IT7: Mainframe Transition

Description

- Moving and rewriting various "non-major" applications, flat files, batch jobs, etc., off of legacy technologies and onto more modern platforms.
- This project focuses on various items across 14 executive branch agencies.

Value / Expected Outcomes

- Mitigates loss of mainframe/legacy skill set to retirements.
- Allows more staff to be able to maintain these these various applications in the future.
- Lower costs to maintain these applications and processes in the future.
- Opportunity to improve skill sets

Risks / Dependencies

- As large legacy applications such as the DOT's drivers license application are rewritten and removed from legacy mainframe, the cost to host those applications left on the mainframe goes up. As this continues the individual cost per agency remaining on legacy system may become exponentially large to maintain.
- Various other applications that interface with legacy systems will need to be updates.

Business Need / Strategic Pillars

- As old, legacy technology continues to age, resource availability to maintain such systems decreases
- As applications continue to move to newer technologies, those applications and other jobs that run on legacy systems becomes more expensive to host and maintain

Impact to Run/Grow/Trans

- Transform legacy skill sets to emerging skill sets
- Improve the states ability to hire emerging technology skills
- Reduce costs of RUN

Empowers / Enables

- Empowers existing IT staff to be able to maintain the full spectrum of systems without relying on specialized resources.

Eudget Summary

Project planned budget: \$2,000,000

Measurements

- Impact to Operational Maturity

Challenges / Issues

- Coordinating efforts and buy in across the 17 agencies to contribute to this update.

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Grow

IT8: Cyber Security Tool Set Expansion

Description

- To enhance cyber security posture in order to better defend the state of ND against emerging threats.
- Procure and implement tools to support the following domains:
 - AI, big data analytics, threat intelligence
 - APIs, endpoint security vulnerability
 - Security incident, event management, log collection

Value / Expected Outcomes

- Give (East/West) visibility to network data
- Automated defenses vastly improved and expanded across the state
- Provide security across non-defended areas
- Provide comprehensive end-point defense on Stagenet
- Comprehensive vision of devices across the network

Risks / Dependencies

- Possibility of "unfunded mandate" with security minimum standards
- FTE will be needed to deploy and operationalize

Business Need / Strategic Pillars

- Currently the state has incomplete coverage and visibility into security threats that the state faces.
- For example, the state currently sees 5.4 million threats per month, and 15 million spam messages per month, but has no visibility inter device across the environment, no traffic or pattern analysis, nor comprehensive end point protection

Impact to Run/Grow/Trnfx

- Utilizing advanced tools will allow staff to be able to more quickly and efficiently detect, isolate, prevent, and otherwise respond to threat activity.
- Significant improvement in Run percentages through automated services (over industry averages given today no service exists)

Empowers / Enables

- Whole of Government Cyber Security Strategy
- Operational support of 3 branches of Gov, K12, HigherEd, and Political Subdivisions

Eudget Summary

Project planned budget: \$11,400,000
 Benefit expectations: Non-fiscal
 Net cost: \$11,400,000

Measurements

- Impact to Operational Maturity
- Rate of devices covered by endpoint defense
- Rate of network monitored
- Rate of automated vs. manual processes

Challenges / Issues

- Buy-in across all aspects of Government

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Run

IT9: Statewide Interoperability Radio Network

Description

- The public safety community statewide has chosen to join forces and seek a single statewide radio solution that will solve their coverage challenges, interoperability challenges, and aging infrastructure challenges, and will provide them with the mission-critical voice communication capabilities required to fulfill their mission.

Value / Expected Outcomes

- Improved response by the public safety community as they fulfill their mission of protecting property and citizens across the State
- Improved safety for public safety official
- Improved interoperability
- Improved coverage
- Improved reliability and manageability of mission-critical voice

Risks / Dependencies

- Stakeholder engagement and participation is critical for success

Business Need / Strategic Pillars

- The current mission-critical voice communications solution that the public safety community relies upon is made up of dozens of independent solutions across the state. This model provides for significant challenges in configuring and managing interoperability and ultimately leaves them short of basic interoperability requirements
- A significant portion of the existing infrastructure is reaching end-of-life and requires upgrades to remain supported

Impact to Run/Grow/Trnfx

- The proposed system would bring to the state system interoperability capabilities, and radio coverage potential, which are currently not possible on the existing system

Empowers / Enables

- Public safety officials across the state, which includes all jurisdictions, both state and local, and every public safety discipline in the State.
- This includes the volunteer community, as well as the secondary public safety officials such as DOT and public works.

Budget Summary

Project planned budget: \$56,330,000

Benefit expectations: Non-fiscal

Net cost: \$56,330,000

This is the biennium budget for the project, which is the foundation for multiple additional years. Total capital cost for five years is expected to be \$206,000,000, with an annual operating cost of \$5,000,000 – \$10,000,000

Measurements

- Rate of legacy radio deployments
- Rate of coverage for LTE and LMR

Challenges / Issues

- Challenges of keeping the existing system include:
 - Interoperability challenges will persist leaving public safety officials with gaps in communication capabilities
 - As infrastructure continues to age failure rates will increase leaving public safety officials without critical communication capabilities

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K-12 Wide Area Network



ITD provides network bandwidth, Internet access, and video services to the schools

Gigabit to every school starting in July 2019

Approximately 65% or \$ 4,000,000 is paid by the Federal E-rate program each biennium

ITD renewed network and Internet contract with Dakota Carrier Network (DCN)

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2019-2021 Executive Budget – K-12 Network

Program – K-12 Network		General Funds	Special Funds	Federal Funds	Total
GRATITUDE	K-12 Network – 2017-2019 Budget	\$ 4,434,278	\$ 100,000	\$ -	\$ 4,534,278
	Budget Changes	600,000	(10,000)	-	590,000
COURAGE	Compensation Package	60,175	-	-	60,175
	Total Executive Budget – K-12 Network	\$ 5,094,453	\$ 90,000	\$ -	\$ 5,184,453

\$600,000 budget change to support the Gigabit everywhere initiative to all K-12 schools which will require equipment investments in our core network to handle the increased bandwidth.



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Geographic Information Systems (GIS)



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The North Dakota GIS Technical Committee and the Information Technology Department operate the GIS Hub, an infrastructure comprised of geospatial data storage, data services, and application interfaces.

The GIS Hub supports state agencies in the development of their GIS and the dissemination of common interest data to other levels of government and the public.

Prior to the creation of the GIS hub State government agencies were creating and storing data separately with duplicate data. Data sharing was problematic.



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2019-2021 Executive Budget – GIS

Program – GIS		General Funds	Special Funds	Federal Funds	Total
GRATITUDE	GIS – 2017-2019 Budget	\$ 1,072,716	\$ -	\$ 75,000	\$ 1,147,716
	Budget Changes	(107,272)	-	-	(107,272)
COURAGE	Land Parcel Project (SIIF Funding)	-	1,150,000	-	1,150,000
	Compensation Package	17,225	-	-	17,225
Total Executive Budget – GIS		\$ 982,669	\$ 1,150,000	\$ 75,000	\$ 2,207,669

Land Parcel Project: The State needs an accurate, publicly accessible, maintained, land parcel dataset that supports state business needs including but not limited to property tax analysis, ownership, permitting, land use, address, and administrative boundaries.



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Grow

IT10: Property Parcels

Description

- A vendor will be selected to assist in the development of a statewide land parcel dataset. The vendor will work with the GISTC to: Assist GISTC in developing data schema, contact each county for the data, assist them with loading, ID update frequency, field mapping, Develop workflow and create scripts, Assemble the data, resulting in individual counties and seamless, and Manage the data during maintenance mode

Value / Expected Outcomes

- One, seamless, and maintained parcel dataset
- Existing processes and applications can make use of this data
- It has been the experience of other states that their parcel datasets have become their most important GIS layer, edging out even aerial photography

Risks / Dependencies

- Not all counties have parcel data, it will have to be developed.
- Certain aspects of unanticipated development challenges could occur, e.g., the need to do courthouse research.

Business Need / Strategic Pillars

- State agencies and private entities today contact individual cities and counties for their land parcels which in turn are used to satisfy an agency's business needs. This query is done by each agency and multiple times in order to obtain recent information.
- The State needs an accurate, publicly accessible, maintained, land parcel dataset that supports state business needs including but not limited to property tax analysis, ownership, permitting, land use, address, and administrative boundaries.

Impact to Run/Grow/Trnfx

- These multiple and repetitive data requests add up to significant amounts of time for both the data requestors and for the cities and counties providing their data.
- Reinventing this process through the property parcel data set will free up staff time to shift from "run" work to "grow" and "transform" activity

Empowers / Enables

- Examples include: Property tax evaluations (e.g., Tax Dept., counties), Siting of power lines, pipelines (e.g., Oil and Gas Division, engineering companies), Enrollment of state lands into programs (e.g., Game and Fish Dept.), Managing pesticide application (e.g., Dept. of Agriculture), Determining access to land for sampling (e.g., Dept. of Health), Management of spills (e.g., Dept. of Health, DES), Right-of-ways (e.g., DOT), Oil and gas well siting and permitting, Emergency management service boundary maintenance, Updating admin. boundaries (Census), others

Budget Summary

Project planned budget: \$1,063,500

Measurements

- TBD (&&)

Challenges / Issues

- Some counties will be unwilling or unable to share their data, a certain amount of extra time will be needed to understand their reasons and look for compromise.
- There may be one or two companies that will be concerned that a statewide parcel dataset project will negatively impact their business. Time will be needed to visit with them to understand their concerns and help provide them how this statewide dataset could actually assist them.

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Statewide Longitudinal Data System (SLDS)



The Statewide Longitudinal Data System leverages stakeholders and partners of education, training, and employment programs to create a system which provides data to support the research and evaluation of programs to improve the outcomes of individuals provided service. The program maximizes the usefulness of management information while protecting the privacy and security of personal information.

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Statewide Longitudinal Data System (SLDS)

SLDS Committee Membership:

- ND University System
- Department of Public Instruction
- Information Technology Department
- Career & Technical Education
- ND Job Service
- Department of Commerce
- Department of Human Services
- Educational Technology Council
- ND Council of Educational Leaders
- Workforce Development Council
- 2 Members of Legislative Assembly
 - Senator Don Schaible
 - Representative Mark Owens

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2019-2021 Executive Budget – SLDS

Program – SLDS		General Funds	Special Funds	Federal Funds	Total
GRATITUDE	SLDS – 2017-2019 Budget	\$ 4,310,561	-	-	\$ 4,310,561
	Budget Changes	(1,056)	-	-	(1,056)
COURAGE	Compensation Package	107,040	-	-	107,040
	Total Executive Budget – SLDS	\$ 4,416,545	-	-	\$ 4,416,545

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ND Education Technology Council (ND ETC)

The North Dakota Educational Technology Council (ND ETC) is the state board responsible for developing technology systems and coordinating their use to enhance and support educational opportunities for elementary and secondary education as cited in NDCC 54-59. The Educational Technology Council is made up of twelve members representing eleven stakeholder groups.

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2019-2021 Executive Budget – ND ETC

Program – ETC	General Funds	Special Funds	Federal Funds	Total
ND ETC – 2017-2019 Budget	\$ 521,472	\$ 100,000	\$ 500,000	\$ 1,121,472
Budget Changes	(180,122)	(95,000)	(500,000)	(775,122)
Compensation Package	20,989	-	-	20,989
Total Executive Budget – ND ETC	\$ 362,339	\$ 5,000	\$ -	\$ 367,339

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The Governor’s budget recommendation proposes moving a portion of the ND ETC to the ND Career & Technical Education budget.



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EduTech

EduTech provides information technology services and education technology professional development to K-12 educators in North Dakota. Services are designed to give educators access, training and support to use technologies in their classrooms to improve teaching and learning. EduTech uses a distributed model to provide support services to schools by housing staff in school/campus locations across North Dakota. Staff members are located across the state.

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EduTech

Services:

- PowerSchool Services to provide training, implementation and support to schools that use PowerSchool – deployed in all public schools
- Professional Development for PK-12 educators to use software/hardware and to integrate technology into classroom instruction
- Regional IT Specialists to deliver customized professional development and instructional coaching to educators in their regions
- Statewide K12 Active Directory and Office365 for Schools
- IT Services to provide e-mail, web hosting, internet filtering, desktop anti-virus and logging/podcasting services
- E-rate Support Services to provide training and compliance information
- Helpdesk Services to support customers in the use of EduTech’s services such as PowerSchool, Office 365 and internet filtering
- Videoconference Enrichment Events to offer students and teachers the opportunity to participate in national/international collaborations, content programs and professional development

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HB 1021

Attachment A

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2019-2021 Executive Budget – EduTech

Program – EduTech		General Funds	Special Funds	Federal Funds	Total
GRATITUDE	EduTech – 2017-2019 Budget	\$ 3,188,249	\$ 6,564,518	-	\$ 9,752,472
	Budget Changes	4,579,029	(5,131,088)	-	(552,059)
COURAGE	Compensation Package	194,719	190,137	-	384,856
	Total Executive Budget – EduTech	\$ 7,961,997	\$ 1,623,567	-	\$ 9,585,564

The Executive Budget recommends appropriating general funds for the Powerschool Student Information System directly to ITD. In the past DPI received a general fund appropriation and passed the funds to ITD.



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Center for Distance Education

The NDCDE's mission is to ensure that all North Dakota middle and high school students regardless of location have access to educational opportunities that meet or exceed expectations for:

- the quality of curriculum
- ongoing contact time with highly qualified teachers
- the selection and use of suitable educational technology
- monitoring course delivery efficiency and effectiveness
- student learning

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2019-2021 Executive Budget – CDE

Program – EduTech		General Funds	Special Funds	Federal Funds	Total
GRATITUDE	CDE – 2017-2019 Budget	\$ 6,029,116	\$ 3,050,000	\$ -	\$ 9,079,116
	Budget Changes	(6,300,526)	(2,778,590)	-	(9,079,116)
COURAGE	Compensation Package	-	-	-	-
	Total Executive Budget – CDE	\$ (271,410)	\$ 271,410	\$ -	\$ -

The Governor’s budget recommendation proposes moving the funding and FTE for the ND Center for Distance Education to the ND Career & Technical Education budget.



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Health Information Technology



The North Dakota Health Information Technology is charged with making recommendations for implementing a statewide interoperable health information infrastructure that is consistent with emerging national standards and promotes interoperability of health information systems for the purpose of improving health care quality, patient safety, and overall efficiency of health care and public health services.

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HB1021

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2019-2021 Executive Budget – Health IT

Program – EduTech		General Funds	Special Funds	Federal Funds	Total
GRATITUDE	Health IT – 2017-2019 Budget	-	\$ 48,370,642	500,000	\$ 48,870,642
	Budget Changes	-	(44,036,684)	-	(44,036,084)
COURAGE	Compensation Package	-	62,457	-	62,457
	Total Executive Budget – Health IT	-	\$ 4,396,415	500,000	\$ 4,896,415

The Budget Changes include removing the one-time funding (\$43.5M) for the NDHIN Medicaid Expansion Project which is a multiple biennium project that continue into next biennium with IT Project Carryover funding. The majority of the project is funded with federal funding in the Department of Human Services.



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Recent Audit Findings

- Most recent financial audit report – [FY 2015 and 2016](#)
 - No formal recommendations or management letter issued

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Appendix

NORTH Dakota

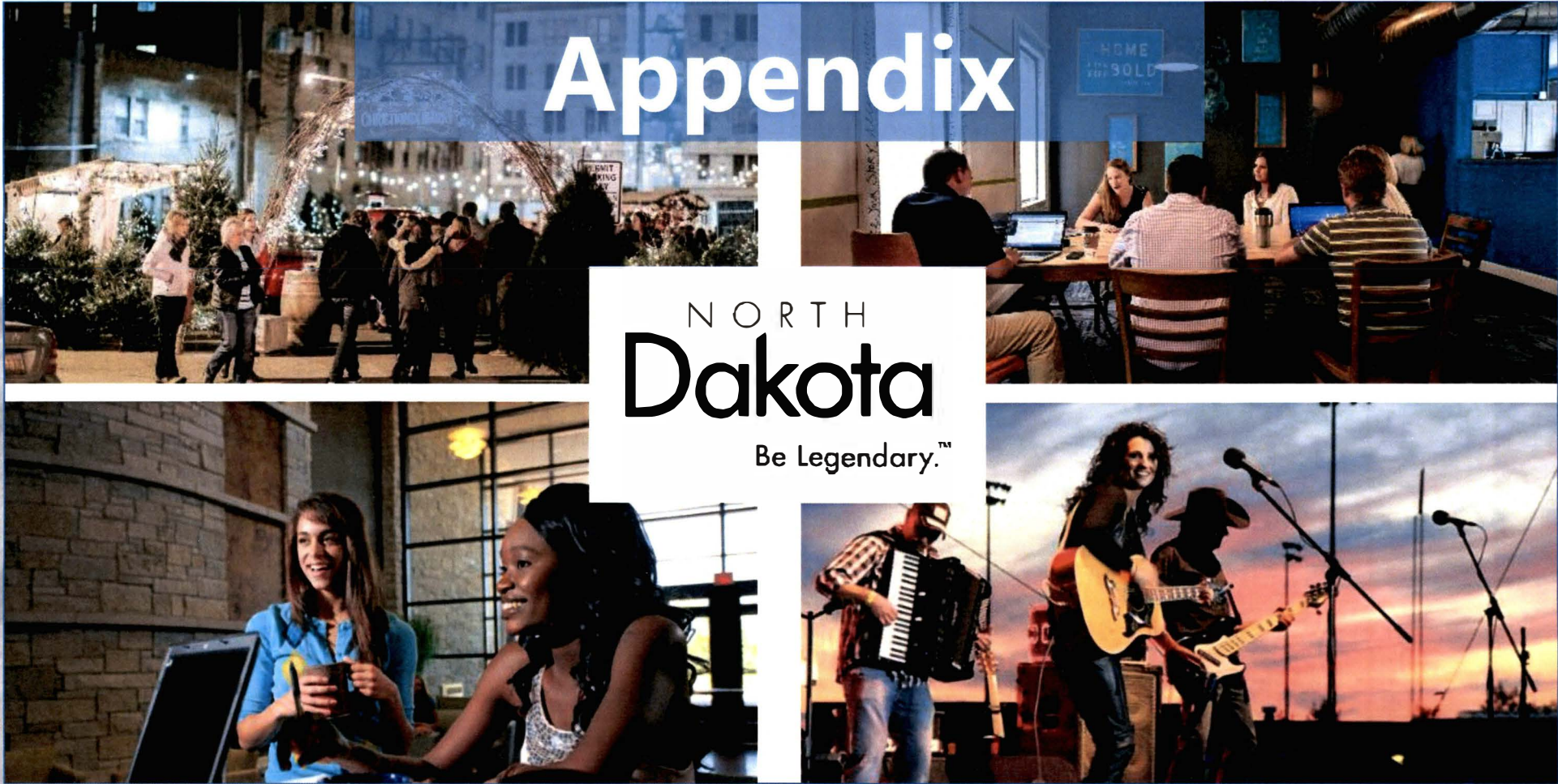
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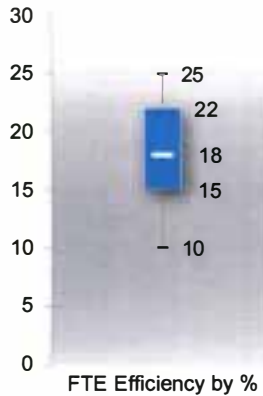
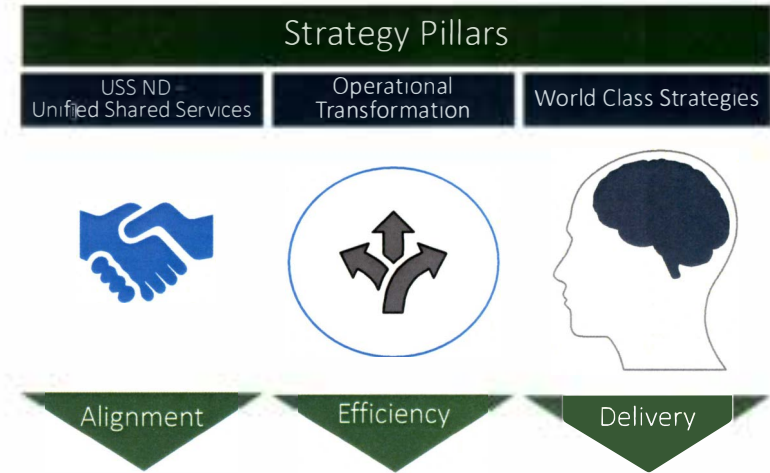
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Why Unify?

• Opportunities

- Empower economies of scale for procurement, data hosting/storage and data archiving;
- Reduce and eliminate redundancies that have occurred within executive branch agencies;
- Ensure singular strategies and tactics are undertaken across the state to improve mission execution and team member productivity;
- Leverage Lean/six sigma methodologies to project manage large scale transformations to decrease enterprise risk and improve IT investment success;
- Maximize cyber defense by ensuring a singular approach to training and systems/data protection;

- Maximize utilization of IT resources as a shared service (e.g. desktop support/help desk, etc.) and enterprise resource thus enabling agencies to focus on their core missions;
- Maximize resource delivery of grow and transform activities (as opposed to day-to-day run activities dominating workload);
- Improve the citizen experience across state government through common systems and interfaces;
- Improve team member productivity through establishment of common systems and processes for communication and collaboration.
- Provide access to robust data analytics tools, reporting platforms and other requisite infrastructure requirements



15-22 %

Efficiency gains in FTE within the Information Technology areas expected 4 years post unification

- Strategic Realignment (primary method)
- Deferred rehires (attrition or retirements)
- Enables Run / Grow / Transform

Examples already exist: open IT Director and Senior Manager in DHS that would not need to be refilled

Agencies can focus on core business

Focus resources to the core missions instead of trying to manage IT systems

Efficiencies in IT translate directly to decreased FTE costs across the state

Efficient technology decreases the need for operational staff through automation and workflow / process improvements

Examples

Service Management Systems

Unified **1**

Today **7+**

% of State Gov under single Cyber approach

Unified **78%**

Today **22%**

Application Development Models

Unified **1**

Today **4+**

% of staff time spent in "run" activities

Unified **50%**

Today **91%**

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Empower state government to work as one to deliver world-class experiences for North Dakota citizens and businesses.

WHAT WE DO

- Facilitate process improvement
- Act as a catalyst for innovation, change and consideration of digital approaches for citizen experience
- Optimize value and success of IT investments

HOW WE DO IT

- Building relationships in and **outside** of ITD, educating and increasing trust
- Taking risks
- Facilitating change using creative, analytic and strategic thinking

VALUE WE BRING

- Better citizen *experience*
- Higher quality services
- Improved *efficiency*
- More knowledge & insights

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Operational Assessments

At a high level, these are the themes Aeritae observed at ITD:

GENERAL

Funding Model is shaping poor behavior

Unification will have an impact, but it is unknown at this point

Very limited Demand Management Visibility

Work is not being done at the optimum level

ITSM – 1.1

Processes are very immature – rely on people and heroics

Single points of support failure

Lack of training hampers effective use of processes

Missing Opportunity for increased FLR

PPM – 1.50

Documented Process – Not Followed by All

Mandated for large Projects

Resource conflicts between PMO and Development teams

SDLC – 1.52

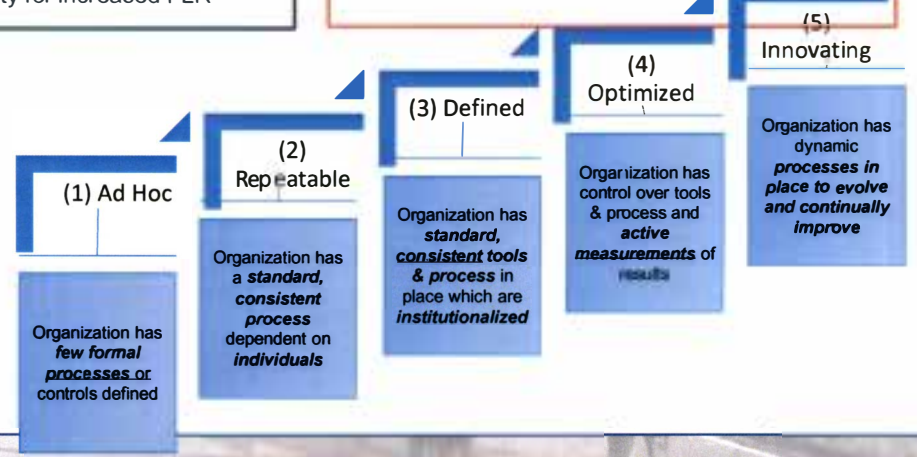
Waterfall based - rigid with significant overhead

Testing is inconsistently applied / QA group overwhelmed

No consistent production turnover

Metrics are sparse

Architecture collaboration



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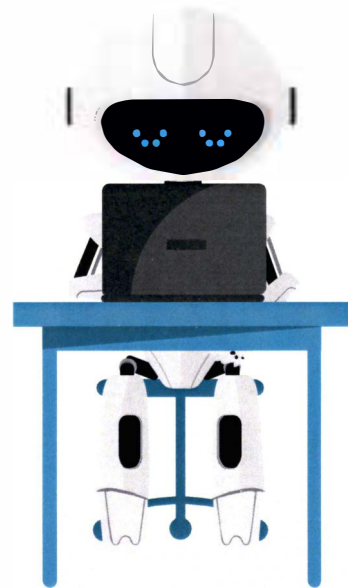
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Automation

- We need automated systems to fill the workforce gaps
- Growth & Transformation capabilities eg AI are creating higher value opportunities (jobs, services)
- Run becomes automated

Advantages of AI

- Excels at repetitive tasks
- Can be automatically adaptive
- Faster to respond to ever-changing environments



Our People are still critical

- While AI will offset certain tasks (maybe 20%) we will still need a highly trained workforce for the majority of work
- AI, Machine Learning, Big Data ... all represent growth opportunities

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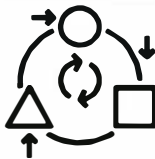
Run / Grow / Transform



Run:
IT resource consumed on the continuing operation of the customer



Grow:
IT resource consumed on developing and enhancing IT systems for the customer



Transform:
IT resource consumed on implementing technology that enables the customer to enact new business models

Resource Flow

Move out

Move In

Automation of Run is critical to enabling staff to work on higher value initiatives



- Run activity maintains and does not add new value
- Grow and Transform create new value for the business

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Key Customer Management

Do you have any impactful positives you could include

While meeting with cabinet leaders I heard many positives. These items were some of the opportunities

- 1 IT does not create and deliver valuable services/solutions that resolve my business pain points and we don't understand why it costs so much.
- 2 IT does not come to me with innovative and flexible solutions to my business problems/challenges/issues.
- 3 IT blocks my efforts to drive the business forward using innovative (or even conventional) technology solutions.
- 4 IT does not advocate for my needs.

What do we do?



We need to build a dedicated process and team to manage our customer's needs

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Key Customer Management Cont...

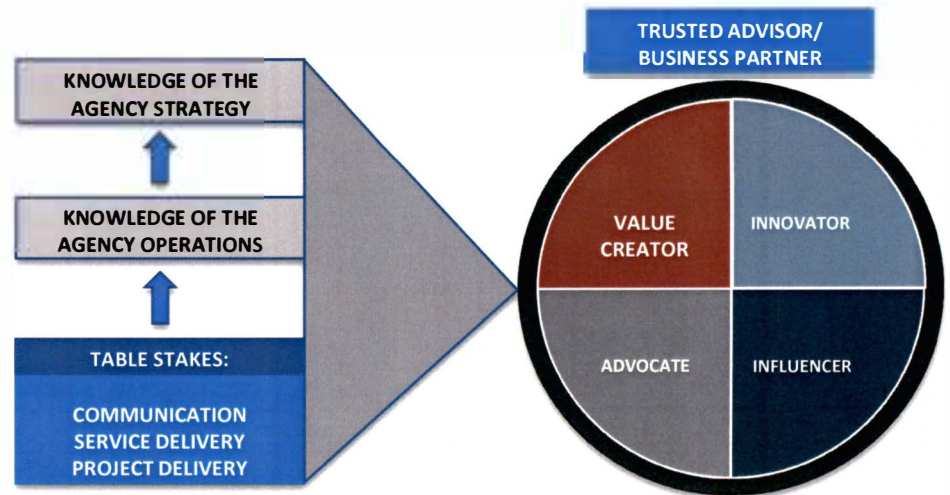
A KCM is NOT:

- ✗ Order taker
- ✗ Service desk
- ✗ Project manager
- ✗ Business analyst
- ✗ Service delivery manager
- ✗ Service owner
- ✗ Change manager

A KCM is:

- ✓ Value creator
- ✓ Innovator
- ✓ Trusted advisor
- ✓ Strategic partner
- ✓ Influencer
- ✓ Business subject matter expert
- ✓ Advocate for the business
- ✓ Champion for business process improvement

We must have a deliberate customer management model



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HUMILITY



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Key Customer Management Cont...

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(7) Aid in Planning of customer specific strategies, - actions and delivery

(1) Intensify relations with key customers

(6) Negotiating and coordinating partner for Key customers to reduce lags

(2) Maintain customer contacts and communication vectors

(6) Conceptual skills

- Analytical thinking
- Structured Work
- Problem-solving skills
- Strategic thinking

(3) Specialized Skills

- In-depth knowledge about agency operations
- Customers knowledge



$$V = \frac{Q + S}{C}$$

(VALUE) = (QUALITY) + (SERVICE) / (COST)

(5) Special customer requirements to internal departments /forward to contact person

(3) Improve operations and business process

(4) Report on functional, operational IT delivery, e.g. dashboards, metrics, KPIs

(3) Formal competencies

- Negotiation competencies
- Ability to make decisions
- Status / Position in company



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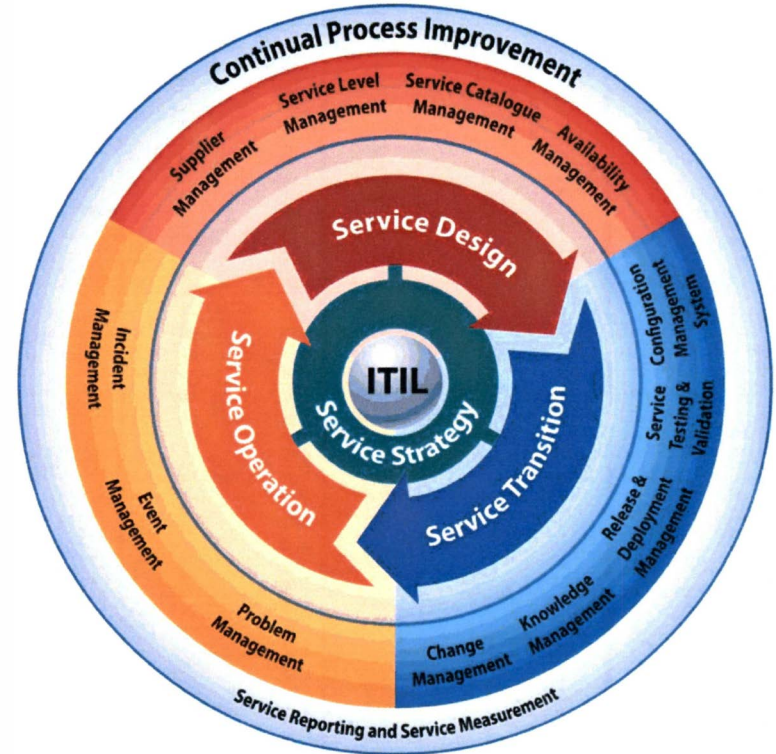
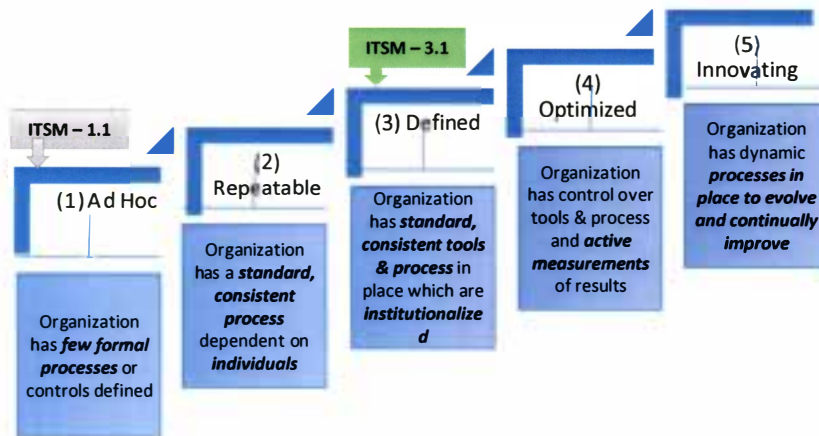
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IT Service Management

- Improving our processes will make us considerably more effective
- 40%+ of our service areas could be self service
- Our satisfaction scores will improve across the board with better management of incidents, problems, and work tickets



Q: Will the tool used still be HEAT & WMS?

A: No idea – I care much more about the process than the tool. The tool only enables process

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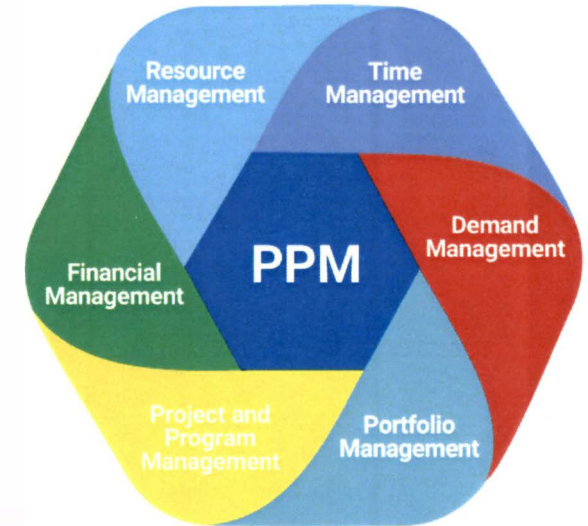
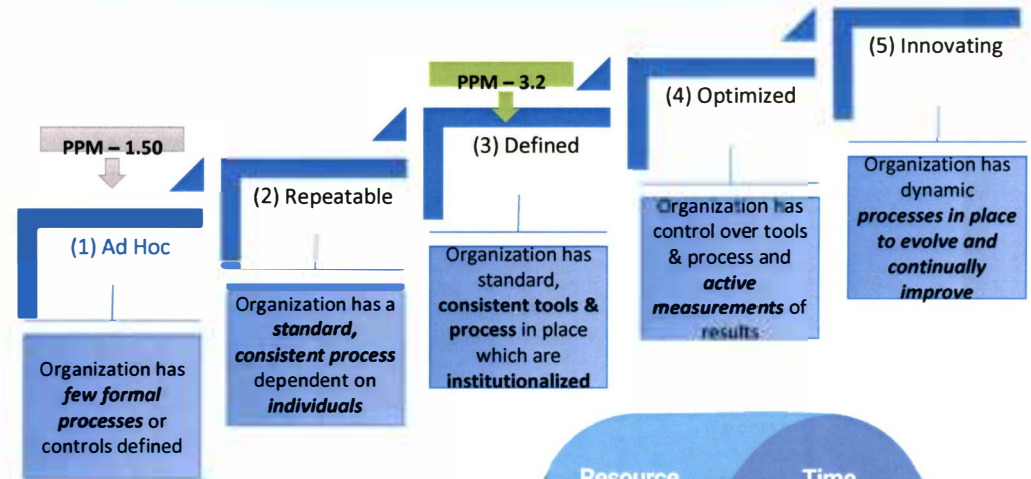
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Project and Portfolio Management

- What are we working on?
- What should we be working on?
- How are we aligning to strategy?
- Are we giving the customer what they need?
- How many resources are applied?
- When do we have available resources?
- Do we have the right kind of resources?
- How are we managing the operational tail?
- What is the replacement strategy?
- How do we select the next project?
- What is the cost per unit of service?
- How do we know we are delivering value?

Processes are being developed
– they will be tested, then improved

CA Clarity PPM tool selected



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Software Development Lifecycle / App Lifecycle Management

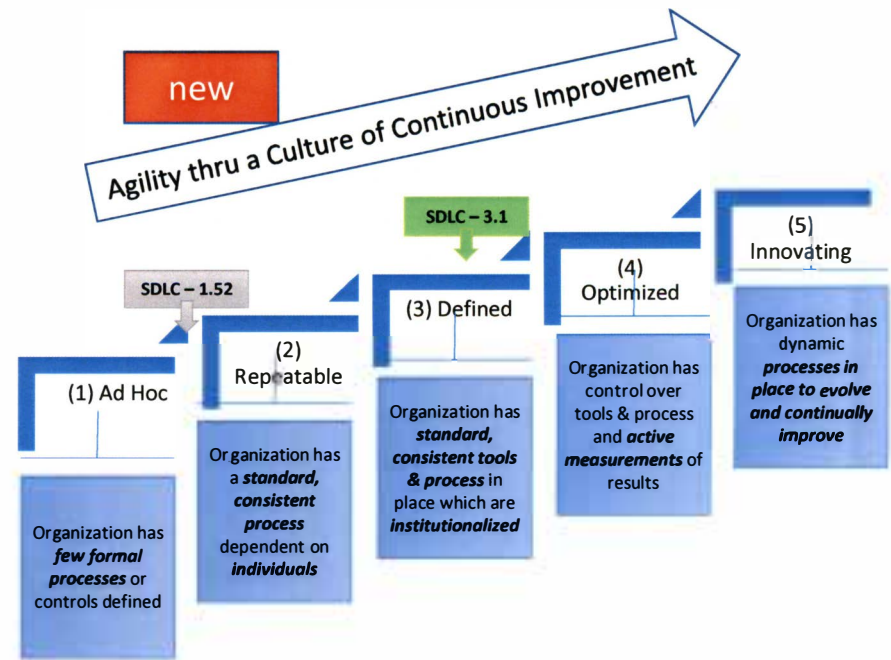
We must look at the future and ask ourselves "where do we want to be?"

We must evaluate our technology stack

We know the future must be

- Mobile by default
- Low-code / No-code dominant
- Cloud ready out of the box
- Customer integrated Agile
- Tested via automation
- QC via automation

Some of our current technologies will need to evolve or be deemphasized or replaced



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Governance

In a Unified world, the Governance of IT must evolve

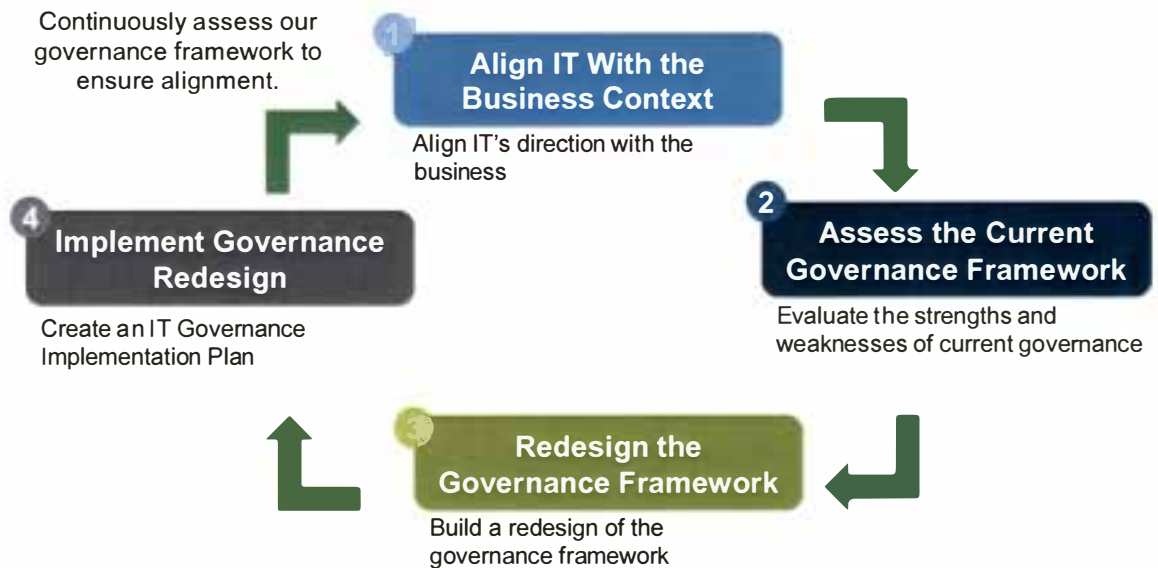
IT governance is...

An enabling framework for decision-making context and accountabilities for related processes.

A means of ensuring business-IT collaboration, leading to increased consistency and transparency in decision making and prioritization of initiatives.

A critical component of ensuring delivery of business value from IT spend and driving high satisfaction with IT.

How do we make decisions?



How do we manage EXPLODING demand?

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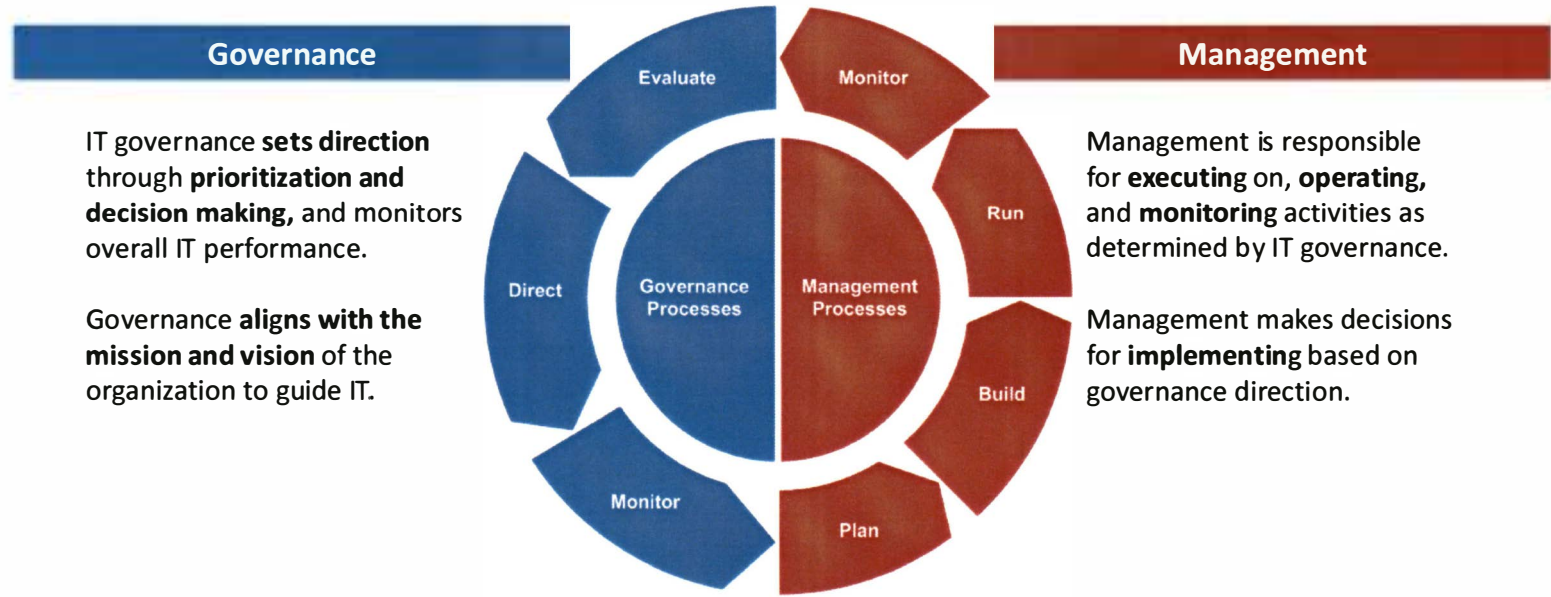
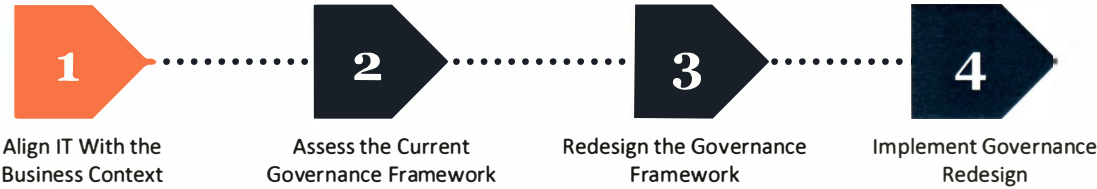
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Governance Cont...



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Overview

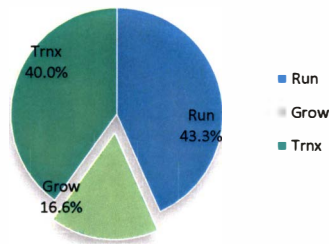
- 30 projects (a new record) requested under the "Large Project Oversight" process
 - Includes project requests of \$500,000 and above
 - NOTE: We have limited visibility of below \$500,000 projects today (pre-Unification / Demand Mgmt., etc.)
 - See [dashboard](#)

Agency	# of Run Proj	# of Grow Proj	# of Trnx Proj	Total # of Proj	Total Costs for Agency
Human Services	6	1		7	\$39,275,628
Transportation	4		2	6	\$33,266,547
Retirement and Investment			1	1	\$9,139,000
Secretary of State	1		1	2	\$12,500,000
Workforce Safety & Insurance		2		2	\$7,860,000
Industrial Commission			1	1	\$4,044,341
Information Technology	2	2	6	10	\$77,188,500
Public Instruction			1	1	\$7,100,000
TOTAL	13	5	12	30	\$190,374,016

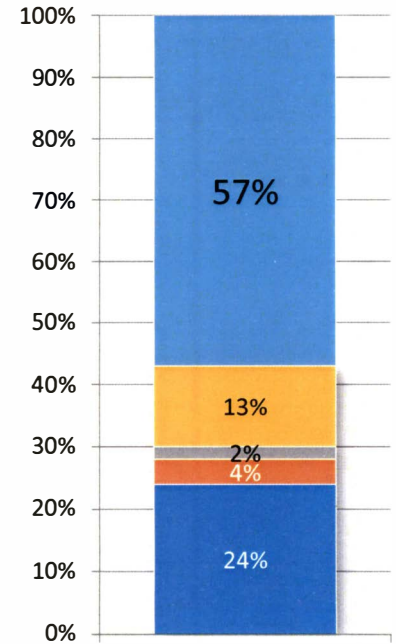
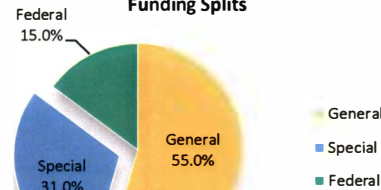
Simple R/G/T Explanation

- Run** = modernization to continue normal business
- Grow** = expansion of existing services or adding new "typical" service
- Trnx** = performing or expanding services in a new way that fundamentally changes business outcomes

Run/Grow/Trnx



Funding Splits



Distribution on Pillars

- Main Street
- Transf. Education
- Tribal Eng.
- Health / Addiction
- Reinvention

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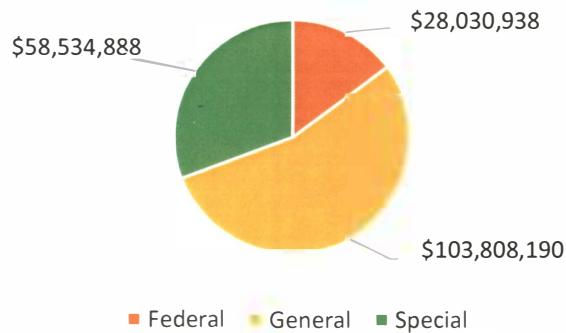
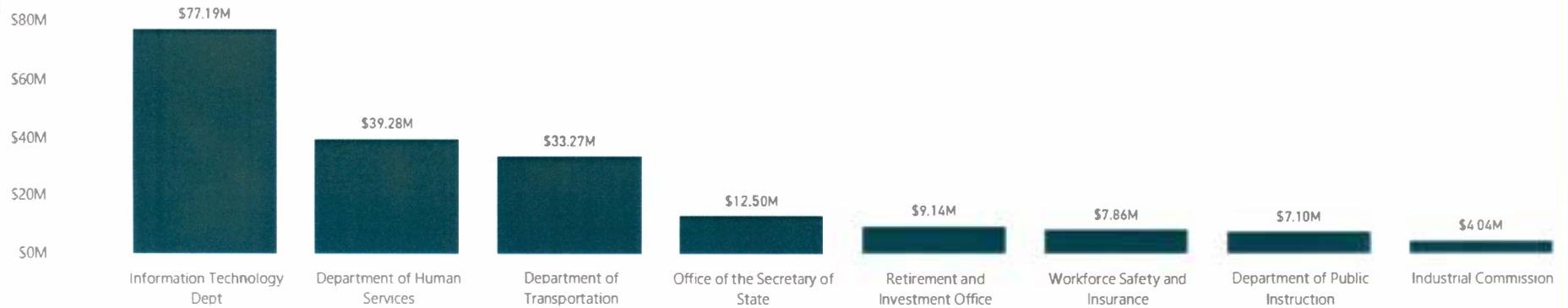
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Major IT Project Proposals – All Depts

Planned 2019-21 Biennium Cost, Project Requests for All State Agencies, Judicial Branch, and Legislative Branch



Planned Biennium Cost **\$190,374,016**

Number of Projects **30**

See screens 3 and 4 of the [Statewide IT Planning Dashboard](#) for detailed, interactive information.

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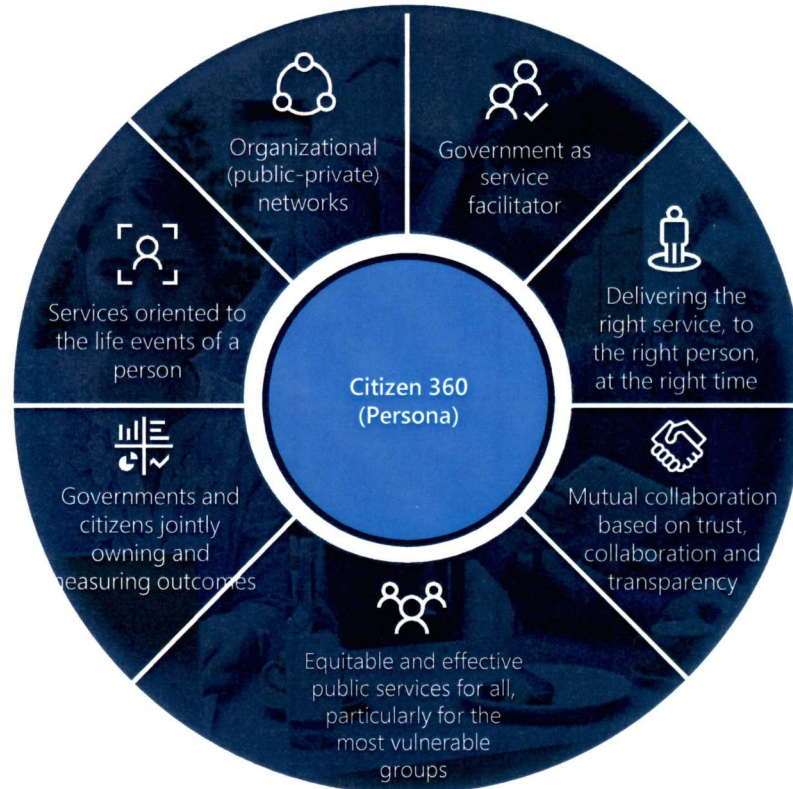
Data – Unified Data Platform

The state has a huge amount of data. We need to use it for what it was intended.

A vision of the future of Citizen Services

Understand characteristics of the citizen across the state

This is essential to creating service integration across ND



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Anything being done simply because
'that's the way we have always done it'
should and must be *rigorously*
and *respectfully* questioned.

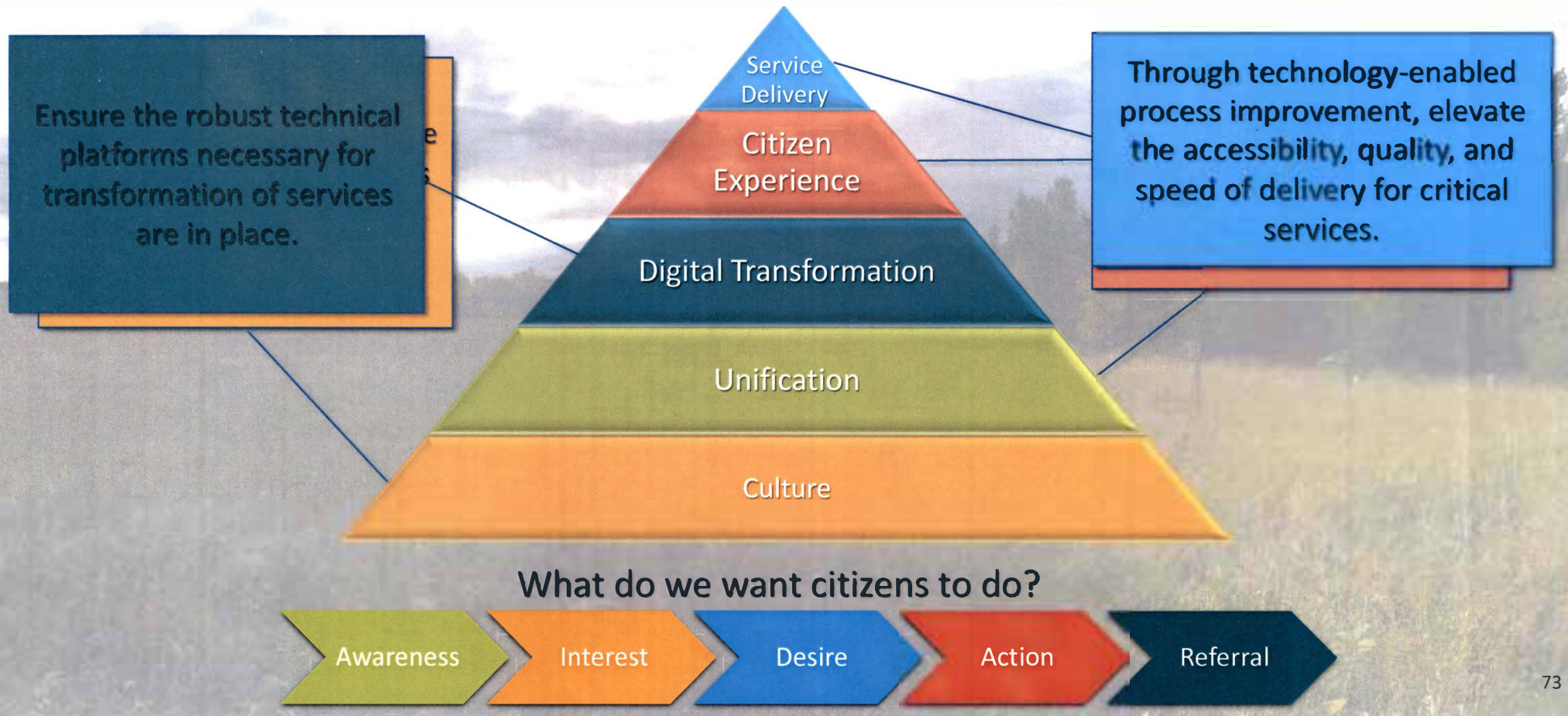
And no matter what, we must have the
courage to admit that we can always
do better.

Doug Burgum
Governor, State of North Dakota

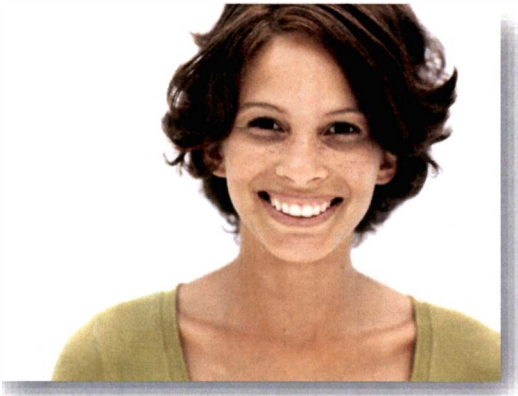
Reinvention

Empower state government to work as one to deliver world-class experiences for North Dakota citizens and businesses.

VECTORS OF REINVENTION



REINVENTION TENETS



Citizen, not government centered
We help ND government to create digital services that meet the expectations of the modern consumer



Data-based decisions
We help state government make changes that have a measurable impact on citizen experience, process effectiveness and/or quality of service delivery



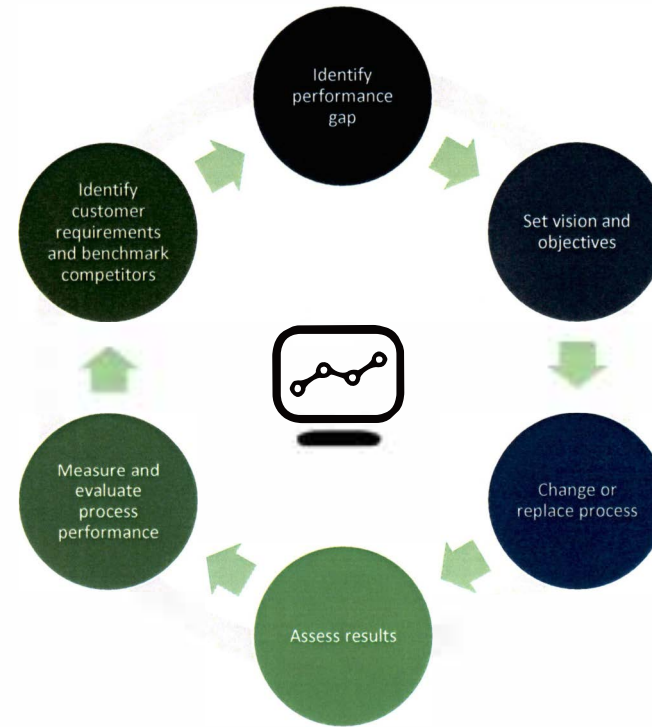
Reinvention everywhere
We acknowledge, support and uplift and applaud existing efforts to improve processes or services

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Lean6 – WHY

• Method to enable continuous improvement

- Enables Business Process Improvement
- Creates a method of Continuous Improvement



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January 11, 2019

HB1021

Attachment A

NORTH
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CYBERSECURITY



5.7 million
KNOWN cyber attacks/month
(north dakota)

101 days
to detect an UNKNOWN attack
(global)

252,000

Users on STAGEnet on any given day. This is equivalent to the size of Starbucks, a Fortune 30 company.



400

Separate organizations manage their own cybersecurity today.



NORTH DAKOTA IS ATTRACTIVE TO AN ATTACKER



UAV/UAS

Nationally recognized leader in Unmanned Aerial Vehicle research and development



MILITARY

Strong military presence in North Dakota, some of which interacts with the State network



ENERGY

Number two in the country in oil production



AGRICULTURE

ND is considered to be a development pioneer in Precision Agriculture

Current Security Maturity Score

Based on a security risk assessment performed on all cabinet agencies in 2018



net

ONE STATE, ONE SECURITY APPROACH

1 DEFEND



Defend against threats to North Dakota's citizens and critical infrastructure

2 DELIVER



Deliver world-class, highly automated and intelligent cybersecurity services

3 ADOPT



Adopt a whole-of-government approach to cybersecurity

4 PREPARE



Prepare today's students & workforce for tomorrow's threats

MAKING NORTH DAKOTA CYBER STRONG

\$16.4m CYBER INVESTMENT



\$11.4m - cyber tools/software/services
\$5m - cyber staff

IT UNIFICATION



Alignment of 145 FTEs across 17 cabinet agencies to form a single shared IT service

Projected Security Maturity Score

Positioning ourselves to defend against the ever-evolving threat landscape



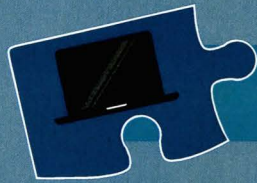
WORKING AS ONE

To Enable a Citizen-Centric Service Model

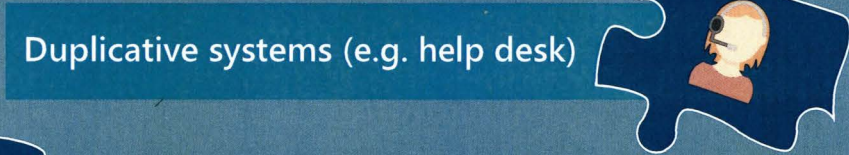
NORTH
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CURRENT



17 different IT strategies, including cyber



Duplicative systems (e.g. help desk)



800 websites and applications

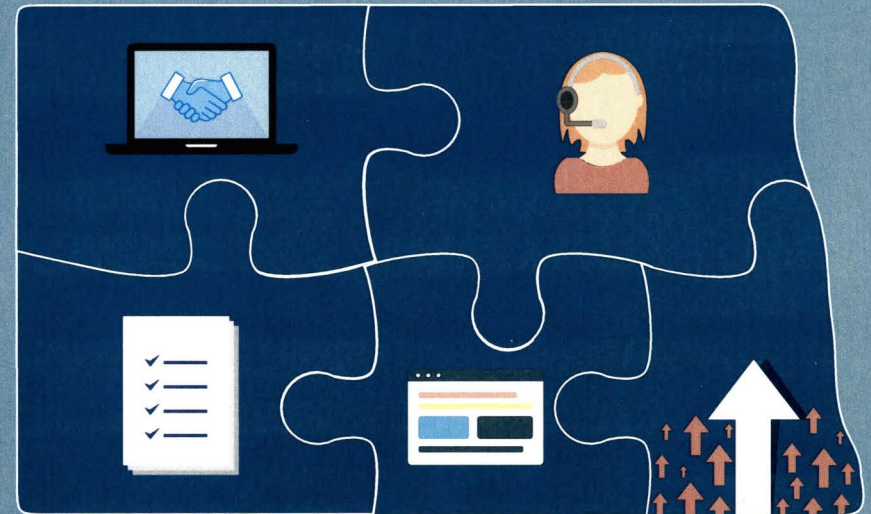


Exploding demand



Disparate goals and priorities

FUTURE



Establish shared priorities, goals and strategies to enable a world-class, IT Shared Service organization

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INFORMATION TECHNOLOGY UNIFICATION FTE AND EXPENDITURE ADJUSTMENTS

This memorandum provides information regarding the information technology unification initiative recommended in the executive budget for the 2019-21 biennium, including increases (decreases) to salaries and wages, operating expenses, and other expenditures and the transfer of 145.50 full-time equivalent (FTE) positions from 14 agencies to the Information Technology Department.

Agency Line Item	FTE	General Fund	Other Funds	Total Funds
Transfers to the Information Technology Department				
110 - Office of Management and Budget				
Salaries and wages	(4.00)	(\$793,547)	\$0	(\$793,547)
Operating expenses		833,859	0	833,859
Total Office of Management and Budget adjustments	(4.00)	\$40,312	\$0	\$40,312
226 - Department of Trust Lands				
Salaries and wages	(2.00)	\$0	(\$365,933)	(\$365,933)
Operating expenses		0	389,108	389,108
Total Department of Trust Lands adjustments	(2.00)	\$0	\$23,175	\$23,175
301 - State Department of Health				
Salaries and wages	(4.50)	(\$152,588)	(\$541,962)	(\$694,550)
Operating expenses		162,501	577,832	740,333
Total State Department of Health adjustments	(4.50)	\$9,913	\$35,870	\$45,783
303 - Department of Environmental Quality				
Salaries and wages	(1.00)	(\$41,485)	(\$165,938)	(\$207,423)
Operating expenses		44,563	178,242	222,805
Total Department of Environmental Quality adjustments	(1.00)	\$3,078	\$12,304	\$15,382
325 - Department of Human Services				
Salaries and wages	(48.00)	(\$6,123,875)	(\$3,204,338)	(\$9,328,213)
Operating expenses		6,549,802	3,421,724	9,971,526
Total Department of Human Services adjustments	(48.00)	\$425,927	\$217,386	\$643,313
380 - Job Service North Dakota				
Salaries and wages	(16.00)	\$0	(\$3,005,689)	(\$3,005,689)
Operating expenses		0	4,100,418	4,100,418
Total Job Service North Dakota adjustments	(16.00)	\$0	\$1,094,729	\$1,094,729
485 - Workforce Safety and Insurance				
Workforce Safety and Insurance operations	(12.00)	\$0	\$192,756	\$192,756
Total Workforce Safety and Insurance adjustments	(12.00)	\$0	\$192,756	\$192,756
504 - Highway Patrol				
Highway Patrol	(2.00)	\$22,593	\$3,678	\$26,271
Total Highway Patrol adjustments	(2.00)	\$22,593	\$3,678	\$26,271
530 - Department of Corrections and Rehabilitation				
Adult services	(1.12)	\$60,814	\$0	\$60,814
Youth services	(4.88)	11,993	0	11,993
Total Department of Corrections and Rehabilitation adjustments	(6.00)	\$72,807	\$0	\$72,807
540 - Adjutant General, Department of Emergency Services				
Salaries and wages	(4.00)	(\$422,649)	(\$289,717)	(\$712,366)
Operating expenses		444,077	304,423	748,500
Total Department of Emergency Services adjustments	(4.00)	\$21,428	\$14,706	\$36,134
601 - Department of Commerce				
Salaries and wages	(1.00)	(\$181,578)	(\$9,558)	(\$191,136)
Operating expenses		193,889	10,205	204,094
Total Department of Commerce adjustments	(1.00)	\$12,311	\$647	\$12,958
720 - Game and Fish Department				
Salaries and wages	(3.00)	\$0	(\$519,904)	(\$519,904)
Operating expenses		0	555,688	555,688
Total Game and Fish Department adjustments	(3.00)	\$0	\$35,784	\$35,784

Agency Line Item	FTE	General Fund	Other Funds	Total Funds
750 - Parks and Recreation Department Administration	(1.00)	\$0	\$13,446	\$13,446
Total Parks and Recreation Department adjustments	(1.00)	\$0	\$13,446	\$13,446
801 - Department of Transportation Salaries and wages	(41.00)	\$0	(\$8,224,012)	(\$8,224,012)
Operating expenses		0	8,305,224	8,305,224
Total Department of Transportation adjustments	(41.00)	\$0	\$81,212	\$81,212
Total adjustments and transfers to the Information Technology Department	(145.50)	\$608,369	\$1,725,693	\$2,334,062
Information Technology Department				
112 - Information Technology Department Salaries and wages	145.50	(\$6)	\$28,536,298	\$28,536,292
Operating expenses		0	15,920,000	15,920,000
Total Information Technology Department adjustments	145.50	(\$6)	\$44,456,298	\$44,456,292
Total Information Technology Unification Initiative Adjustments				
Total FTE and expenditure adjustments	0.00	\$608,363	\$46,181,991	\$46,790,354

January 16, 2019

HB 1021

Attachment B

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Dakota | Information Technology
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Team North Dakota

**EMPOWER PEOPLE
IMPROVE LIVES
INSPIRE SUCCESS**

House Appropriations Committee
Government Operations Division
January, 16, 2019 | Medora Room
Bismarck, ND



Empower People | Improve Lives | Inspire Success

January 16, 2019

#B1021

Attachment B

Empower People | Improve Lives | Inspire Success

Agenda

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HUMILITY

1. Information Technology Unification
 - Study Process and Operational Model
2. SORN
 - Overview
3. Cyber
 - Financial & FTE Breakdown
 - System Breakdown
4. Projects
 - Prioritization
 - Funding Overview



Citizen Focused

Growth Mindset

Leadership Everywhere

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HUMILITY

Information Technology Unification



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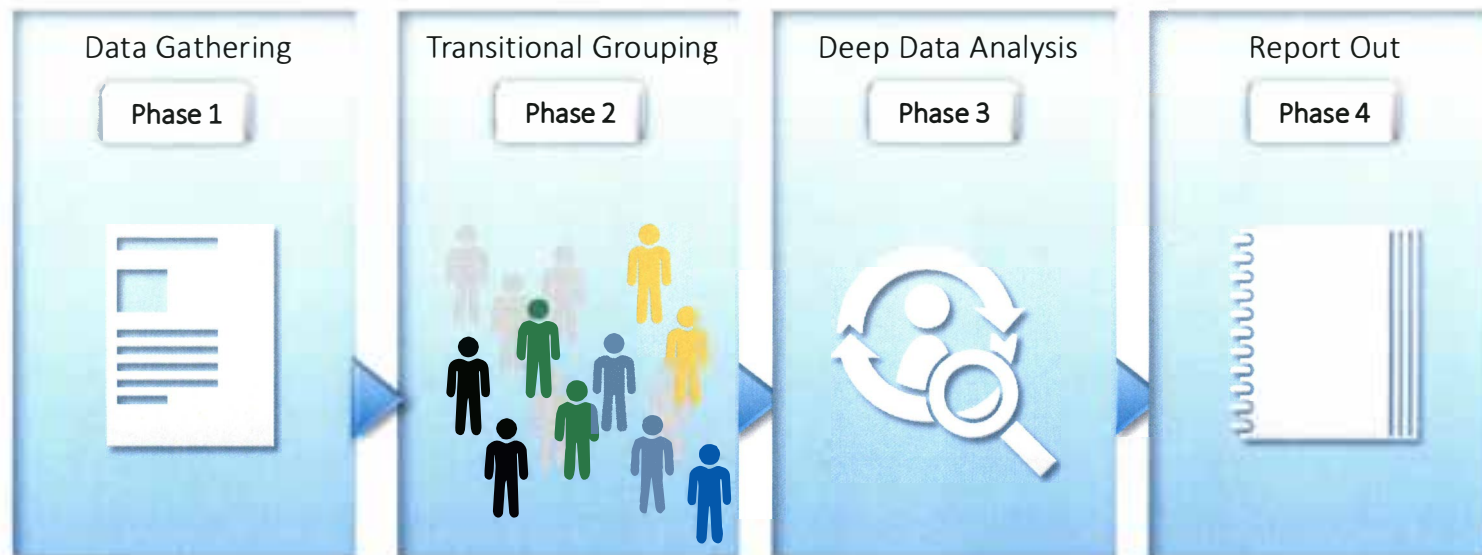
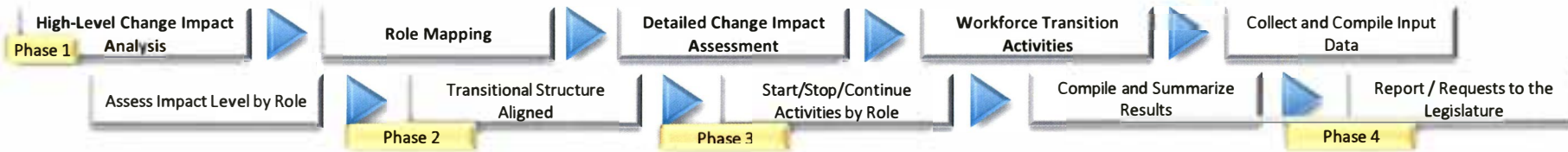
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IT Unification Process



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IT Shared Service Staff/Funding

There are \$0 new dollars for unification
All dollars are transferred inter-agency

Agency	FTE	Salary	Operating	Agency	Staff	Salary	Operating
Governor's Office	-	-	\$ 15,840	Securities Department	-	-	\$ 8,400
Office of Management and Budget	4.0	\$ 717,985	\$ 142,967	Workforce Safety and Insurance	12.0	\$ 2,611,276	\$ 3,320,366
Dept of Trust Lands	2.0	\$ 365,360	\$ 55,794	Highway Patrol	2.0	\$ 402,484	\$ 1,138,194
Dept of Health	4.5	\$ 807,418	\$ 512,241	Dept of Emergency Services	4.0	\$ 710,891	\$ 256,601
Environmental Quality	1.0	\$ 207,012	\$ 296,028	Dept of Corrections	6.0	\$ 1,201,926	\$ 788,090
Indian Affairs	-	-	-	Dept of Commerce	1.0	\$ 190,839	\$ 126,417
Dept of Human Services	48.0	\$ 9,408,813	\$ 1,832,809	Game and Fish Dept	3.0	\$ 518,671	\$ 287,102
Job Service North Dakota	16.0	\$ 3,073,820	\$ 427,714	Parks and Recreation Dept	1.0	\$ 177,457	\$ 443,897
Labor Dept	-	-	-	Dept of Transportation	41.0	\$ 8,142,351	\$ 6,244,025
Dept of Financial Institutions	-	-	\$ 21,515	TOTALS	145.5	\$28,536,303	\$15,920,000

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IT Unification

How do we plan to operate in a Unified model?

A high level of engagement and focus on business needs and customer service are critical success factors for world-class service delivery. Those success factors will be managed through 2 primary customer interactions:

- Embedded Staff
 - We expect ~95% of the staff to stay embedded in their current locations
 - It is our intention to actually move more staff to an embedded model. Many of the legacy ITD staff (especially developers) would highly benefit from being closer to their customer.
 - While a majority of the IT staff identified as in-scope will remain embedded in their agencies, there are a few exceptions that will be closely coordinated with the affected agency. Our intent is to ensure the highest level of service delivery throughout the transition. There should not be a need to train anyone to do 'small' support. This can be validated with the Start-Stop-Continue documentation that has been completed for each individual within the scope of Unification.
- Dedicated Key Customer Management (KCM)
 - The new KCM role is intended to serve as a business partner, working directly with agency leadership to identify priorities, requirements and resource needs and help ensure effective planning and execution of IT projects.
 - The following slides provide background on the Key Customer Management role and the three primary service areas that must be improved across the state's IT organization

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Key Customer Management Cont...

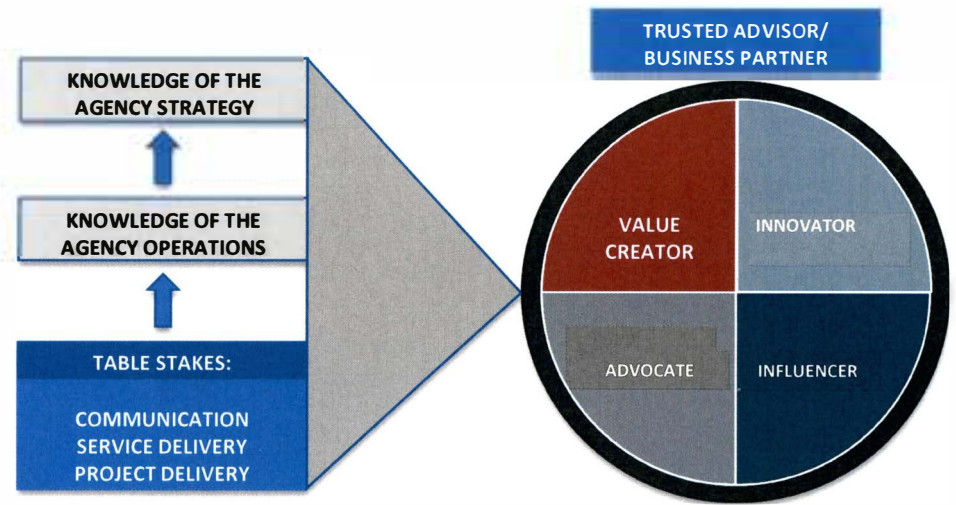
A KCM is NOT:

- ✗ Order taker
- ✗ Service desk
- ✗ Project manager
- ✗ Business analyst
- ✗ Service delivery manager
- ✗ Service owner
- ✗ Change manager

A KCM is:

- ✓ Value creator
- ✓ Innovator
- ✓ Trusted advisor
- ✓ Strategic partner
- ✓ Influencer
- ✓ Business subject matter expert
- ✓ Advocate for the business
- ✓ Champion for business process improvement

We must have a deliberate customer management model



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Key Customer Management Cont...

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(7) Aid in Planning of customer specific strategies, - actions and delivery

(1) Intensify relations with key customers

(6) Negotiating and coordinating partner for Key customers to reduce lags

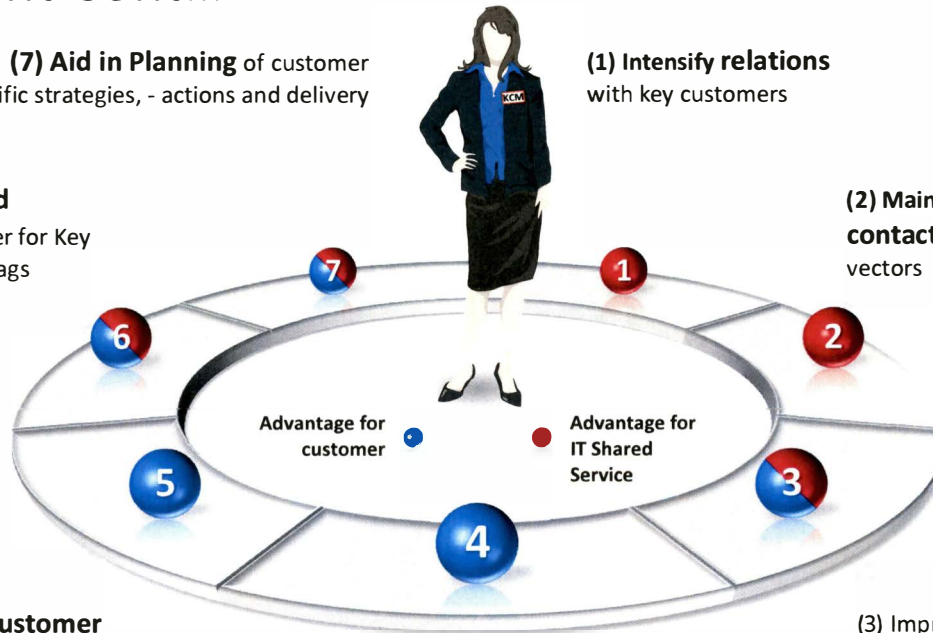
(2) Maintain customer contacts and communication vectors

(6) Conceptual skills

- Analytical thinking
- Structured Work
- Problem-solving skills
- Strategic thinking

(3) Specialized Skills

- In-depth knowledge about agency operations
- Customers knowledge



$$\begin{matrix}
 \text{V} & = & \frac{\text{Q} + \text{S}}{\text{\$}} \\
 \text{(VALUE)} & & \begin{matrix} \text{(QUALITY)} & + & \text{(SERVICE)} \\ \text{(COST)} \end{matrix}
 \end{matrix}$$

(5) Special customer requirements to internal departments /forward to contact person

(4) Report on functional, operational IT delivery, e.g. dashboards, metrics, KPIs

(3) Improve operations and business process

(3) Formal competencies

- Negotiation competencies
- Ability to make decisions
- Status / Position in company



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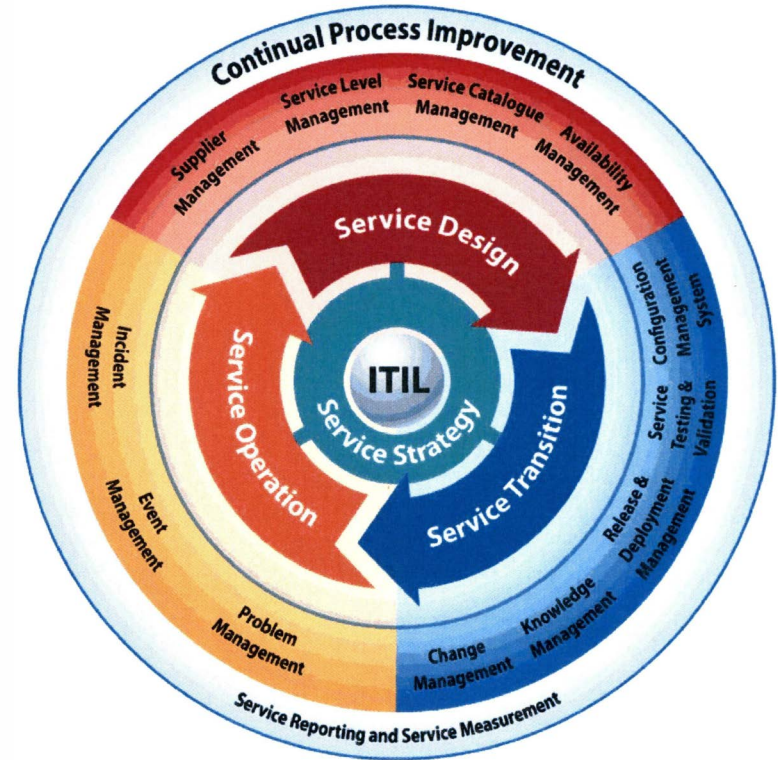
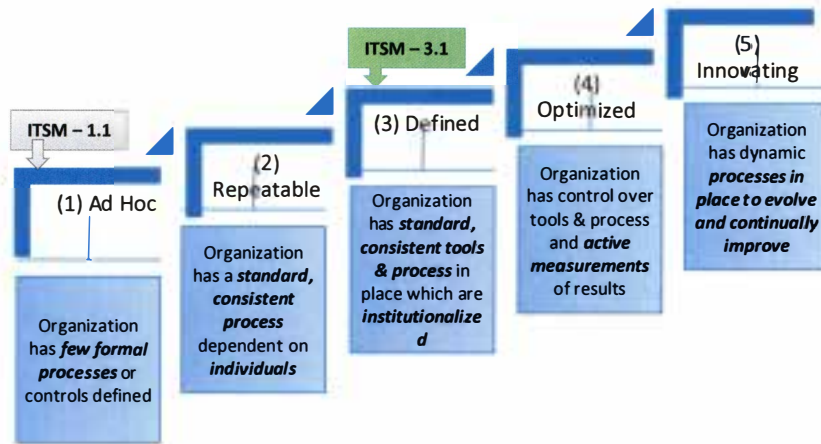
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IT Service Management

- Improving our processes will make us considerably more effective
- 40%+ of our service areas could be self service
- Our satisfaction scores will improve across the board with better management of incidents, problems, and work tickets



Q: Will the tool used still be HEAT & WMS?

A: No idea – I care much more about the process than the tool. The tool only enables process

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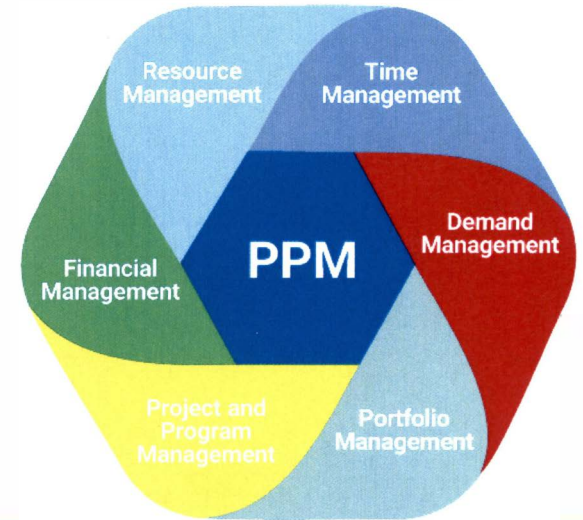
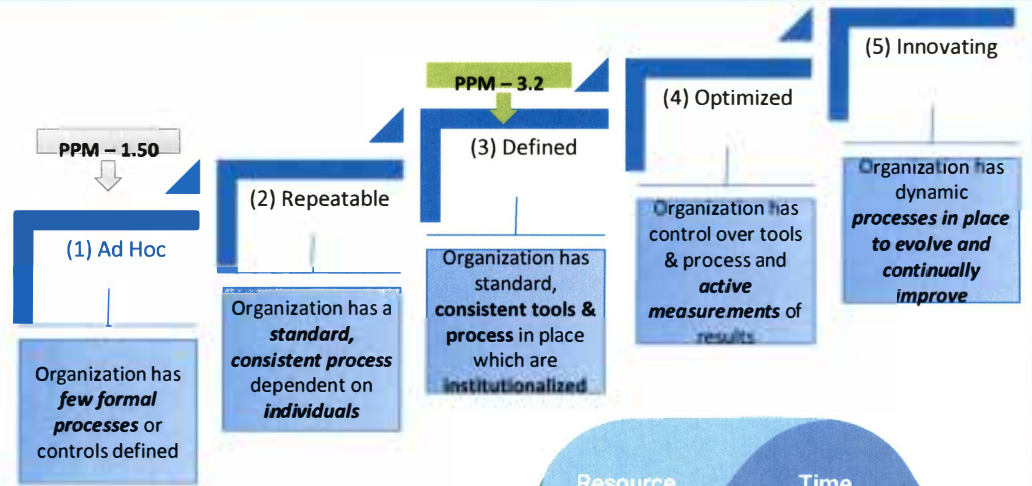
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Project and Portfolio Management

- What are we working on?
- What should we be working on?
- How are we aligning to strategy?
- Are we giving the customer what they need?
- How many resources are applied?
- When do we have available resources?
- Do we have the right kind of resources?
- How are we managing the operational tail?
- What is the replacement strategy?
- How do we select the next project?
- What is the cost per unit of service?
- How do we know we are delivering value?

Processes are being developed
– they will be tested, then improved

CA Clarity and Microsoft tools selected



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Attachment B #181021

January 16, 2019 01

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Software Development Lifecycle / App Lifecycle Management

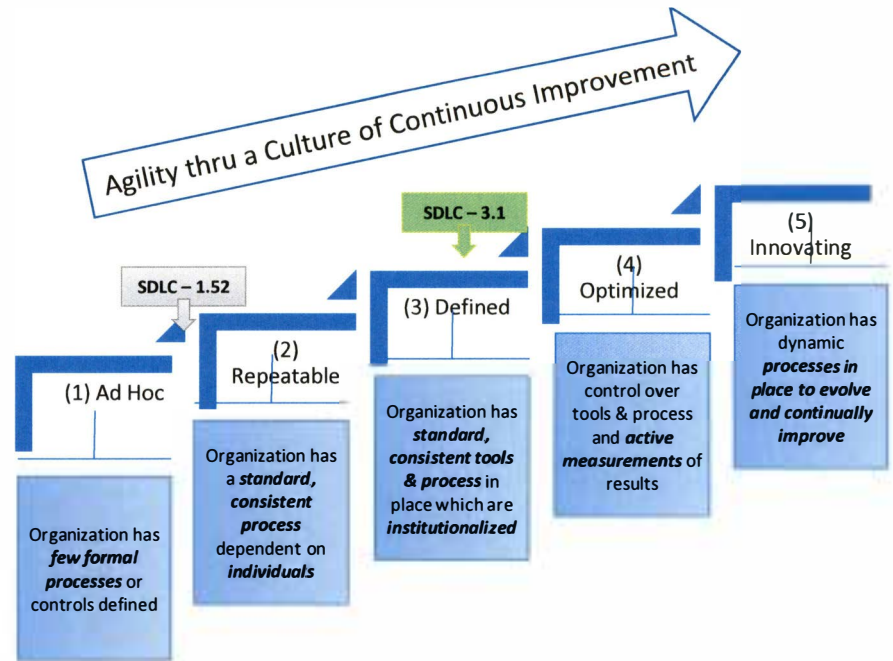
We must look at the future and ask ourselves "where do we want to be?"

We must evaluate our technology stack

We know the future must be

- Mobile by default
- Low-code / No-code dominant
- Cloud ready out of the box
- Customer integrated Agile
- Tested via automation
- Quality Control via automation

Some of our current technologies will need to evolve or be deemphasized or replaced



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Summary – Information Technology Unification

▪ Looking Forward

- Unification is a data driven initiative
- Efficiencies gained will save the state money
 - Uniform Architecture and planning
 - Uniform buying / purchasing capabilities
 - Uniform processes
 - Increased opportunity to automate
- Agencies will have better service than in the past
 - Dedicated customer management model
- Unification does not have an investment cost (\$0 capital)
 - Cost shifts only

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Statewide Interoperability Radio Network (SIRN)



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What:

- The Statewide Interoperability Radio Network (SIRN) project is an effort to provide a single, statewide, mission critical voice solution that will meet the demanding needs of the public safety community

Challenges:

- Coverage
- Interoperability
- Aging Infrastructure



Timeline

- 64th Legislative Assembly
 - Study funded
- 65th Legislative Assembly
 - Funding through \$0.50 911 fee
 - Established Governance
 - Executed Procurement
 - Recently issued "Intent to award"



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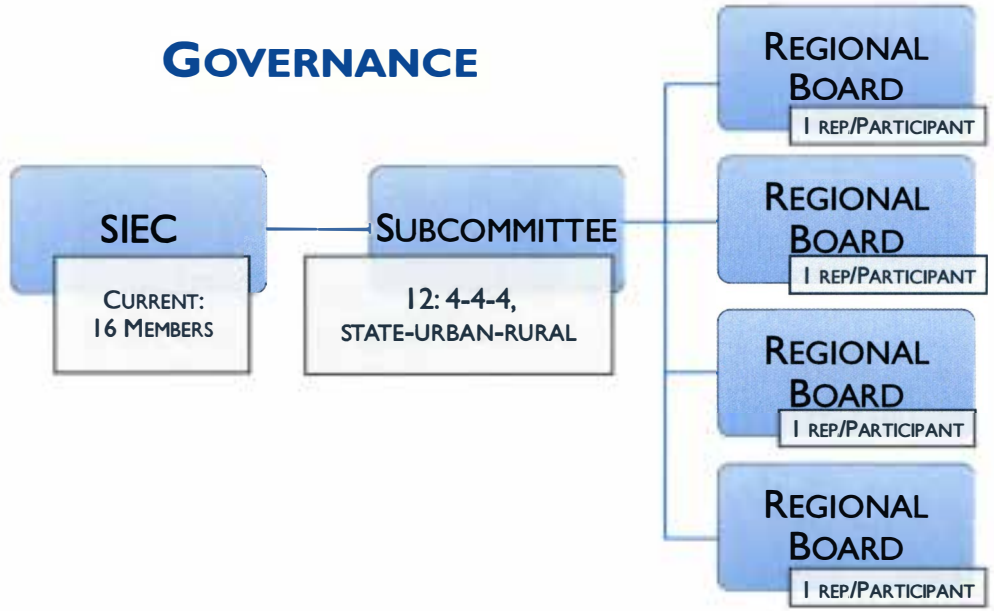
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SIEC Membership:

- ND 911 Association
- ND Adjutant General
- ND Dept of Emergency Services, State Radio Director
- ND Dept of Emergency Services, Homeland Security Director
- ND Department of Transportation
- ND Emergency Management Association
- ND Emergency Medical Services Association
- ND Fire Chiefs Association (Current Vice Chair)
- ND Highway Patrol
- ND Chief Information Officer (Current Chair)
- ND Police Chiefs Association
- ND Peace Officers Association
- ND Sheriff's and Deputies Association
- ND Indian Affairs Commission
- ND Legislative Assembly, House of Representatives
- ND Legislative Assembly, Senate

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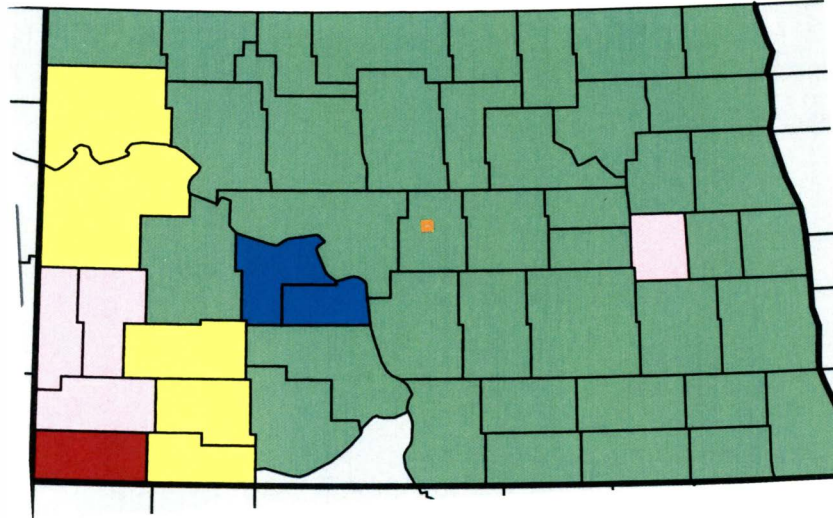
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MOU:

- 65th Legislative Assembly
 - HB 1178 – Sec. 8
- VHF frequencies
 - Original plan
- 800 Mhz frequency
 - Revised plan
- No frequency transfer required



Green = County Signed MOU
 Yellow = Letter of Intent
 Red = Formal Letter Rejected MOU
 Pink = Co. Commission Not Signing at this time
 Blue = Unable to Present to Commission
 Grey = No Response

Additional MOU's

- City of Bismarck
- City of Grand Forks
- City of Fargo
- City of W. Fargo
- City of Valley City
- City of Wahpeton
- City of Devils Lake
- City of Mandan
- City of Jamestown
- City of Minot
- City of Williston
- Edgeley FD
- Northwoods Ambulance
- Thompson FD
- The Northwood PD, Ambulance
- NDSU PD
- Casselton FD
- Northwood PD
- Buffalo FD

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Solution:

- Intent to award issued for a Motorola solution
- Provides single, statewide solution
- Coverage challenges mitigated
- Interoperability challenges mitigated
- End of life challenges mitigated
- No frequency transfers required
- 5 Year project – based on funding
- Emphasis on phased functional deliverables

Total Project:

Capital Investment:

Core and PSAP's	\$ 8.5M
Network	\$ 97M
Subscriber devices	\$ 100M

Contract Total:	\$ 206M
Network Construction:	\$ 1.1 M
Project Total:	\$207.1M

Operating Cost:

Est. Annual Opex: \$5M - \$10M

Notes:

- Final RF design will be completed as part of the detailed planning phase.
- Subscriber device totals will vary depending on consumer choice
- Operating expenses may vary when actual tower leases are negotiated

2019-2020 Executive

Budget: \$56.3M

- \$40M SIIF
- \$16.3M Special



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Summary – Statewide Interoperable Radio Network

Looking Forward

- Solution will provide the mission critical voice solution the public safety community requires to fulfill their mission
 - Coverage challenges will be mitigated
 - Interoperability challenges will be mitigated
 - End of life infrastructure challenges will be mitigated
- Inclusive governance structure
- Broad stakeholder engagement and support
- Total Project Budget (Multi-Biennium)
 - Cap Ex: \$207.1M
 - Op. Ex: \$5-10M annual
- 2019-21 Executive Budget Request
 - \$56.3M (\$40M SIIF – \$16.3M Special)

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Cyber – Finance and Initiatives



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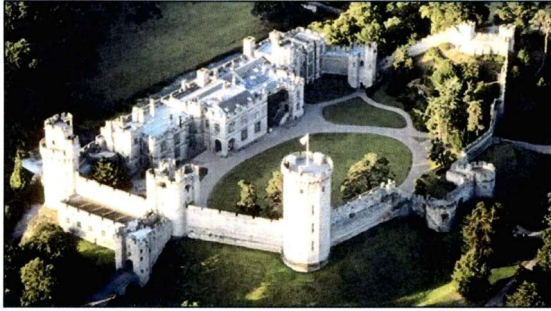
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The threat landscape has significantly changed over recent years, driven by state-actor industrialized hacking, and increasing business complexity:

Then...



- Perimeter defense
- Security control focus
- Assume the inside is secure
- System focus
- Fantasy of 100% compliance with zero-risk

Now...



- Defense-in-depth
- Security culture focus
- Monitor everything
- Data focus
- Transparent information risk management

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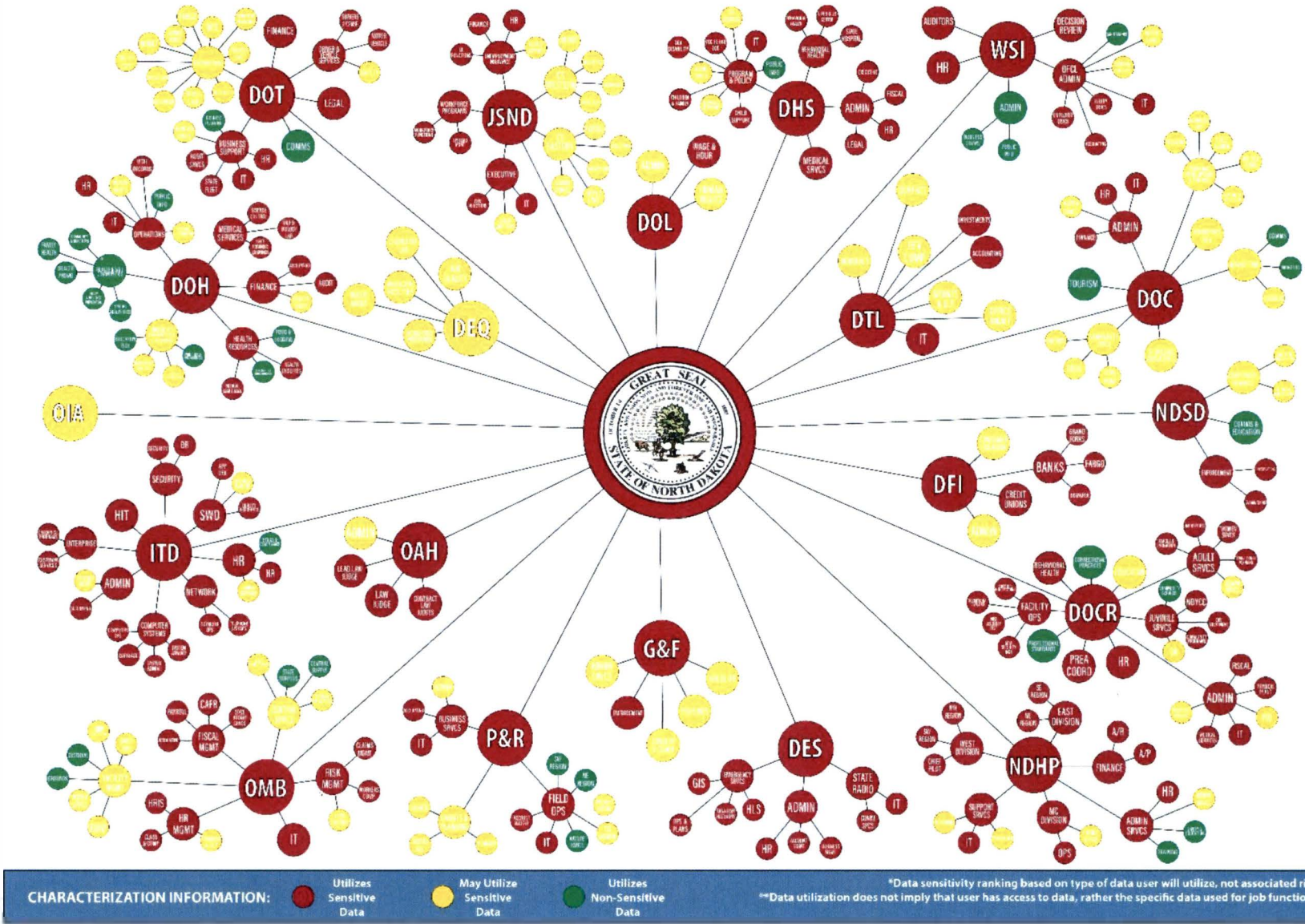
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Complexity of Data in North Dakota



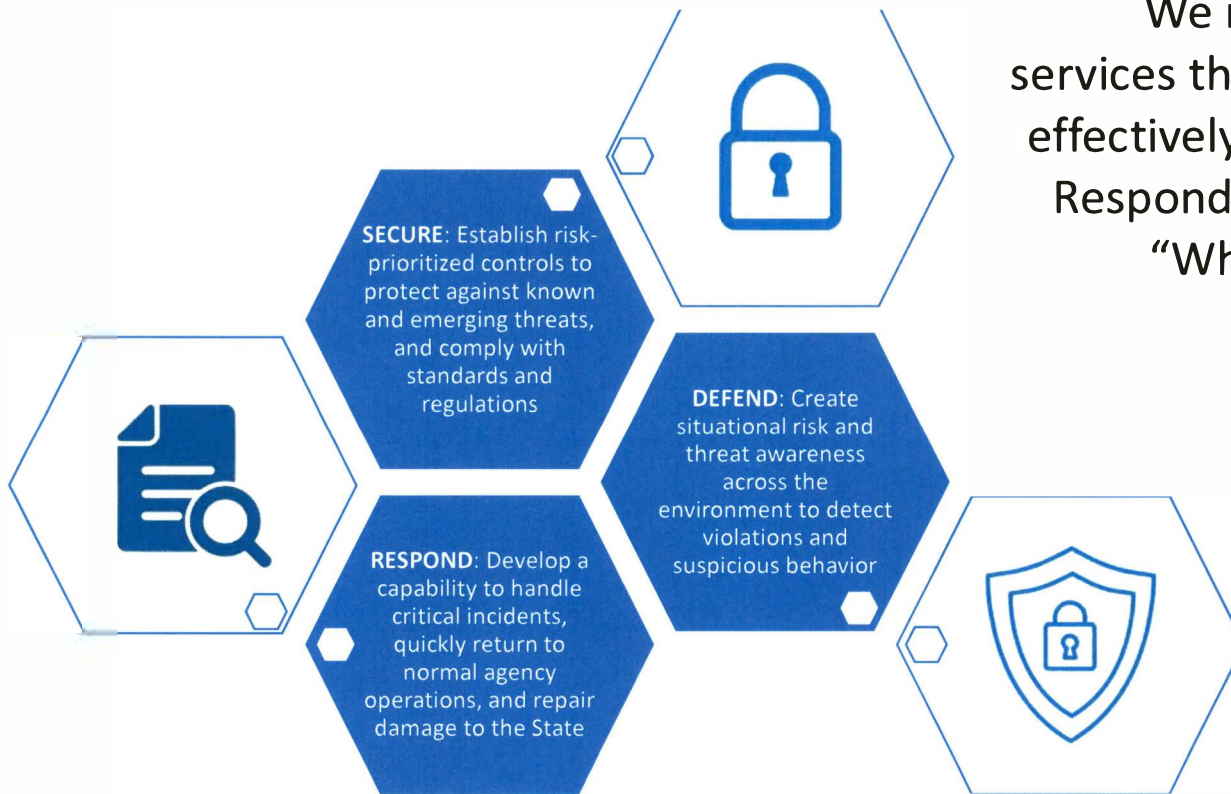
AGENCY LEGEND

OIA	Office of Indian Affairs
DOH	Department of Health
DEQ	Department of Environmental Quality
DOT	Department of Transportation
JSND	Job Service North Dakota
DOL	Department of Labor
DHS	Department of Human Services
WSI	Workforce Safety Insurance
DTL	Department of Trust Lands
DOC	Department of Commerce
NDS	ND Securities Department
DFI	Department of Financial Institutions
DOCR	Department of Corrections & Rehabilitation
NDHP	ND Highway Patrol
G&F	Game & Fish
OMB	Office of Management & Budget
P&R	Parks & Recreation
DES	Department of Emergency Services
OAH	Office of Administrative Hearings
ITD	Information Technology Department

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Approach

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We must deliver security services that will help the State effectively Secure, Defend and Respond to cyber attacks in a “Whole of Government” approach

Defending against **5.7 Million** attacks monthly

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Cyber Budget Summary

Priority	Percent of Ask	Description	FTE	Software Cost	FTE Cost
1	14%	Base Staffing	8	-	\$2,322,672
2	49%	Foundational Tools		\$8,100,000	
3	16%	Extended Staffing	9	-	\$2,613,006
4	7%	Module 1		\$1,100,000	
5	6%	Module 2		\$1,000,000	
6	7%	Module 3		\$1,200,000	
TOTAL		Comprehensive Cyber	17	\$11,400,000	\$4,938,678

The Cyber ask is intended to be a comprehensive toolset and support team. However, the Cyber ask can be broken down into segments if necessary for budgetary reasons.

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FTE Summary

Cyber FTE Breakdown (17):

STATE

- Cybersecurity Analyst - Tier 1
- Cybersecurity Analyst - Tier 2
- Cybersecurity Analyst - Tier 3
- Vulnerability Management Analyst
- Cybersecurity Engineer

K-12

- Cybersecurity Analyst - Tier 1
- Cybersecurity Analyst - Tier 2
- Vulnerability Management Analyst
- Cybersecurity Admin

Higher-Ed

- Cybersecurity Analyst - Tier 1

Political Subs

- Cybersecurity Analyst - Tier 1

The FTE are not broken down by toolset but by scope of work.

Assuming the state FTE are populated, all of the tools are viable. The additional FTE are necessary for scope of services to be included (K12, Higher-Ed, etc.).

The state minimum number of 8 FTE are required to implement the base software.

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Cyber Overview

The Cyber tools necessary to effectively defend the state of North Dakota can be segmented into 4 packages. However, they are most effective as a combined set. Without all 4 modules, some core functions will be limited or automation capabilities will be unavailable.

Toolset Summary:

Foundational Tools: Gather-Hunt-Respond	\$8.1m
Module 1: Security Incident & Event Management/Logging	\$1.1m
Module 2: Advanced Identity & Data	\$1.0m
Module 3: Security Orchestration, Automation & Response	\$1.2m

\$11.4m

NOTE: Security Incident Event Management/Logging package and the SOAR package are what allow us to operate at 17 rather than 37. SIEM/Logging is the single location of logs, SOAR is the key to Orchestration and Automation – linking the security toolsets, reducing the number of FTE’s necessary to effectively protect the state.

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Foundational Tools

Threat Intelligence

What:

Collection of tools providing advanced warning and visibility into the Tactics, Techniques and Procedures used by bad actors to orchestrate and manage attacks.

Why use it/How does it help:

Cyber analysts leverage the advanced knowledge to predict and identify bad actors, then deploying additional defense measures before attackers have a chance to gain foothold.

Example:

Understanding aspects of severe weather

Found in Base Package: Gather-Hunt-Respond (\$8.1m)
FTEs: Cybersecurity Analysts (State/PSD/K12/H-ED), Cybersecurity Engineer



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Foundational Tools

Behavior Analytics

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What:

Set of tools that continuously collect network, endpoint and cloud data - mapping normal behavior, highlighting anomalies/disturbances.

Why use it/How does it help:

Cyber analysts are alerted to deviations in patterns of behavior, addressing threats that matter.

Example:

Early warning signs of a heart attack

Found in Base Package: Gather-Hunt-Respond (\$8.1m)
FTEs: Cybersecurity Analysts (State/PSD/K12/H-ED),
Cybersecurity Engineer



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Foundational Tools

Vulnerability Management

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What:

Collection of tools designed to identify and prevent flaws in everyday programs.

Why use it/How does it help:

Reduces the likelihood of a cyber attack impacting the state and citizens by identifying and preventing vulnerabilities in software before the bad actors do.

Example:

Preventative maintenance on your car.

Found in Base Package: Gather-Hunt-Respond (\$8.1m)
FTEs: Cybersecurity Analysts (State/PSD/K12/H-ED), Cybersecurity Engineer, Vulnerability Management Analyst

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Module 1

Security Incident & Event Management/Logging

Found in Module 1: SIEM (\$1.2m)
FTEs: Cybersecurity Analysts (State/PSD/K12/H-ED),
Cybersecurity Engineer, Cybersecurity Admin

What:

Centrally located cyber event information that provides analysts with real-time insight into suspicious events and forensic capabilities.

Why use it/How does it help:

Correlated log activity + applied intelligence allows us to identify suspicious events before they have a chance to impact state services. In the event of a cyber incident or breach, it serves as the primary forensic lookup repository.



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Module 2

Advanced Identity & Data Protection

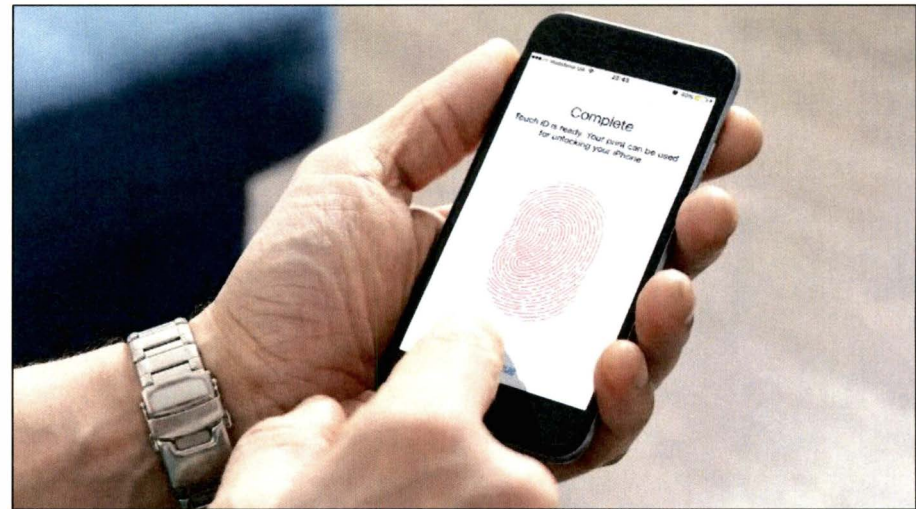
Found in Module 2: Advanced Identity & Data (\$1.0m)
FTEs: Cybersecurity Analysts (State/PSD/K12/H-ED),
Cybersecurity Engineer, Cybersecurity Admin

What:

Suite of services providing enhanced access control and data protections.

Why use it/How does it help:

Comprehensive visibility and control into system and data reduces our risk of a security breach.



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Module 3

Security Orchestration Automation & Response

Found in Module 3: SOAR (\$1.1m)
FTEs: *Cybersecurity Analyst (State/PSD/K12/H-ED),
Cybersecurity Engineer*

What:

Heavily integrated toolset used by analysts when coordinating a response effort to a cyber attack.

Why use it/How does it help:

Automated response playbooks greatly enhances our ability to respond and restore state services quickly reduces downtime and financial impact.

Example:

Housing contractor, alarm on your house



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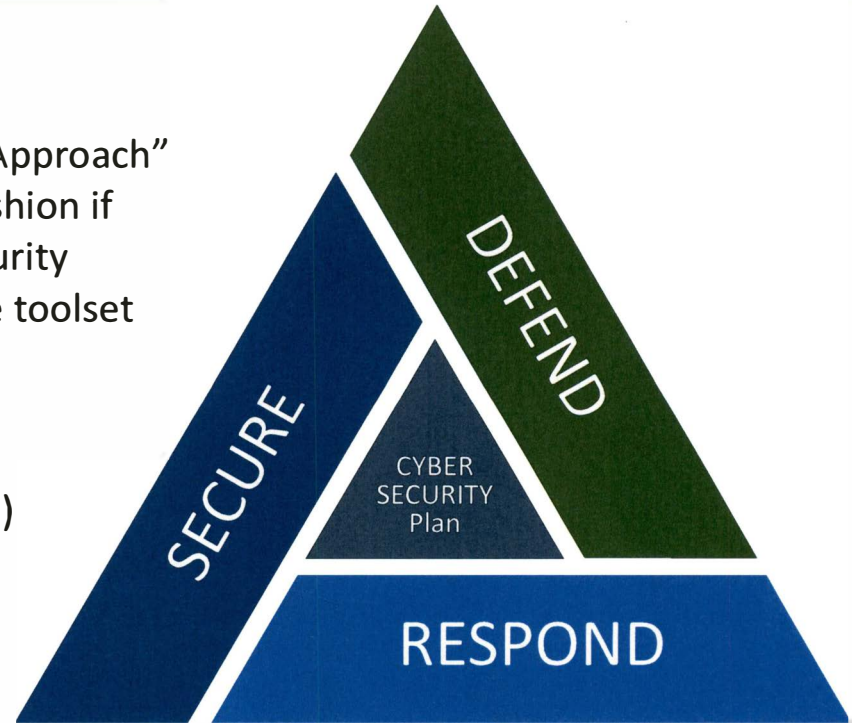
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Summary: Cyber - Finance and Initiatives

Looking Forward

Cyber Security requires a "Whole of Government Approach"

- This approach can be done in a modular fashion if necessary, however, the most effective security posture will be realized through a complete toolset and FTE load
- Proposals:
 - Changes to Century Code Authorities
 - \$16.4 in tools (\$11.4) and people (\$5M)



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Projects – Prioritization and Funding



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2019-2021 IT Projects

Projects are ranked 3 ways:

- SITAC
 - State Information Technology Advisory Committee
 - Ranking this year was completed on 30 October 2018
 - SITAC uses a relative ranking model and obtains the input of the committee members to rank a project
 - This process is highly subjective and tends to be a “spiral ranking” system where each agency gets a number 1, etc.
 - This process can be highly improved
- By each Agency individually
 - Regardless of SITAC recommendations, each agency can advocate for their projects outside of any “Enterprise” ranking that takes the whole state government into account
- The Governor’s budget
 - The Governor’s budget for 2019-2021 attempts to view projects at an Enterprise view. This meant some projects requested by the agency (or ranked via SITAC) were considered, but not included in the executive recommendation

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Governor's Recommended Projects

Large IT Project Recommendations - 2019-2021

Agency/Project	Total Request	Recommendation Funding Source				Related FTE
		Project Cost	General Fund	Federal Funds	Special Funds	
108 Secretary of State						
Voting System Replacement & Electronic Pollbook	12,000,000	11,000,000	8,000,000	3,000,000	0	0.00
Total Secretary of State	12,000,000	11,000,000	8,000,000	3,000,000	0	0.00
112 Information Technology						
Automation/Orchestration	900,000	900,000	0	0	900,000	0.00
Customer Relationship Management	4,500,000	4,500,000	0	0	4,500,000	0.00
Cyber Security	21,024,640	16,359,796	0	0	16,359,796	17.00
Development Platform - aPaaS	1,325,000	1,325,000	0	0	1,325,000	0.00
Legacy Lift	2,000,000	2,000,000	0	0	2,000,000	0.00
ND Gateway	6,000,000	6,000,000	0	0	6,000,000	0.00
SIRN	160,000,000	44,000,000	0	0	44,000,000	0.00
Service Management	2,000,000	2,000,000	0	0	2,000,000	0.00
Statewide Land Parcels	1,150,000	1,150,000	0	0	1,150,000	0.00
Unified Data Platform	1,000,000	1,000,000	0	0	1,000,000	0.00
Total Information Technology	199,899,640	79,234,796	0	0	79,234,796	17.00
301 ND Department of Health						
Continue with WICEBT	354,554	354,554	0	354,554	0	0.00
Total ND Department of Health	354,554	354,554	0	354,554	0	0.00
325 Department of Human Services						
CCWIPS Mainframe Migration	1,250,000	1,250,000	0	675,000	575,000	0.00
MMIS Tech Stack Upgrade	7,104,000	7,104,000	0	5,328,000	1,776,000	0.00
Total Department of Human Services	8,354,000	8,354,000	0	6,003,000	2,351,000	0.00
380 Job Service North Dakota						
Unemployment Insurance (UI) Modernization Project	16,492,766	16,492,766	0	16,492,766	0	0.00
Total Job Service North Dakota	16,492,766	16,492,766	0	16,492,766	0	0.00
405 Industrial Commission						
RBDMS Upgrade	6,646,030	7,646,030	0	0	7,646,030	0.00
Total Industrial Commission	6,646,030	7,646,030	0	0	7,646,030	0.00
406 Department of Labor and Human Rights						
Paperless System	69,659	69,659	69,659	0	0	0.00
Total Department of Labor and Human Rights	69,659	69,659	69,659	0	0	0.00

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Governor's Recommended Projects Cont...

Large IT Project Recommendations - 2019-2021

Agency/Project	Total Request	Recommendation Funding Source				
		Project Cost	General Fund	Federal Funds	Special Funds	Related FTE
485 Workforce Safety and Insurance						
CAPS - Claims & Policy Replacement System	7,010,000	7,010,000	0	0	7,010,000	0.00
myWSI Extranet Enhancement Project	850,000	850,000	0	0	850,000	0.00
Total Workforce Safety and Insurance	7,860,000	7,860,000	0	0	7,860,000	0.00
801 Department of Transportation						
AVL	2,650,709	2,650,709	0	0	2,650,709	0.00
Drivers License Rewrite	22,500,000	22,500,000	0	0	22,500,000	0.00
MMS	3,850,000	3,850,000	0	0	3,850,000	0.00
RIMS	9,100,000	9,100,000	0	0	9,100,000	0.00
TDEA Replacement	1,525,838	1,525,838	0	0	1,525,838	0.00
Total Department of Transportation	39,626,547	39,626,547	0	0	39,626,547	0.00
Total All Agencies	291,303,196	170,638,352	8,069,659	25,850,320	136,718,373	17.00

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ITD Project Priorities

Project Rankings

- #1 Unification is not an official project due to the zero new dollar request. This project is a baseline requirement to complete #2, #4, and #6
- #2 is necessary to ensure significantly improved controls to manage data security
- #3 is a project for our customer base, and does not impact IT operations
- #4, #5, #6, and #7 will lower the overall cost of service delivery from IT to its customers
- #8, #9, #10, and #11 will enhance the citizen's experience interacting with state government systems

Project	Total Request	Funding Type
#1 Unification	N/A	N/A
#2 Cyber	\$16,400,000.00	\$5m Gen, 11.4 SIFF
#3 SIRN	\$44,000,000.00	SIIF
#4 Service Management	\$2,000,000.00	Special
#5 Automation / Orchestration	\$900,000.00	Special
#6 Development Platform - aPaaS	\$1,325,000.00	Special
#7 Legacy Lift	\$2,000,000.00	SIIF
#8 ND Gateway	\$6,000,000.00	SIIF
#9 Unified Data Platform	\$1,000,000.00	SIIF
#10 Citizen Relationship Management	\$4,500,000.00	SIIF
#11 Statewide Land Parcels	\$1,150,000.00	SIIF
TOTAL: Information Technology Projects	\$79,275,000.00	

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Summary: Projects - Prioritization and Funding

■ Looking Forward

- IT Projects
 - Unification and Cyber are the “BY FAR” priority
 - The three core efficiency projects are covered within ITD rates and only require authorization to spend
 - Majority of projects leverage SIIF funding within the Governor’s budget

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Appendix

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2019-2021 Executive Budget – SIRN

Program – SIRN	General Funds	Special Funds	Federal Funds	Total
SIRN– 2017-2019 Budget		\$ 28,700,000		\$ 28,700,000
One-Time Funding Reductions		(15,000,000)		(15,000,000)
Budget Changes		(1,370,000)		(1,370,000)
Budget Changes (SF 4M – SIIF 40M)		44,000,000		44,000,000
Total Executive Budget – SIRN		\$ 56,330,000		\$ 56,330,000

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Committee chairman Vigesaa,

My name is Jon Vannett I would like to address the committee about the request for funding by Bob Nutsch, the GIS coordinator for the State of North Dakota to create a statewide parcel data set. First I would like to explain my background and bring to the committee's attention some facts about this proposed project and why I believe that funding this project would be a total waste of North Dakota tax payer's money.

I work for Great Plains Directory Service and we are located in Jamestown. The company is owned by my father and he has been producing plat books of the State of North Dakota for 27 years. Over the years he has employed many employees and supported many local businesses as we create, print, and ship the books all from our office. Every time I contact a county auditor to get the counties tax list and shapefile the auditor is happy that they are going to have an updated plat book of their county.

I got involved with my father's company about five years ago so my father could retire. I have changed the company so that we use GIS software to create our maps and books. Before working for my father I was a construction worker with no computer experience and I did not even know what a plat book was. I could barely send an e-mail. Two years ago I started learning how to use GIS software. I have not taken one course in GIS and have totally taught myself how to use GIS software to create our plat books and maps. I believe my history and my inexperience working with GIS is very important. It proves that currently the GIS information is out there and easily obtainable. If I can get this information than anyone with any GIS back ground can also easily obtain this information.

It is my understanding that Bob Nutsch is asking for funding to create a state wide parcel data set and to make it available to the public for free. To do this you use what is called a shapefile. Most North Dakota Tax payers do not even now what a shapefile is. A shapefile is a digital file that used the legal description to draw in the parcel lines. Each partial has a partial ID number that is used to match to the data from the tax list. Each county has paid a private company to create a shapefile for the county. In order to use a shapefile a person or company needs to have the expensive mapping software. This means that a very small number of North Dakota residents and businesses can even use a shape file.

Currently there are 21 counties that have this information available for free on the county's website. Most of these counties have a GIS person employed by the county. Every county updates there shapefile at different frequencies. Some do it daily, monthly, quarterly, yearly and some just do not update their shapefiles. This means that the information that will be used for this website might not even be updated and that anybody that needs the most current information is going to have to contact the county directly anyways. This would mean that the only counties on the state wide website that have current information will already have their information available for free. Tax payers will be paying for the same information twice. They are currently paying for it through their county taxes and now they will be paying for it through their state taxes also. This makes absolutely no sense to me.

The current process of getting a shapefile and tax list consists of me contacting the county auditor for the county in which we are going to update. I give the county free plat books and wall maps in exchange for this information. I am then usually directed to the tax director to get a copy of the shapefile. Each county also handles this differently. The counties that have a GIS person on staff usually send me a link to the shapefile. Other counties direct me to the company that created and updates the counties shapefile. Each county has their own agreement with the company that created the shapefile. These companies charge different amounts to purchase the shapefiles. For instance Sidwell charges you per parcel, which can get very expensive. I get permission from the auditor to use this information, but I am still charged a handling fee by the company for emailing the shapefile. This can cost from \$100 to \$300 every time they send you a shapefile. Is the state going to be required to pay for this information also? Bob stated that he wants to make the shapefiles available for everyone. Are they also going to have to purchase these shapefiles from the companies?

Some shapefiles only include parcel Id numbers. So a person has to merge the shapefile with the tax list in order to update the information that is associated with each parcel. Once again every county handles their own tax information and every county handles it differently. For privacy purposes most counties will not include the land owners address, only there name. Is the state website going to include people's addresses also? Once I get the shapefile and the tax list from a county it takes about a half an hour to merge the tax list with the shapefile using GIS. Remember I have no GIS training and was a construction worker that could barely send an email a few years ago. This means that any person or company that works with GIS can quickly and easily get this information themselves without ND tax payers paying what will amount to millions of dollars to create and maintain this parcel web site. Once again 21 counties already have this information available for free on their websites. ND tax payers are already paying for this through their county taxes.

One of the reasons B

ob said we need this parcel website would be if a pipeline company wants to run a pipeline through multiple counties. They currently can view this information one county at a time on the county website for free. We did a job for Cenex pipeline out of Montana. They wanted to send letters to all the land owners that their pipeline passed through. I clipped out all the parcels through

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the whole state and gave them a mailing list of all the land owners. The company was compensated \$8500 to set this up for them. Now if they want an updated list I can merge a new tax list to their pipeline parcels very easily for only a few hundred dollars.

There is a hunting app out there I believed is called Onx. It has parcel information for many states. How often it is updated I do not know. We have been talking about building a statewide parcel viewer for subscription for years. The two reasons we have not done it yet is we are not sure that there is enough demand to make a profit off of our investment to build and maintain the web site. The second reason is we do not want to invest thousands of dollars into a web site for subscription if the state is going to offer the same information for free. I have met with Off Roads Software out of Bismarck to get a bid on building and hosting a parcel viewer web site. I have a bid from our web site provider KAT communications out of Bismarck to upgrade our website to secure our information so only subscribers get access to the parcel information. The project is on hold until after the outcome of Bobs request. If there is a demand for a state wide parcel web site, we or other companies will build this site for profit and at no cost to ND tax payers.

How much has Bob estimated it will cost next year to keep the parcel information updated?

How many employees is he going to have to add in order to build and maintain the website?

This project will only add more cost for ND tax payers and will certainly take revenue away from private North Dakota Companies like my fathers.

This project is a massive waste of money that will cost ND taxpayers year after year.

This project will do exactly the same as what 21 counties are currently doing.

Bob said we need to be like other states. I am assuming he means Montana. The difference with Montana I am told is that the state of Montana handles the property taxes instead of the counties. South Dakota and Minnesota barely have a GIS hub.

In summery I believe this project is not necessary and will mostly only repeat information that is already out there. Shapefiles are used by a small group of people and business. Most of the businesses that are interested in this information are from out of state. Not having this web site will not stop them from doing business here. It will make them reach out to local ND businesses to get this information. The information is currently available and does not take that long to get. I am a construction worker with no GIS training and I figured it out.

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County	GIS website
Burke	https://portico.mygisonline.com/html5/?viewer=burkend
Burleigh	http://gis.burleighco.com/ParcelViewer.aspx
Cass	http://casscountynd.maps.arcgis.com/home/index.html
Cavilier	https://portico.mygisonline.com/html5/?viewer=cavaliernnd
Divide	https://portico.mygisonline.com/html5/?viewer=dividend
Dunn	https://dunn.gworks.com/
Emmons	http://emmonscounty.maps.arcgis.com/apps/View/index.html?appid=36cbfc42d0a547eebac3a0ebfb3c2691
Golden Valley	https://goldenvalley.gworks.com/
Grand Forks	http://gfcountry.nd.gov/node/58
Grant	https://grantnd.gworks.com/
McKenzie	https://mckenzie.gworks.com/
McLean	https://portico.mygisonline.com/html5/?viewer=mcleannnd
Morton	http://mortongisonline.maps.arcgis.com/apps/PublicGallery/index.html?appid=d50d684526524b5db1f2aa502eab66c4&group=db304eadeb3141b1851e2497c95cb1f2
Mountrail	https://portico.mygisonline.com/html5/?viewer=mountrailnd
Pembina	http://www.pembina.interactivegis.com/
Ramsey	https://gis.co.ramsey.nd.us/ParcelViewer/
Richland	https://co.richland.nd.us/rcims
Stark	https://stark.gworks.com/
Walsh	https://wc-hs.maps.arcgis.com/apps/webappviewer/index.html?id=cffdb5034b314a0a9e7fdc67242ee6e7
Williams	http://williamscty.maps.arcgis.com/apps/PublicGallery/index.html?appid=04b5edd3eed544ef9f769d2c31367928&group=472e12e775ed4ccb9b2c42ea52b83201
<i>Ward</i>	
County	Tax info only
Barnes	http://ndpropertytax.org/tax/Searchinput.asp?
LaMoure	http://ndpropertytax.org/tax/Searchinput.asp?
Mercer	https://mercernorthdakotaassessors.com/search.php
Ransom	http://ndpropertytax.org/tax/Searchinput.asp?
Sargent	http://ndpropertytax.org/tax/Searchinput.asp?
Stutsman	https://portals.co.stutsman.nd.us/iTax/

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attachment A

NORTH Dakota | Information Technology

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Team North Dakota

**EMPOWER PEOPLE
IMPROVE LIVES
INSPIRE SUCCESS**

House Appropriations Committee
Government Operations Division
January, 21, 2019 | Medora Room
Bismarck, ND



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Agenda

1. SIRN
 - Comments from interested parties
2. Education Programs
 - Center for Distance Education move to Career and Technical Education
3. GIS Land Parcel Project Overview
4. Efficiency projects
 - Department of Financial Institutions Pilot
5. Committee Questions

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Statewide Interoperability Radio Network (SIRN)



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Education Programs in ITD

Center for Distance Education

EduTech

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GIS Land Parcel Project

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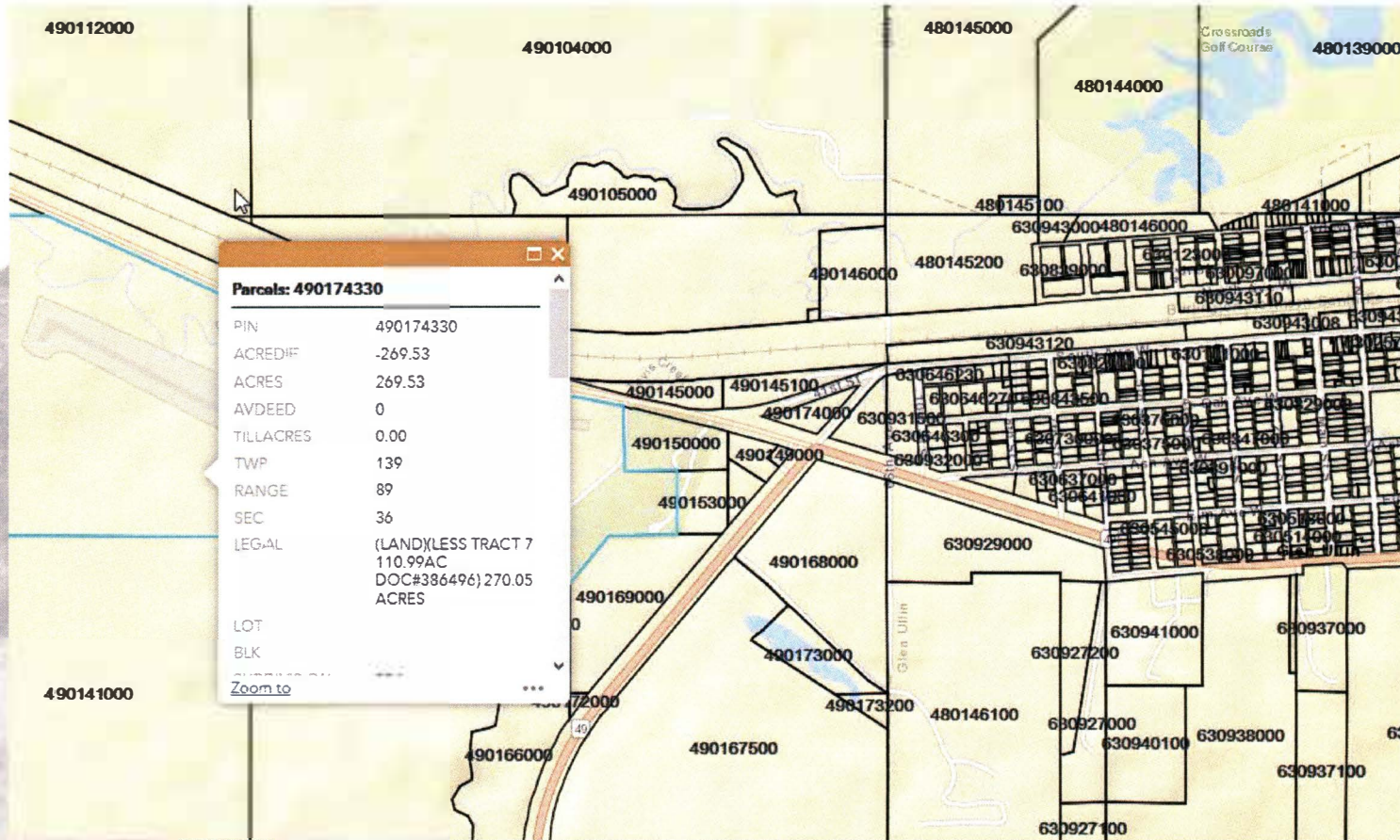
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Parcels Example



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The Plan

- Goal: Develop seamless, statewide dataset
 - Accessible by all levels of government and the public
- Stakeholder guidance
 - Relationships and communication are key
- Data providers
 - City, county, vendor
- Compile existing data
 - Standardize on field names and field values
- Develop data where missing
 - Convert into GIS format from paper or other formats
- Data maintenance plan
 - Automate, minimize impact to data provider

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A Sample of Use Cases

- Siting and planning
 - Infrastructure spanning multiple counties, e.g., right-of-ways, pipelines, diversions
- Updating of administrative boundaries
 - City boundaries, emergency management zones
- Assist in disease outbreak
 - Identify producers in selected areas, e.g., poultry farms, feedlots
- Enrollment of lands into state programs
 - Land access
- Centrally assessed property taxes
 - Utility company infrastructure such as pipelines, wind farms

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Efficiency

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Software Development Lifecycle / App Lifecycle Management

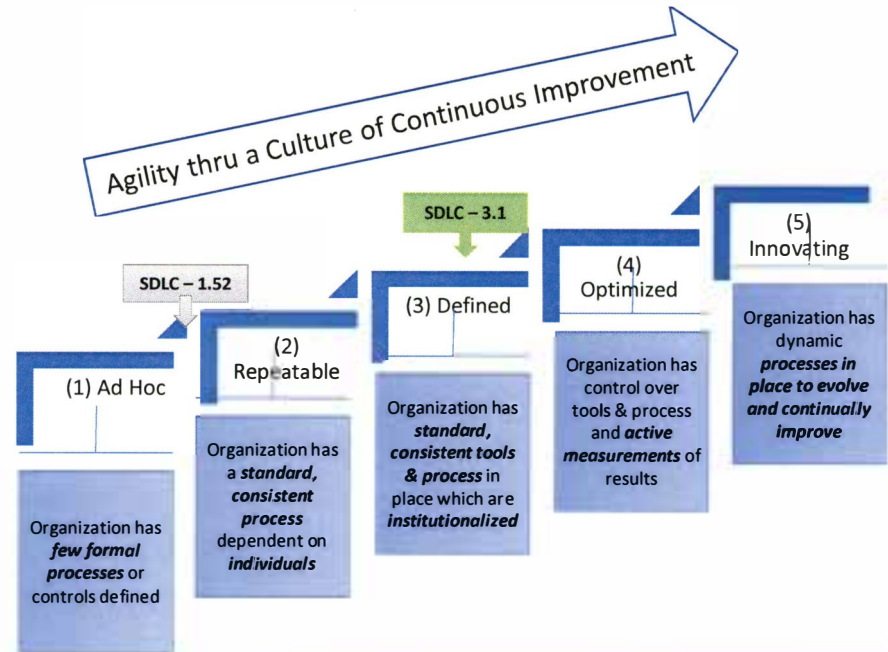
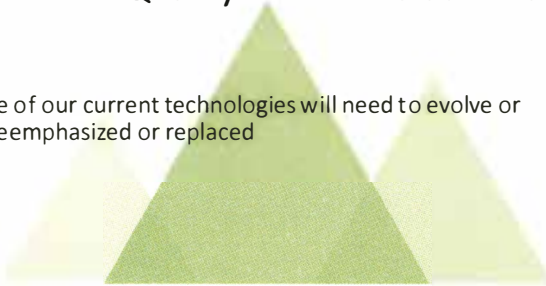
We must look at the future and ask ourselves "where do we want to be?"

We must evaluate our technology stack

We know the future must be

- Mobile by default
- Low-code / No-code dominant
- Cloud ready out of the box
- Customer integrated Agile
- Tested via automation
- Quality Control via automation

Some of our current technologies will need to evolve or be deemphasized or replaced



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Lise Kruse
Director
Department of Financial Institutions

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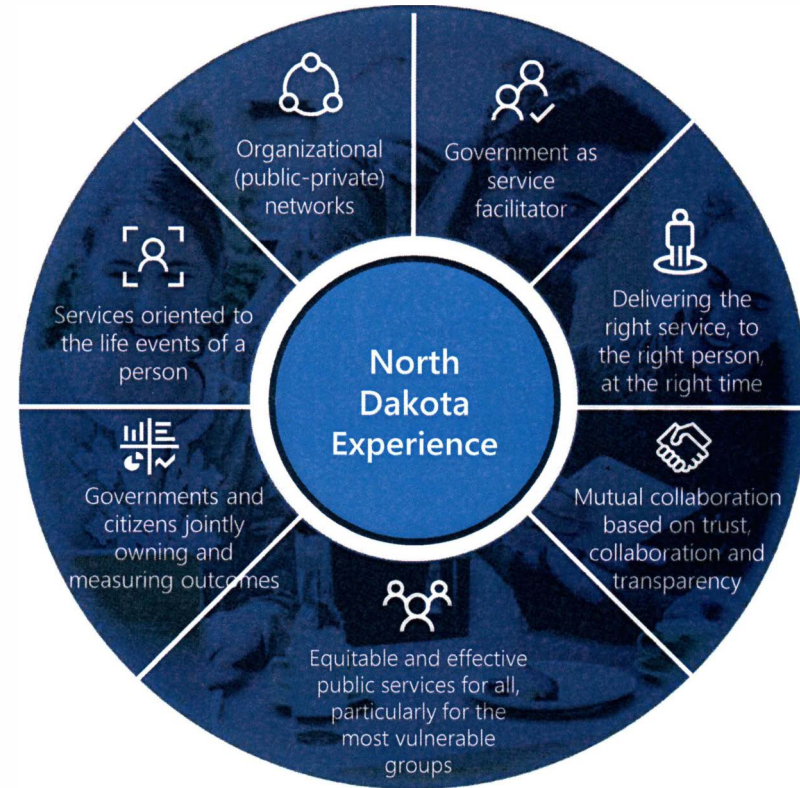
Summary

A vision of the future of Citizen Services

Lower Costs

Defend Information

Enhance Experience



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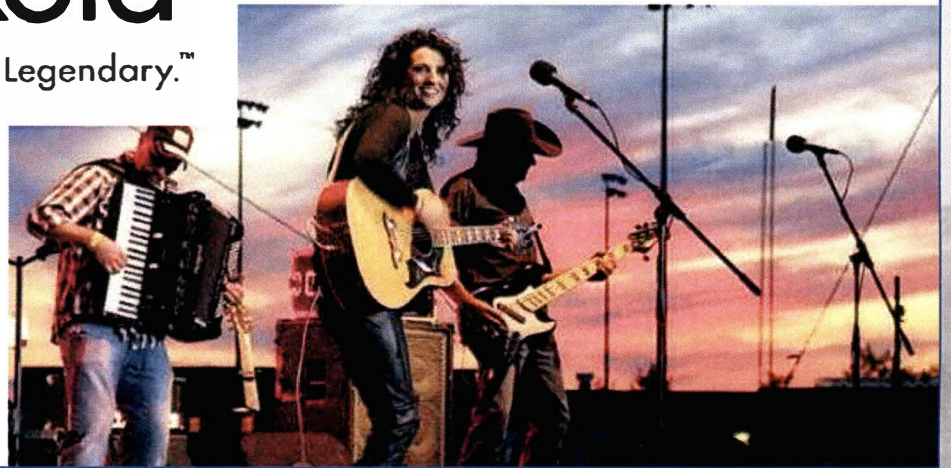
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Appendix

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GenCom

Mandan Bismarck Burleigh

January 21, 2019
House Appropriations Subcommittee (Government Ops)
Honorable Chairman Don Vigesaa

HB 1021
Neutral

Chairman Vigesaa and members of the House Appropriations – Government Operations Division, for the record my name is Mike Dannenfelzer, Director of the Central Dakota Communications Center (CenCom). Our Agency provides public safety communications services for the Bismarck/Mandan community, Burleigh County, and the southeast portion of McLean County, including the City of Wilton. I am here in support of the Statewide Interoperable Radio Network (SIRN 20/20) project as recently bid by the State of North Dakota.

While HB 1021 does acknowledge the project by providing some funding, I do not believe the funding proposed in the budget bill is adequate to ensure success of the SIRN 20/20 project. As you are probably aware, another bill is being introduced in the House based on recommendations of the Statewide Interoperability Executive Committee (SIEC) to provide a level of funding commitment that will ensure success and broad adoption by first responders in this State.

Without adequately funding SIRN 20/20 this Session, we risk a project that builds a highway without any on-ramps or off-ramps. It risks ultimately increasing the overall cost of the project by pushing deployment out several years and potential adopters (first responders) will have to purchase more expensive radios to maintain use of legacy systems while preparing to someday adopt a system that is still waiting for necessary funding.

While I do appreciate the intent of HB 1021 to place some funds on the table, I believe the House Bill influenced by the SIEC efforts will get the State where we all want to be and

CENTRAL DAKOTA COMMUNICATIONS CENTER

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A partnership between the City of Bismarck, City of Mandan and Burleigh County since 2016

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enable a strategic, coordinated buildout of a new interoperable radio system that will serve this State for the next 25 years.

What public safety agencies (state and local government) need right now is clarity on the buildout of SORN 20/20 so that they may begin purchasing with confidence and the SORN 20/20 system can be a bright success for this State.

I first testified on the need for the State to begin planning for a new statewide radio network four sessions ago, one that could be used by all first responders in the State. Each interim since has been busy with studying the issues, building consensus, and culminated with an RFP being issued to move forward this past year. We now have in front of us the opportunity of actually building that standards-based, interoperable solution envisioned in 2013.

The SIEC, directed with preparing recommendations to the Legislature on this issue, has been heavily invested with time and effort to provide appropriate recommendation based on established standards and proven, reliable technology. The envisioned SORN 20/20 system will be a purpose-built solution for all public safety officials and is based on advanced Project 25 technology; the accepted national standard for public safety communications.

Again, while I appreciate the effort in HB 1021, I believe financial commitment to the full solution this Session will better guarantee system success.

Thank you and I will answer any questions you may have.

Mike Dannenfelzer
Communications Director
9-1-1 STEPS Chairman
Dakota NENA President
SIEC Member

The Central Dakota Communications Center (CenCom) is a consolidated public safety answering point providing Enhanced 9-1-1 and public safety communications services for the City of Bismarck, City of Mandan, Burleigh County and the southeast portion of McLean County, including the City of Lincoln.

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Attachment C

Testimony on House Bill 1021

House Appropriations – Government Operations Division

By Gary Lorenz

January 21, 2019

Mr. Chairman and members of the committee, my name is Gary Lorenz, Fire Chief for the City of Grand Forks. I also represent the North Dakota Fire Chief's Association on the State Interoperable Executive Committee (SIEC) where I currently serve as Vice Chair for that committee. I am here today in support of all proposed funding in House Bill 1021 for the State Interoperable Radio Network (SIRN). While there have been significant advancements in technology over the past several decades, the use of land mobile radios by first responders as a primary means of communication has remained constant during this time.

The Grand Forks Fire Department, like many fire departments, has a vast assortment of tools and equipment to mitigate the numerous types of emergency situations that the fire department is called upon to respond. For example, medical emergencies, vehicle crashes, fires, hazardous material incidents, technical rescue, natural disasters and today, active shooter and other terroristic threats. While many of these incidents require different specialized equipment, there is one vital tool that is used at every one of these events. That is a two-way radio. Effective, consistent, and reliable communications is vital to the day to day operations of the fire department.

I have served as a firefighter, apparatus operator, company officer, and assistant chief and now chief. During my 29 year career, I have responded to thousands of calls. On every one of these calls a two-way radio was used. These radios provided the necessary method to communicate with the dispatch center, between other fire department personnel, and with other agencies. While not every call for service presents a life threatening situation, I have been on calls where I believe the use of a two-way radio likely saved firefighters lives. Two incidents in particular come to mind. One involved a fire in a large apartment complex where after a roof collapse a firefighter became trapped and called a "Mayday" using his two-way radio. Fortunately, the firefighter was not injured. But imagine this firefighter being trapped and not having the ability to call for help. The second incident involved an intentionally set fire in a nightclub in an older building located in center of the downtown area. The fire was initially started on the second floor towards the rear of the building with the use of gasoline. Several fire crews were inside the structure attempting to extinguish the fire when a captain who was working to advance fire hoses into the

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building heard strange noises coming from within the building. Using his portable radio, he made the announcement of "emergency traffic". The purpose of this announcement was to advise personnel on scene to stop and pay attention to the radio. After hearing the "emergency traffic" announcement, two firefighters who were advancing into the first floor stopped to listen to the radio. Before the captain could make the next announcement, a large boiler crashed through the second floor and ended up in the basement. Had these two firefighters not stopped after hearing this announcement, their direction of travel would have put them directly below the boiler. While these two firefighters suffered minor burns from the ensuing flash over, their lives were potentially saved because of the announcement they heard on the two-way radio.

The Grand Forks Fire Department, along with the Devils Lake Fire Department, provides mutual aid regional response to the Northeast quarter of North Dakota for hazardous materials and structural collapse incidents. Currently within the state are dozens, if not hundreds, of independent fragmented radio systems, which presents significant communication challenges between different agencies. The SIRN system that has been vetted and approved by responders from around the state as well as the SIEC, provides the type of agency interoperable communications necessary for these types of mutual aid responses.

Many agencies from around the state are faced with aging radio equipment that has reach the end of its life and is no longer being factory supported. Up to this point, there has been no clear direction for these agencies in regards to what their next radio system should be. In addition, radio communication challenges and the subject of a needed state wide radio network has been a topic during the previous two legislative sessions. Thanks to a tremendous amount of work by a large number of individuals from around state, I believe that the radio network that has been proposed and approved provides a clear path and will deliver effective, reliable and interoperable communications for responders throughout the State of North Dakota for many years. I encourage your support for the SIRN project.

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Testimony – HB 1021
House Appropriations Committee
January 21, 2019
By Michael Lynk
Division of North Dakota State Radio
Director, Division of North Dakota State Radio

Good afternoon, Mr. Chairman and members of the House Appropriations committee, my name is Mike Lynk. I am the Director for The State of North Dakota at the Division of State Radio. I offer this testimony in support of HB 1021.

While House Bill 1021, provides funding for the Information Technology Department (ITD) to develop a new land mobile radio system, we don't believe it is sufficient to move the project forward. I am here today to support the Governor's budget recommendation in regard to the Statewide Interoperability Radio Network (SIRN). The Governor's budget recommendation totaling \$56.3 million, made up of \$40 million in SIIF funding and \$16.3 million in special funding, will allow us to move forward with this critical public safety system.

In 2014 and again in 2016 studies were conducted to examine the feasibility of a Statewide Land Mobile Radio system that would connect all North Dakota Dispatch Centers and Public Safety responders together into one statewide system. In August 2016, a final report was received and shortly after a statewide SIRN governance structure was developed from the bottom up to facilitate a communication path of unity toward a goal of one public safety communication system statewide (SIRN).

In the past several months members of the public safety community have worked very hard to identify the critical needs of SIRN and worked through the procurement process. This initial funding is a start and will send a message to the public safety community that we are committed to public safety and a statewide integrated system.

On behalf of the Department of Emergency Services and the Division of State Radio, I support the Governor's budget recommendation.

Thank you for your time; I will do my best to answer any questions you may have.



MEMORANDUM

DATE: January 21, 2019

TO: Government Operations Division –
House Appropriations Committee

FROM: Lise Kruse, Commissioner
Department of Financial Institutions

SUBJECT: Testimony in Support of HB 1021

Chairman Vigesaa and members of the Government Operations Division Committee, thank you for the opportunity to provide testimony in support of the Information Technology Department (ITD)'s Appropriation request for the 2019-2021 biennium.

The Department of Financial Institutions (DFI) has never had dedicated information technology employees and is therefore reliant on ITD for services. Our partnership with ITD is very beneficial and our experience with the ITD team is excellent.

DFI needs significant upgrades to the internal records management system as well as the external-facing website. ITD has spent time to listen and understands DFI's objectives, and has found a solution that will provide tremendous benefits to DFI and the constituents we serve. The project is two-fold and is as follows:

1) DFI's current legacy records management system is outdated and does not communicate with other applications. This is causing inefficiencies and redundancies as records for any given entity might be spread across three or more applications or network drives. This legacy application was originally developed by ITD in 2001/2002, and is utilizing old database technology and an antiquated user interface which cannot be easily updated given the customized nature of the application. The new updated and enhanced application will allow DFI to organize and streamline the electronic records maintained for our supervised institutions and licensees, as well as significantly improve the processes for maintaining and accessing these records. This will result in quicker response times for requests and improve our ability to serve the industries we regulate.

2) Website improvement: DFI utilizes a variety of reporting forms to appropriately monitor the activities of our supervised entities and licensees. Many of these reports must be completed annually. While most of these forms are currently available as e-forms, the present process requires the form to be downloaded, manually completed, and then either mailed or emailed to the DFI. When the form is received, the data is then manually logged and entered into various internal systems, such as the outdated records management system. This project will create a secure portal on DFI's website for supervised institutions to log in and update their information directly. This portal would automatically integrate with the updated records management system, and significantly improve the time-consuming and costly process that currently exists for those entities and our staff. Similarly,

any citizen that files a complaint with DFI can do so directly on our website with more ease and can submit supporting confidential information securely.

ITD has recently started this project, and with the selected tool, it is moving forward quickly with the first automated form expected to be available to the general public by February 1. The tool is user-friendly and DFI has flexibility in customization to make it meet our needs. Rather than submitting a work request to ITD for every modification, we will now have the ability to make some changes internally if needed, which saves time and cost.

DFI requested a quote from ITD in July 2018 to replace our legacy system and update our website, with a custom build price quote of \$451,305. Since then, ITD has now found a solution that will utilize existing technology in the marketplace, which should reduce the timeline for completion and make future updates more seamless. Using the selected tool is expected to be a less costly and a more comprehensive option than other alternatives that have been presented in the past.

With the resulting improved processes and gained efficiencies, our customer service will be significantly enhanced. With the new solution, a consumer making a complaint will be immediately notified that the complaint has been received, and with automation of steps, processing time will be reduced by at least a day. Similarly, processing time for applications will be significantly reduced and institutions will have the ability to obtain information instantly rather than spending time on the phone or email with DFI.

Thank you for the opportunity to testify in favor of ITD's appropriation's request; I welcome any questions you may have.

January 21, 2019

HB1021

Att: [Signature]

STATE OF NORTH DAKOTA
911 surcharges
Supporting Material for HB 1021

County	Address	City	Zip (+4)	Office Phone	911 fee effective 7/1/2017	911 fee effective 1/1/2019
Adams	PO Box 589	Hettinger	58639-0589	701-567-4363	\$1.50	\$1.50
Barnes	230 4th St NW Room 202	Valley City	58072-2947	701-845-6666	\$1.50	\$1.50
Benson	524 4th Ave NE Unit 6	Devils Lake	58301-2490	701-662-7009	\$2.00	\$2.00
Billings	PO Box 168	Medora	58645-0168	701-623-4377	\$1.50	\$1.50
Bottineau	314 5th St W Ste 10	Bottineau	58318-1204	701-228-2225	\$2.00	\$2.00
Bowman	104 1st St NW Ste 1	Bowman	58623-4342	701-523-3130	\$2.00	\$2.00
Burke	PO Box 310	Bowbells	58721-0310	701-377-2861	\$1.50	\$2.00
Burleigh	PO Box 5518	Bismarck	58506-5518	701-222-6718	\$1.50	\$1.50
Cass	PO Box 2806	Fargo	58108-2806	701-241-5627	\$2.00	\$2.00
Cavalier	901 3rd St Ste 15	Langdon	58249-2457	701-256-2229	\$1.50	\$2.00
Dickey	PO Box 215	Ellendale	58436-0215	701-349-3249	\$2.00	\$2.00
Divide	PO Box 49	Crosby	58730-0049	701-965-6351	\$1.50	\$1.50
Dunn	205 Owens Street	Manning	58642-9513	701-573-4448	\$1.50	\$1.50
Eddy	524 4th Ave NE Unit 6	Devils Lake	58301-2490	701-662-7009	\$2.00	\$2.00
Emmons	PO Box 129	Linton	58552-0129	701-254-4807	\$1.50	\$1.50
Foster	PO Box 104	Carrington	58421-0104	701-652-2441	\$1.50	\$2.00
Golden Valley	PO Box 67	Beach	58621-0067	701-872-4331	\$1.50	\$1.50
Grand Forks	PO Box 5726	Grand Forks	58206-5726	701-780-8201	\$2.00	\$2.00
Grant	PO Box 227	Carson	58529-0227	701-622-3275	\$1.50	\$2.00
Griggs	PO Box 511	Cooperstown	58425-0511	701-797-3117	\$2.00	\$2.00
Hettinger	PO Box 157	Mott	58646-0157	701-824-2515	\$1.50	\$1.50
Kidder	PO Box 167	Steele	58482-0167	701-475-2632	\$1.50	\$2.00
LaMoure	PO Box 128	LaMoure	58458-0128	701-883-6046	\$1.50	\$1.50
Logan	301 Broadway	Napoleon	58561-7010	701-754-2425	\$1.50	\$1.50
McHenry	407 Main St S Rm 201	Towner	58788-4048	701-537-5724	\$1.50	\$1.50
McIntosh	PO Box 39	Ashley	58413-0039	701-288-3347	\$1.50	\$2.00
McKenzie	201 5th St NW Ste 543	Watford City	58854-7103	701-444-3616	\$1.50	\$1.50
McLean	PO Box 1108	Washburn	58577-1108	701-462-8541	\$1.50	\$1.50
Mercer	PO Box 39	Stanton	58571-0039	701-745-3292	\$1.50	\$1.50
Morton	210 2nd Ave NW	Mandan	58554-3124	701-667-3300	\$1.50	\$1.50
Mountrail	PO Box 69	Stanley	58784-0069	701-628-2145	\$1.50	\$1.50
Nelson	524 4th Ave NE Unit 6	Devils Lake	58301-2490	701-662-7009	\$2.00	\$2.00
Oliver	PO Box 188	Center	58530-0188	701-794-8721	\$1.50	\$1.50
Pembina	301 Dakota St W Ste 1	Cavalier	58220-4100	701-265-4231	\$2.00	\$2.00
Pierce	240 2nd St SE Ste 6	Rugby	58368-1897	701-776-5225	\$1.50	\$1.50
Ramsey	524 4th Ave NE Unit 6	Devils Lake	58301-2490	701-662-7009	\$2.00	\$2.00
Ransom	PO Box 668	Lisbon	58054-0668	701-683-6113	\$2.00	\$2.00
Renville	PO Box 68	Mohall	58761-0068	701-756-6301	\$2.00	\$2.00
Richland	418 2nd Ave N	Wahpeton	58075-4400	701-642-7702	\$2.00	\$2.00
Rolette	PO Box 939	Rolla	58367-0939	701-477-5665	\$2.00	\$2.00
Sargent	355 Main St S Ste 1	Forman	58032-4149	701-724-6241	\$2.00	\$2.00
Sheridan	PO Box 439	McClusky	58463-0439	701-363-2205	\$1.50	\$2.00
Sioux	PO Box L	Fort Yates	58538-0529	701-854-3481	\$1.50	\$1.50
Slope	PO Box NN	Amidon	58620-0449	701-879-6276	\$2.00	\$2.00
Stark	PO Box 130	Dickinson	58602-0130	701-456-7630	\$1.50	\$1.50
Steele	PO Box 275	Finley	58230-0275	701-524-2110	\$1.50	\$1.50
Stutsman	511 2nd Ave SE Ste 102	Jamestown	58401-4298	701-252-9035	\$1.50	\$2.00
Towner	524 4th Ave NE Unit 6	Devils Lake	58301-2490	701-662-7009	\$2.00	\$2.00
Traill	PO Box 429	Hillsboro	58045-0429	701-636-4458	\$1.50	\$1.50
Walsh	600 Cooper Ave	Grafton	58237-1509	701-352-2851	\$1.50	\$1.50
Ward	PO Box 5005	Minot	58702-5005	701-857-6420	\$2.00	\$2.00
Wells	700 Railway St N Ste 37	Fessenden	58438-7419	701-547-3521	\$1.50	\$2.00
Williams	PO Box 2047	Williston	58802-2047	701-577-4500	\$2.00	\$2.00
CITY of						
Grand Forks	PO Box 5200	Grand Forks	58206-5200	701-746-2620	\$2.00	\$2.00
Williston	PO Box 1306	Williston	58802-1306	701-572-8161	\$2.00	\$2.00
City of Fargo	PO Box 2806	Fargo	58108-2806	701-241-1301	\$2.00	\$2.00
City of West Fargo	PO Box 2806	Fargo	58108-2806	701-433-5300	\$2.00	\$2.00

Total at \$2.00 24 33
Total at \$1.50 33 24

January 21, 2019

HB 1021

Attachment 4

SIRN Fund Balance
July 2017 - December 2018
Supporting Material for HB 1021

	Monthly Revenue	Running Total	Monthly Expenses	Running Total	Overall Balance
Jul-17	-	-	7,535.40	7,535.40	(7,535.40)
Aug-17	7,217.65	7,217.65	5,912.08	13,447.48	(6,229.83)
Sep-17	186,423.28	193,640.93	6,110.40	19,557.88	174,083.05
Oct-17	300,685.47	494,326.40	5,459.70	25,017.58	469,308.82
Nov-17	232,983.87	727,310.27	4,020.68	29,038.26	698,272.01
Dec-17	324,249.37	1,051,559.64	2,485.97	31,524.23	1,020,035.41
Jan-18	390,531.54	1,442,091.18	1,084.72	32,608.95	1,409,482.23
Feb-18	457,020.41	1,899,111.59	2,455.61	35,064.56	1,864,047.03
Mar-18	325,944.99	2,225,056.58	4,922.00	39,986.56	2,185,070.02
Apr-18	373,866.20	2,598,922.78	2,978.90	42,965.46	2,555,957.32
May-18	303,951.84	2,902,874.62	1,024.79	43,990.25	2,858,884.37
Jun-18	757,469.90	3,660,344.52	1,754.06	45,744.31	3,614,600.21
Jul-18		3,660,344.52		45,744.31	3,614,600.21
Aug-18	415,262.87	4,075,607.39	4,230.22	49,974.53	4,025,632.86
Sep-18	361,288.84	4,436,896.23	2,511.08	52,485.61	4,384,410.62
Oct-18	331,505.64	4,768,401.87	1,782.03	54,267.64	4,714,134.23
Nov-18	457,985.58	5,226,387.45	3,413.90	57,681.54	5,168,705.91
Dec-18	326,322.71	5,552,710.16	6,238.71	63,920.25	5,488,789.91

Submitted 1/21/2019

February 8, 2019

HB1021

Attachment A

Information Technology Department - Budget No. 112
House Bill No. 1021
Base Level Funding Changes

	Executive Budget Recommendation				House Version				House Changes to Executive Budget Increase (Decrease) - Executive Budget			
	FTE Position	General Fund	Other Funds	Total	FTE Position	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2019-21 Biennium Base Level	344.30	\$20,532,334	\$165,636,855	\$186,169,189	344.30	\$20,532,334	\$165,636,855	\$186,169,189	0.00	\$0	\$0	\$0
2019-21 Ongoing Funding Changes												
Base payroll changes				\$0				\$0				\$0
Salary increase		\$471,005	\$3,893,551	\$4,364,556		439,599	2,173,268	2,612,867		(31,406)	(1,720,283)	(1,751,689)
Health insurance increase		192,897	1,594,579	1,787,476		214,180	1,891,922	2,106,102		21,283	297,343	318,626
Retirement contribution increase		58,373	482,541	540,914				0		(58,373)	(482,541)	(540,914)
Removes 17 FTE positions	(17.00)	(503,856)	(2,912,445)	(3,416,301)				0	17.00	503,856	2,912,445	3,416,301
Adds 17 FTE cybersecurity positions	17.00	4,935,690		4,935,690				0	(17.00)	(4,935,690)		(4,935,690)
Transfers 145.5 FTE positions for the IT unification initiative	145.50	(6)	27,991,402	27,991,396				0	(145.50)	6	(27,991,402)	(27,991,396)
Adds funding for the IT unification initiative			16,464,896	16,464,896				0			(16,464,896)	(16,464,896)
Adds funding for operating expenses		(97,594)	2,883,700	2,786,106				0		97,594	(2,883,700)	(2,786,106)
Adds funding for Microsoft Office 365 license operating expenses			4,209,893	4,209,893				0			(4,209,893)	(4,209,893)
Adds funding for IT service management			2,000,000	2,000,000				0			(2,000,000)	(2,000,000)
Adds funding for an application as a service platform			1,325,000	1,325,000				0			(1,325,000)	(1,325,000)
Adds funding for automation and orchestration platforms			900,000	900,000				0			(900,000)	(900,000)
Reduces funding for capital assets			(4,041,883)	(4,041,883)				0			4,041,883	4,041,883
Reduces funding for the Centers of Distance Education		(174,048)	(305,000)	(479,048)				0		174,048	305,000	479,048
Transfers the Center of Distance Education to CTE	(29.80)	(5,697,613)	(2,473,590)	(8,171,203)				0	29.80	5,697,613	2,473,590	8,171,203
Reduces funding for the statewide longitudinal data system		(1,056)		(1,056)				0		1,056		1,056
Reduces funding for the Educational Technology Council			(10,000)	(10,000)				0			10,000	10,000
Transfers the Educational Technology Council to CTE	(0.50)	(180,122)	(585,000)	(765,122)				0	0.50	180,122	585,000	765,122
Adjusts funding for PowerSchool		4,950,000	(4,730,482)	219,518				0		(4,950,000)	4,730,482	(219,518)
Reduces funding for EduTech		(295,980)	(138,159)	(434,139)				0		295,980	138,159	434,139
Adjusts funding for the K-12 wide area network		600,000	(10,000)	590,000				0		(600,000)	10,000	(590,000)
Reduces funding for the geographic information system (GIS)		(107,272)		(107,272)				0		107,272		107,272
Reduces funding for the Health Information Technology Office			(481,551)	(481,551)				0			481,551	481,551
Reduces funding for SIRN			(1,370,000)	(1,370,000)				0			1,370,000	1,370,000
Total ongoing funding changes	115.20	\$4,150,418	\$44,687,452	\$48,837,870	0.00	\$653,779	\$4,065,190	\$4,718,969	(115.20)	(\$3,496,639)	(\$40,622,262)	(\$44,118,901)
One-time funding items												
Adds funding for SIRN			\$44,000,000	\$44,000,000				\$0			(\$44,000,000)	(\$44,000,000)
Adds funding for a unified data platform project			1,000,000	1,000,000				0			(1,000,000)	(1,000,000)
Adds funding for a ND gateway portal project			6,000,000	6,000,000				0			(6,000,000)	(6,000,000)
Adds funding for a legacy lift project			2,000,000	2,000,000				0			(2,000,000)	(2,000,000)
Adds funding for cybersecurity operating expenses			11,400,000	11,400,000				0			(11,400,000)	(11,400,000)
Adds funding for a customer relationship management project			4,500,000	4,500,000				0			(4,500,000)	(4,500,000)
Adds funding for a GIS statewide land parcel project			1,150,000	1,150,000				0			(1,150,000)	(1,150,000)
Total one-time funding changes	0.00	\$0	\$70,050,000	\$70,050,000	0.00	\$0	\$0	\$0	0.00	\$0	(\$70,050,000)	(\$70,050,000)
Total Changes to Base Level Funding	115.20	\$4,150,418	\$114,737,452	\$118,887,870	0.00	\$653,779	\$4,065,190	\$4,718,969	(115.20)	(\$3,496,639)	(\$110,672,262)	(\$114,168,901)
2019-21 Total Funding	459.50	\$24,682,752	\$280,374,307	\$305,057,059	344.30	\$21,186,113	\$169,702,045	\$190,888,158	(115.20)	(\$3,496,639)	(\$110,672,262)	(\$114,168,901)

Other Sections for Information Technology Department - Budget No. 112

	Executive Budget Recommendation				House Version			
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February 8, 2019

HB1021

Attachment A

Other Sections for Information Technology Department - Budget No. 112

Executive Budget Recommendation

House Version

Line item transfers

Section 3 would allow the Director of the Office of Management and Budget to transfer funds between line items in Section 1 as requested by the Chief Information Officer of ITD for the development and implementation of technology projects.

Additional income

Section 4 would appropriate all federal or other funds received by ITD in excess of those funds appropriated in Section 1 for the 2019-21 biennium.

Educational Technology Council

Section 5 would repeal North Dakota Century Code Sections 54-59-17 and 54-59-18 related to meetings, compensation, powers, and duties of the Educational Technology Council.

19.0209.01002

Title.

Fiscal No. 1

Prepared by the Legislative Council staff for
the House Appropriations - Government
Operations Division Committee

February 9, 2019

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1021

Page 1, line 2, remove "; and to provide for transfers"

Page 1, remove lines 10 through 24

Page 2, replace lines 1 and 2 with:

"

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and wages	\$59,359,772	\$1,415,287	\$60,775,059
Operating expenses	69,552,998	19,538,649	89,091,647
Capital assets	8,295,000	(4,041,883)	4,253,117
Centers for distance education	9,079,116	(9,079,116)	0
Statewide longitudinal data system	4,310,561	72,790	4,383,351
Educational technology council	1,121,472	(1,121,472)	0
Edutech	9,752,767	(132,729)	9,620,038
K-12 wide area network	4,534,278	631,674	5,165,952
Geographic information system	1,147,716	(95,688)	1,052,028
Health information technology office	5,315,509	(438,669)	4,876,840
Statewide interoperability radio network	<u>13,700,000</u>	<u>(1,370,000)</u>	<u>12,330,000</u>
Total all funds	\$186,169,189	\$5,378,843	\$191,548,032
Less estimated income	<u>165,636,855</u>	<u>(2,698,906)</u>	<u>162,937,949</u>
Total general fund	\$20,532,334	\$8,077,749	\$28,610,083
Full-time equivalent positions	344.30	(41.30)	303.00"

Page 2, line 3, after "FUNDING" insert "- EFFECT ON BASE BUDGET - REPORT TO SIXTY-SEVENTH LEGISLATIVE ASSEMBLY"

Page 2, line 4, after "biennium" insert "and the one-time funding items included in the appropriation in section 1 of this Act"

Page 2, replace lines 6 through 17 with:

"Electronic payment processing system	\$375,000	\$0
Health information network expansion	43,555,133	0
Statewide interoperability network loan	15,000,000	0
Cybersecurity	<u>0</u>	<u>8,100,000</u>
Total all funds	\$58,930,133	\$8,100,000
Less estimated income	<u>58,930,133</u>	<u>0</u>
Total general fund	\$0	\$8,100,000

The 2019-21 biennium one-time funding amounts are not a part of the entity's base budget for the 2021-23 biennium. The information technology department shall report to the appropriations committees of the sixty-seventh legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2019, and ending June 30, 2021."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1021 - Information Technology Department - House Action

	Base Budget	House Changes	House Version
Salaries and wages	\$59,359,772	\$1,415,287	\$60,775,059
Operating expenses	69,552,998	19,538,649	89,091,647
Capital assets	8,295,000	(4,041,883)	4,253,117
Center for Distance Education	9,079,116	(9,079,116)	
Statewide longitudinal data system	4,310,561	72,790	4,383,351
Educational Technology Council	1,121,472	(1,121,472)	
EduTech	9,752,767	(132,729)	9,620,038
K-12 wide area network	4,534,278	631,674	5,165,952
Geographic information system	1,147,716	(95,688)	1,052,028
Health information technology office	5,315,509	(438,669)	4,876,840
Statewide Interoperability Radio Network	13,700,000	(1,370,000)	12,330,000
Total all funds	\$186,169,189	\$5,378,843	\$191,548,032
Less estimated income	165,636,855	(2,698,906)	162,937,949
General fund	\$20,532,334	\$8,077,749	\$28,610,083
FTE	344.30	(41.30)	303.00

Department 112 - Information Technology Department - Detail of House Changes

	Adds Funding for Salary and Benefit Increases¹	Removes 16 FTE Positions²	Adds 5 Cybersecurity FTE³	Adjusts Base Level Funding⁴	Adds Funding for Microsoft Office 365 Licenses⁵	Adds Funding for IT Service Management and Platforms⁶
Salaries and wages	\$2,831,259	(\$2,649,997)	\$1,234,025			
Operating expenses			217,650	\$2,786,106	\$4,209,893	\$4,225,000
Capital assets				(4,041,883)		
Center for Distance Education						
Statewide longitudinal data system	73,846			(1,056)		
Educational Technology Council				(10,000)		
EduTech	292,499	(337,439)		(434,139)		
K-12 wide area network	41,674			590,000		
Geographic information system	11,584			(107,272)		
Health information technology office	42,882			(481,551)		
Statewide Interoperability Radio Network						
Total all funds	\$3,293,744	(\$2,987,436)	\$1,451,675	(\$1,699,795)	\$4,209,893	\$4,225,000
Less estimated income	2,811,539	(2,912,445)	0	(1,797,893)	4,209,893	0
General fund	\$482,205	(\$74,991)	\$1,451,675	\$98,098	\$0	\$4,225,000
FTE	0.00	(16.00)	5.00	0.00	0.00	0.00

February 11, 2019

HB1021

W. Travis A

	Reduces Funding for the Centers for Distance Education ⁷	Transfers the Centers for Distance Education to CTE ⁸	Transfers the Educational Technology Council to CTE ⁹	Transfers Funding from the Educational Technology Council to EduTech ¹⁰	Reduces Funding for SIRN ¹¹	Adds One-Time Funding for Cybersecurity Operating Expenses ¹²
Salaries and wages						
Operating expenses						\$8,100,000
Capital assets						
Center for Distance Education Statewide longitudinal data system	(\$229,116)	(\$8,850,000)				
Educational Technology Council			(\$765,122)	(\$346,350)		
EduTech				346,350		
K-12 wide area network						
Geographic information system						
Health information technology office						
Statewide Interoperability Radio Network					(\$1,370,000)	
Total all funds	(\$229,116)	(\$8,850,000)	(\$765,122)	\$0	(\$1,370,000)	\$8,100,000
Less estimated income	0	(3,050,000)	(585,000)	(5,000)	(1,370,000)	0
General fund	(\$229,116)	(\$5,800,000)	(\$180,122)	\$5,000	\$0	\$8,100,000
FTE	0.00	(29.80)	(0.50)	0.00	0.00	0.00

	Total House Changes
Salaries and wages	\$1,415,287
Operating expenses	19,538,649
Capital assets	(4,041,883)
Center for Distance Education Statewide longitudinal data system	(9,079,116)
Educational Technology Council	72,790
EduTech	(1,121,472)
K-12 wide area network	(132,729)
Geographic information system	631,674
Health information technology office	(95,688)
Statewide Interoperability Radio Network	(438,669)
	(1,370,000)
Total all funds	\$5,378,843
Less estimated income	(2,698,906)
General fund	\$8,077,749
FTE	(41.30)

¹ The following funding is added for 2019-21 biennium salary adjustments of 2 percent per year and increases in health insurance premiums from \$1,241 to \$1,427 per month:

	General Fund	Other Funds	Total
Salary increase	\$313,373	\$1,469,467	\$1,782,840
Health insurance increase	168,832	1,342,072	1,510,904
Total	\$482,205	\$2,811,539	\$3,293,744

² Funding for 16 FTE undesignated positions is removed, including 1 FTE EduTech position. Of the \$2,987,436 reduction, \$74,991 is from the general fund, \$262,448 is from the PowerSchool fund, and \$2,649,997 is from the Information Technology Department service fund.

³ Funding of \$1,451,675 is added for 5 FTE cybersecurity positions, of which \$1,234,025 is for salaries and wages and \$217,650 is for related operating expenses.

⁴ Base level funding is adjusted as follows:

	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
Adds funding for operating expenses	(\$97,594)	\$2,883,700	\$2,786,106
Reduces funding for capital assets		(4,041,883)	(4,041,883)
Reduces funding for the statewide longitudinal data system	(1,056)	0	(1,056)
Reduces funding for the Educational Technology Council	0	(10,000)	(10,000)
Reduces funding for EduTech	(295,980)	(138,159)	(434,139)
Adjusts funding for the K-12 wide area network	600,000	(10,000)	590,000
Reduces funding for the geographic information system	(107,272)	0	(107,272)
Reduces funding for the Health Information Technology Office	<u>0</u>	<u>(481,551)</u>	<u>(481,551)</u>
	\$98,098	(\$1,797,893)	(\$1,699,795)

⁵ Funding of \$4,209,893 is added from the Information Technology Department service fund for Microsoft Office 365 licenses.

⁶ Funding of \$4,225,000 is added from the general fund for information technology service management (\$2,000,000), application as a service platform (\$1,325,000), and automation and orchestration platforms (\$900,000).

⁷ Funding for the Centers for Distance Education is reduced by \$229,116 from the general fund, of which \$8,366 is from salaries and \$220,750 is from operating expenses.

⁸ Funding of \$8.85 million for the Centers for Distance Education, including 29.80 FTE positions, is transferred from the Information Technology Department to the Department of Career and Technical Education. Of this amount, \$5.8 million is for salaries and wages from the general fund and \$3.05 million is for operating expenses from the independent study operating fund.

⁹ Transfers a 0.50 FTE administrative assistant II position and \$765,122 for the Educational Technology Council from the Information Technology Department to the Department of Career and Technical Education. Of this amount, \$180,122 is from the general fund for salaries (\$76,556) and operating expenses (\$103,566). The remaining amount of \$585,000 includes \$500,000 from federal funds for capital assets and \$85,000 from the Information Technology Department service fund for grants.

¹⁰ Funding of \$346,350 is transferred from the Educational Technology Council to EduTech, relating to the salaries and fringe benefits of the director of EduTech. The position was formerly the director of both the Educational Technology Council and EduTech, prior to the transfer of the Educational Technology Council to the Department of Career and Technical Education.

¹¹ Funding of \$1.37 million is reduced for the Statewide Interoperability Radio Network (SIRN), of which \$400,000 is for operating expenses and \$970,000 is for capital assets, to provide a total appropriation of \$12.33 million from the SIRN fund.

¹² One-time funding of \$8.1 million is added from the general fund for cybersecurity operating expenses.

This amendment also removes a section allowing for the transfer of funds between line items.

**Department 112 - Information Technology Department
House Bill No. 1021**

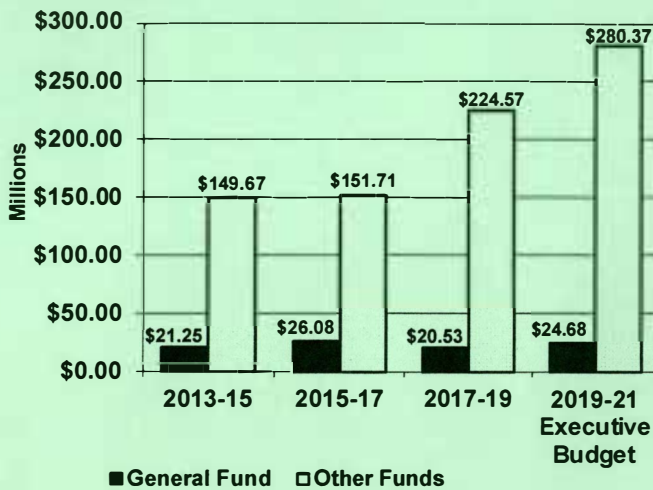
Executive Budget Comparison to Prior Biennium Appropriations

	FTE Positions	General Fund	Other Funds	Total
2019-21 Executive Budget	459.50	\$24,682,752	\$280,374,307	\$305,057,059
2017-19 Legislative Appropriations	344.30	20,532,334	224,566,988	245,099,322
Increase (Decrease)	115.20	\$4,150,418	\$55,807,319	\$59,957,737

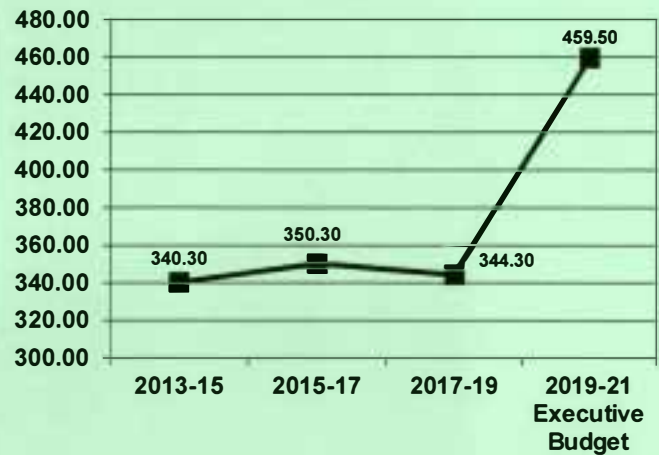
Ongoing and One-Time General Fund Appropriations

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2019-21 Executive Budget	\$24,682,752	\$0	\$24,682,752
2017-19 Legislative Appropriations	20,532,334	0	20,532,334
Increase (Decrease)	\$4,150,418	\$0	\$4,150,418

Agency Funding



FTE Positions



Executive Budget Comparison to Base Level

	General Fund	Other Funds	Total
2019-21 Executive Budget	\$24,682,752	\$280,374,307	\$305,057,059
2019-21 Base Level	20,532,334	165,636,855	186,169,189
Increase (Decrease)	\$4,150,418	\$114,737,452	\$118,887,870

First House Action

Attached is a comparison worksheet detailing first house changes to base level funding and the executive budget.

**Executive Budget Highlights
(With First House Changes in Bold)**

	General Fund	Other Funds	Total
1. Provides funding for state employee salary and benefit increases, of which \$4,364,556 is for salary increases, \$1,787,476 is for health insurance increases, and \$540,914 is for retirement contribution increases. The House added funding for salary adjustments of 2 percent per year and increases in health insurance premiums from \$1,241 to \$1,427 per month. The House did not add funding for retirement contribution increases.	\$722,275	\$5,970,671	\$6,692,946
2. Removes 17 FTE positions, including temporary salaries of \$470,725. The House removed 16 FTE positions and total funding of \$2,987,436, of which \$74,991 is from the general fund and \$2,912,445 is from other funds.	(\$503,856)	(\$2,912,445)	(\$3,416,301)

3. Adds 17 FTE cybersecurity positions, including related operating expenses of \$740,000. The House added 5 FTE cybersecurity positions and total funding of \$1,451,675, including \$217,650 of operating funds.	\$4,935,690	\$0	\$4,935,690
4. Transfers 145.5 FTE positions from 14 agencies for the information technology unification initiative. The House did not transfer any FTE positions for the unification initiative.	(\$6)	\$27,991,402	\$27,991,396
5. Adds funding for the information technology unification initiative, including temporary salaries (\$544,896) and operating expenses (\$15,920,000). The House did not add any funding for the unification initiative.	\$0	\$16,464,896	\$16,464,896
6. Adds funding for Microsoft Office 365 license operating expenses	\$0	\$4,209,893	\$4,209,893
7. Adds funding for information technology service management (\$2,000,000) an application as a service platform (\$1,325,000), and automation and orchestration platforms (\$900,000)	\$0	\$4,225,000	\$4,225,000
8. Reduces funding for capital assets	\$0	(\$4,041,883)	(\$4,041,883)
9. Transfers the Center for Distance Education to the Department of Career and Technical Education (CTE), including 29.80 FTE positions, salaries and benefits (\$4,969,288), temporary salaries (\$728,325), and operating expenses (\$2,473,590). The House transferred funding of \$8,850,000 for the Center for Distance Education, of which \$5,800,000 is from the general fund and \$3,050,000 is from the independent study operating fund, including 29.80 FTE positions, to CTE.	(\$5,697,613)	(\$2,473,590)	(\$8,171,203)
10. Transfers the Educational Technology Council to CTE, including a 0.50 FTE administrative assistant position, salaries and benefits (\$76,556), operating expenses (\$188,566), and capital assets (\$500,000)	(\$180,122)	(\$585,000)	(\$765,122)
11. Adjusts funding for PowerSchool to provide total funding of \$5,690,138, of which \$4,950,000 is transferred from the Department of Public Instruction from the general fund and \$740,138 from the PowerSchool fund. The House did not adjust funding for PowerSchool.	\$4,950,000	(\$4,730,482)	\$219,518
12. Adjusts funding for the K-12 wide area network to provide total funding of \$5,184,453, of which \$5,094,453 is from the general fund and \$90,000 is from the department's service fund. The salary and health increases approved by the House resulted in total funding for the K-12 wide area network of \$5,165,952, of which \$5,075,952 is from the general fund and \$90,000 is from the department's service fund.	\$600,000	(\$10,000)	\$590,000
13. Adds one-time funding for the statewide interoperable radio network (SIRN) project to provide total funding of \$56,330,000, of which \$40 million is from the strategic investment and improvements fund and \$16.33 million is from the SIRN fund. The House did not add funding for SIRN.	\$0	\$44,000,000	\$44,000,000
14. Adds one-time funding from the strategic investment and improvements fund for a unified data platform project. The House did not add funding for this project.	\$0	\$1,000,000	\$1,000,000
15. Adds one-time funding from the strategic investment and improvements fund for a North Dakota gateway portal project. The House did not add funding for this project.	\$0	\$6,000,000	\$6,000,000
16. Adds one-time funding from the strategic investment and improvements fund for a legacy lift project. The House did not add funding for this project.	\$0	\$2,000,000	\$2,000,000
17. Adds one-time funding from the strategic investment and improvements fund for cybersecurity operating expenses. The House added \$8.1 million from the general fund for cybersecurity operating expenses.	\$0	\$11,400,000	\$11,400,000
18. Adds one-time funding from the strategic investment and improvements fund for a customer relationship management project. The House did not add funding for this project.	\$0	\$4,500,000	\$4,500,000

19. Adds one-time funding from the strategic investment and improvements fund for a geographic information system statewide land parcel project. The House did not add funding for this project.	\$0	\$1,150,000	\$1,150,000
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Other Sections in House Bill No. 1021

There are no other sections for this agency.

Continuing Appropriations

There are no continuing appropriations for this agency.

Significant Audit Findings

There are no significant audit findings for this agency.

Major Related Legislation

House Bill No. 1048 - Requires the Information Technology Department (ITD) to research and develop the use of distributed ledger-enabled platform technologies to protect against falsification, improve internal data security, and identify external hacking threats. The department is required to select a state agency, that has volunteered for the program, to serve as a pilot program for the implementation and use of distributed ledger-enabled platform technologies. The Chief Information Officer must report to the Legislative Management regarding the implementation of distributed ledger technologies before June 1st of each even-numbered year.

House Bill No. 1080 - Amends Section 54-59-20 to allow the Chief Information Officer to require any employees of contractors and subcontractors performing work for ITD be subject to a criminal history record check.

House Bill No. 1435 - Provides a \$120 million Bank of North Dakota line of credit to the department for SIRN. The bill also adjusts the membership of the North Dakota Statewide Interoperability Executive Committee and allows the department to provide a state cost-share for each radio purchased for the network. The state cost-share for each radio is \$1,500 for each radio, unless the cost of the radio is less than \$1,500, in which case the state cost-share is the cost of the radio. The bill also requests the Legislative Management consider studying consolidating emergency and interoperable public safety communications system governance and funding options during the 2019-20 interim.

Senate Bill No. 2101 - Amends Section 15.1-07-33 to remove references to PowerSchool to provide ITD flexibility in selecting a state student information system.

Senate Bill No. 2110 - Amends Sections 54-59-01 and 54-59-05 to require ITD to advise, oversee, and regulate cybersecurity strategy for all state executive branch agencies, including institutions under the control of the State Board of Higher Education, counties, cities, and school districts. The department is required to consult with the Attorney General and the legislative and judicial branches regarding cybersecurity strategy.

Senate Bill No. 2318 - Provides legislative intent that the department enter a contract to provide a solution to improve wired or wireless internal local area network service infrastructure in student housing facilities on higher education campuses.

House Concurrent Resolution No. 3004 - Requests the Legislative Management consider studying the potential benefit value of blockchain technology implementation and utilization in state government administration and affairs.

Information Technology Department - Budget No. 112
House Bill No. 1021
Base Level Funding Changes

	Executive Budget Recommendation				House Version			
	FTE Position	General Fund	Other Funds	Total	FTE Position	General Fund	Other Funds	Total
2019-21 Biennium Base Level	344.30	\$20,532,334	\$165,636,855	\$186,169,189	344.30	\$20,532,334	\$165,636,855	\$186,169,189
2019-21 Ongoing Funding Changes								
Base payroll changes				\$0				\$0
Salary increase		\$471,005	\$3,893,551	\$4,364,556		\$313,373	\$1,469,467	1,782,840
Health insurance increase		192,897	1,594,579	1,787,476		168,832	1,342,072	1,510,904
Retirement contribution increase		58,373	482,541	540,914				0
Removes FTE positions	(17.00)	(503,856)	(2,912,445)	(3,416,301)	(16.00)	(74,991)	(2,912,445)	(2,987,436)
Adds cybersecurity FTE positions	17.00	4,935,690		4,935,690	5.00	1,451,675		1,451,675
Underfund salaries by 2 percent				0		(1,215,501)		(1,215,501)
Transfers 145.5 FTE positions for the IT unification initiative	145.50	(6)	27,991,402	27,991,396				0
Adds funding for the IT unification initiative			16,464,896	16,464,896				0
Adds funding for operating expenses		(97,594)	2,883,700	2,786,106		(97,594)	2,883,700	2,786,106
Adds funding for Microsoft Office 365 license operating expenses			4,209,893	4,209,893			4,209,893	4,209,893
Adds funding for IT service management			2,000,000	2,000,000			2,000,000	2,000,000
Adds funding for application as a service platforms			1,325,000	1,325,000			1,325,000	1,325,000
Adds funding for automation and orchestration platforms			900,000	900,000			900,000	900,000
Reduces funding for capital assets			(4,041,883)	(4,041,883)			(4,041,883)	(4,041,883)
Reduces funding for the Centers of Distance Education		(174,048)	(305,000)	(479,048)		(229,116)		(229,116)
Transfers the Center of Distance Education to CTE	(29.80)	(5,697,613)	(2,473,590)	(8,171,203)	(29.80)	(5,800,000)	(3,050,000)	(8,850,000)
Reduces funding for the statewide longitudinal data system		(1,056)		(1,056)		(1,056)		(1,056)
Reduces funding for the Educational Technology Council			(10,000)	(10,000)			(10,000)	(10,000)
Transfers the Educational Technology Council to CTE	(0.50)	(180,122)	(585,000)	(765,122)	(0.50)	(180,122)	(585,000)	(765,122)
Transfer funding from the Educational Technology Council to Edutech				0		5,000	(5,000)	0
Adjusts funding for PowerSchool		4,950,000	(4,730,482)	219,518				0
Reduces funding for EduTech		(295,980)	(138,159)	(434,139)		(295,980)	(138,159)	(434,139)
Adjusts funding for the K-12 wide area network		600,000	(10,000)	590,000		600,000	(10,000)	590,000
Reduces funding for the geographic information system (GIS)		(107,272)		(107,272)		(107,272)		(107,272)
Reduces funding for the Health Information Technology Office			(481,551)	(481,551)			(481,551)	(481,551)
Reduces funding for SIRN			(1,370,000)	(1,370,000)			(1,370,000)	(1,370,000)
Total ongoing funding changes	115.20	\$4,150,418	\$44,687,452	\$48,837,870	(41.30)	(\$5,462,752)	\$1,526,094	(\$3,936,658)
One-time funding items								
Adds funding for SIRN			\$44,000,000	\$44,000,000				\$0
Adds funding for a unified data platform project			1,000,000	1,000,000				0
Adds funding for a ND gateway portal project			6,000,000	6,000,000				0
Adds funding for a legacy lift project			2,000,000	2,000,000				0
Adds funding for cybersecurity operating expenses			11,400,000	11,400,000		\$8,100,000		8,100,000
Adds funding for a customer relationship management project			4,500,000	4,500,000				0
Adds funding for a GIS statewide land parcel project			1,150,000	1,150,000				0
Total one-time funding changes	0.00	\$0	\$70,050,000	\$70,050,000	0.00	\$8,100,000	\$0	\$8,100,000
Total Changes to Base Level Funding	115.20	\$4,150,418	\$114,737,452	\$118,887,870	(41.30)	\$2,637,248	\$1,526,094	\$4,163,342
2019-21 Total Funding	459.50	\$24,682,752	\$280,374,307	\$305,057,059	303.00	\$23,169,582	\$167,162,949	\$190,332,531

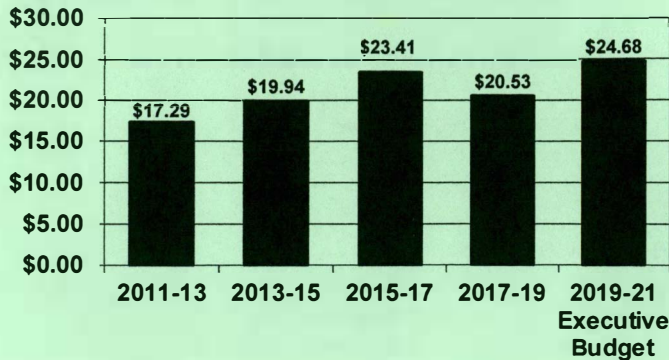
Other Sections for Information Technology Department - Budget No. 112

Department 112 - Information Technology Department

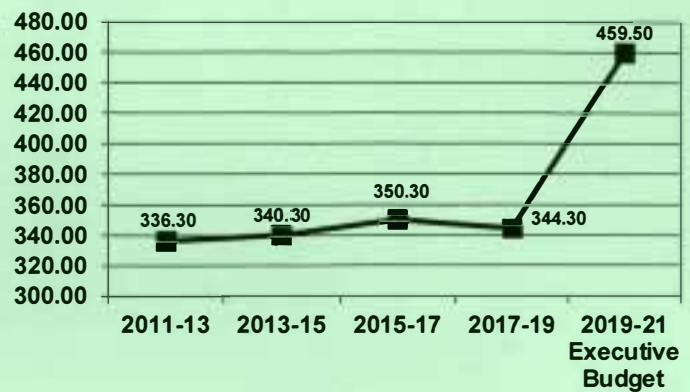
Historical Appropriations Information

Ongoing General Fund Appropriations Since 2011-13

Ongoing General Fund Appropriations (in Millions)



FTE Positions



Ongoing General Fund Appropriations					
	2011-13	2013-15	2015-17	2017-19	2019-21 Executive Budget
Ongoing general fund appropriations	\$17,294,580	\$19,939,428	\$23,406,055	\$20,532,334	\$24,682,752
Increase (decrease) from previous biennium	N/A	\$2,644,848	\$3,466,627	(\$2,873,721)	\$4,150,418
Percentage increase (decrease) from previous biennium	N/A	15.3%	17.4%	(12.3%)	20.2%
Cumulative percentage increase (decrease) from 2011-13 biennium	N/A	15.3%	35.3%	18.7%	42.7%

Major Increases (Decreases) in Ongoing General Fund Appropriations

2013-15 Biennium

- | | |
|---|-------------|
| 1. Provided additional funding for ongoing operations of the Geographic Information System Initiative | \$125,000 |
| 2. Provided additional funding for ongoing operations of the Criminal Justice Information Sharing Initiative projects | \$215,000 |
| 3. Adjusted funding for the Center for Distance Education | \$1,358,386 |

2015-17 Biennium

- | | |
|---|---------------|
| 1. Removed the criminal justice information sharing system, including the transfer of 3 FTE positions to the Attorney General | (\$2,258,373) |
| 2. Added funding for costs-to-continue operations of the K-12 network (\$600,000) and for distance education college and career readiness (\$250,000) | \$850,000 |
| 3. Added funding for the statewide longitudinal data system for ongoing operations and 1 FTE programmer analyst position | \$3,500,000 |
| 4. Added funding for the Center for Distance Education for K-12 education, including 4 FTE teacher positions | \$1,388,090 |
| 5. Added funding to implement multifactor authentication, including funding for 4 FTE information system security analyst positions | \$537,001 |

2017-19 Biennium

- | | |
|---|---------------|
| 1. Removed \$300,000 from the general fund for the EduTech Director position | (\$300,000) |
| 2. Adjusted the funding source from the general fund to the health information exchange fund for the Health Information Technology Director position | (\$361,389) |
| 3. Reduced funding for operating expenses, primarily related to contractor costs | (\$1,275,949) |
| 4. Added funding for the Center for Distance Education to provide a total appropriation of \$9,079,116 | \$300,000 |
| 5. Reduced funding for Educational Technology Council grants, to provide total funding of \$1,121,472 for the Educational Technology Council, of which \$85,000 is for grants | (\$545,000) |

- 6. Reduced funding for the K-12 wide area network information technology contract costs, to provide total funding of \$4,534,278 for the K-12 wide area network, of which \$2,688,785 is for the information technology contract costs (\$490,345)

2019-21 Biennium (Executive Budget Recommendation)

- 1. Adds 17 FTE cybersecurity positions, including related operating expenses of \$740,000. **The House added 5 FTE cybersecurity positions and total funding of \$1,451,675, including \$217,650 of operating funds.** \$4,935,690
- 2. Transfers the Center for Distance Education to CTE, including 29.80 FTE positions, of which \$5,697,613 is for salaries and benefits from the general fund and \$2,473,590 is for operating expenses from the independent study operating fund. **The House transferred \$5,800,000 from the general fund, including 29.80 FTE positions, to CTE.** (\$5,697,613)
- 3. Transfers the Educational Technology Council to CTE, including a 0.50 FTE administrative assistant position (\$180,122)
- 4. Adjusts funding for PowerSchool to provide total funding of \$5,690,138, of which \$4,950,000 is transferred from the Department of Public Instruction from the general fund and \$740,138 is from the PowerSchool fund. **The House did not adjust funding for PowerSchool.** \$4,950,000
- 5. Adjusts funding for the K-12 wide area network to provide total funding of \$5,184,453, of which \$5,094,453 is from the general fund and \$90,000 is from the department's service fund. **The salary and health increases approved by the House resulted in total funding for the K-12 wide area network of \$5,165,952, of which \$5,075,952 is from the general fund and \$90,000 is from the department's service fund.** \$600,000

**GOVERNOR'S RECOMMENDATION FOR THE
INFORMATION TECHNOLOGY DEPARTMENT
AS SUBMITTED BY THE
OFFICE OF MANAGEMENT AND BUDGET**

SECTION 1. APPROPRIATION. The funds provided in this section, or so much of the funds as may be necessary, are appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, and from special funds derived from federal funds and other income, to the information technology department for the purpose of defraying the expenses of that agency, for the biennium beginning July 1, 2019, and ending June 30, 2021, as follows:

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and wages	\$59,359,772	\$36,122,188	\$95,481,960
Operating expenses	73,552,998	66,960,999	140,513,997
Capital assets	17,995,000	24,408,117	42,403,117
Center for distance education	9,079,116	(9,079,116)	0
Statewide longitudinal data system	4,310,561	105,984	4,416,545
Educational technology council	1,121,472	(754,133)	367,339
EduTech	9,752,767	(167,203)	9,585,564
K-12 wide area network	4,534,278	650,175	5,184,453
Geographic information system	1,147,716	1,059,953	2,207,669
Health information technology office	5,315,509	(419,094)	4,896,415
Total all funds	\$186,169,189	\$118,887,870	\$305,057,059
Less estimated income	<u>165,636,855</u>	<u>114,737,452</u>	<u>280,374,307</u>
Total general fund	\$20,532,334	\$4,150,418	\$24,682,752
Full-time equivalent positions	344.3	115.20	459.50

SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO SIXTY-SEVENTH LEGISLATIVE ASSEMBLY. The following amounts reflect the one-time funding items approved by the sixty-fifth legislative assembly for the 2017-19 biennium and the 2019-21 one-time funding items included in the appropriation in section 1 of this Act:

<u>One-Time Funding Description</u>	<u>2017-19</u>	<u>2019-21</u>
Electronic payment processing system	\$375,000	0
Health information network expansion	43,555,133	0
GIS-Statewide Land Parcel	0	1,150,000
Statewide Interoperable Radio Network	0	44,000,000
Unified Data Platform	0	1,000,000
ND Gateway	0	6,000,000
Legacy Lift	0	2,000,000
Total all funds	\$43,930,133	\$54,150,000
Less estimated income	<u>43,930,133</u>	<u>54,150,000</u>
Total general fund	\$0	\$0

The 2019-21 one-time funding amounts are not a part of the entity's base budget for the 2019-21 biennium. The information technology department shall report to the appropriations committees of the sixty-seventh legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2019 and ending June 30, 2021.

SECTION 3. TRANSFERS. Notwithstanding section 54-16-04, the director of the office of management and budget shall make transfers of funds between line items in section 1 of this Act for the information technology department as may be requested by the chief information officer as determined necessary for the development and implementation of information technology projects.

SECTION 4. APPROPRIATION. In addition to the amounts appropriated to the information technology department in section 1 of this Act, there is appropriated any additional income from federal or other funds which may become available to the agency for the biennium beginning July 1, 2019, and ending June 30, 2021.

SECTION 5. REPEAL. Sections 54-59-17 and 54-59-18 of the North Dakota Century Code are repealed.

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pg 1

NORTH
Dakota
Be Legendary.™

Information Technology

Team North Dakota

**EMPOWER PEOPLE
IMPROVE LIVES
INSPIRE SUCCESS**

Senate Appropriations Committee
February, 28, 2019 | Harvest Room
Bismarck, ND



Empower People | Improve Lives | Inspire Success

pl

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Empower People | Improve Lives | Inspire Success

Our Purpose

To efficiently support the technology needs of state government, political sub divisions, K-12, and higher education

Lower Costs

Defend Information

Enhance Experience

Top Priorities this session

- IT Unification
- Cyber Security
- Efficiency Projects



GRATITUDE
COURAGE

CURIOSITY
HUMILITY



Citizen Focused

Growth Mindset

Leadership Everywhere

Work As One

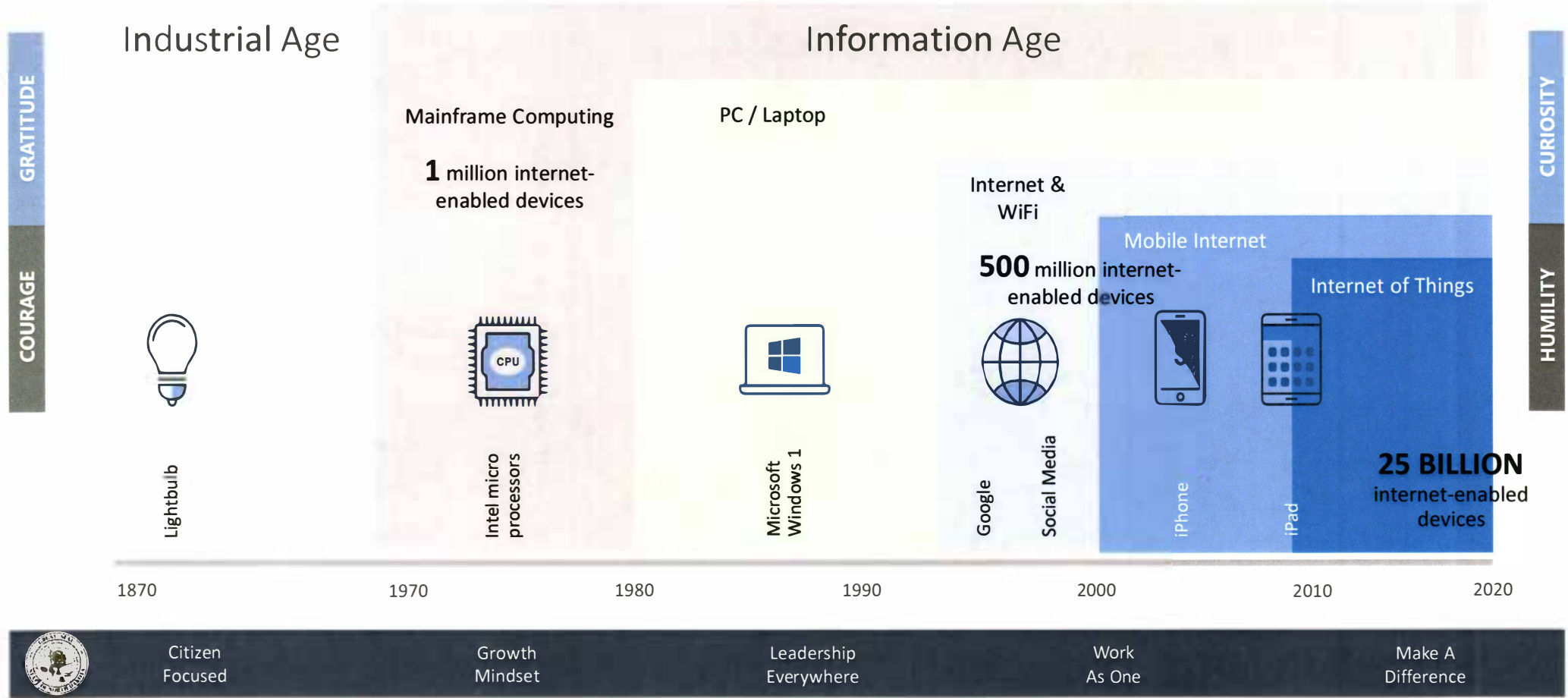
Make A Difference

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Empower People | Improve Lives | Inspire Success

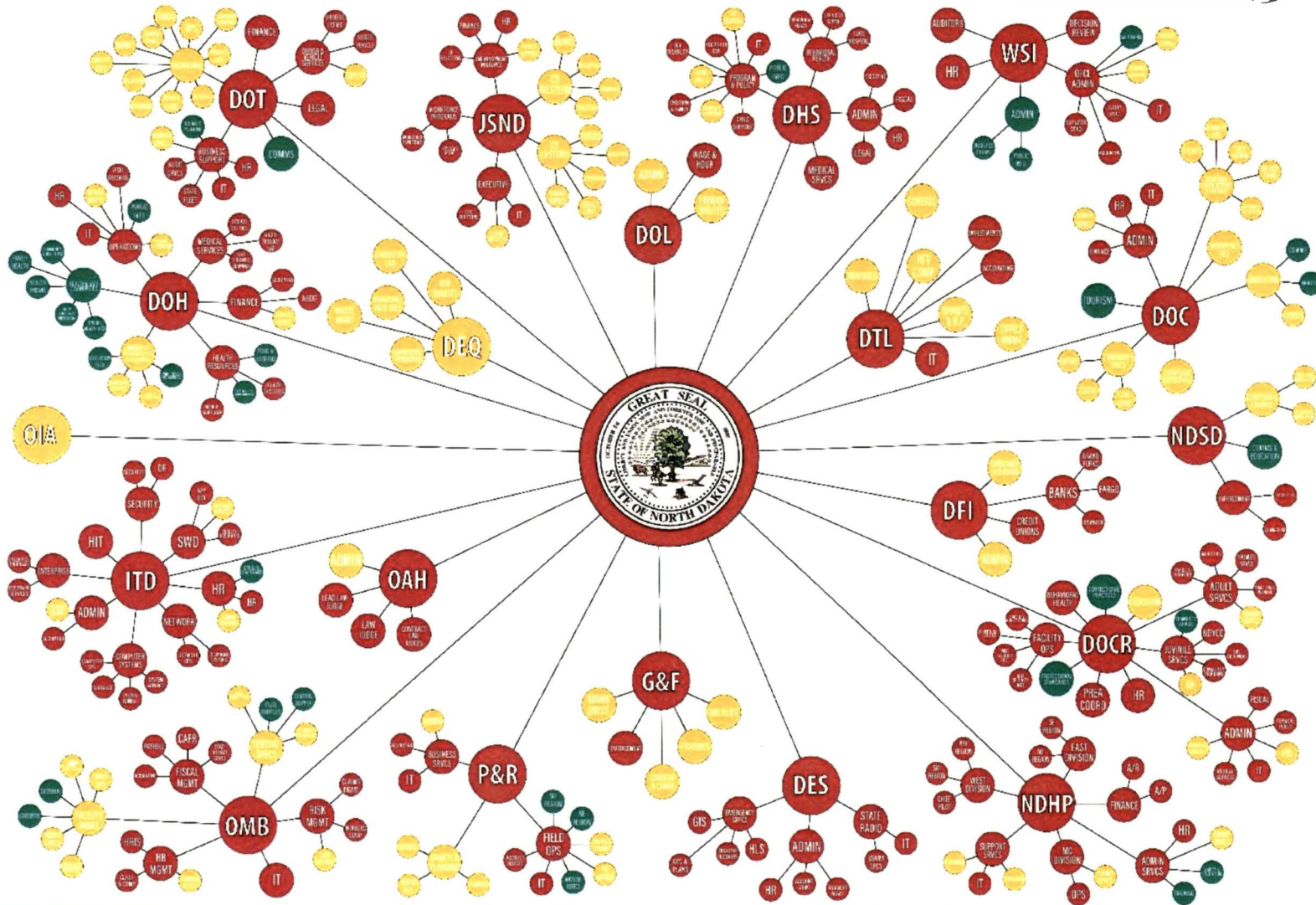
Our Challenges are VERY complex



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Complexity of Data in North Dakota

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AGENCY LEGEND	
OIA	Office of Indian Affairs
DOH	Department of Health
DEQ	Department of Environmental Quality
DOT	Department of Transportation
JSND	Job Service North Dakota
DOL	Department of Labor
DHS	Department of Human Services
WSI	Workforce Safety Insurance
DTL	Department of Trust Lands
DOC	Department of Commerce
NDSD	ND Securities Department
DFI	Department of Financial Institutions
DOCR	Department of Corrections & Rehabilitation
NDHP	ND Highway Patrol
G&F	Game & Fish
OMB	Office of Management & Budget
P&R	Parks & Recreation
DES	Department of Emergency Services
OAH	Office of Administrative Hearings
ITD	Information Technology Department

CHARACTERIZATION INFORMATION: ● Utilizes Sensitive Data ● May Utilize Sensitive Data ● Utilizes Non-Sensitive Data

*Data sensitivity ranking based on type of data user will utilize, not associated risk
**Data utilization does not imply that user has access to data, rather the specific data used for job functions

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Empower People | Improve Lives | Inspire Success

We must evolve, adapt, and change:

Information Technology can not meet the needs of state entities and the citizens of North Dakota in 17+ different modes, approaches, and strategies.

Today's North Dakota Information Technology environment is limited in its ability to deliver integrated, highly efficient, cost effective systems

GRATITUDE

CURIOSITY

HUMILITY



Citizen
Focused

Growth
Mindset

Leadership
Everywhere

Work
As One

Make A
Difference

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Empower People | Improve Lives | Inspire Success

GRATITUDE

COURAGE

CURIOSITY

HUMILITY

Agency Vision & Strategy Overview



Citizen
Focused

Growth
Mindset

Leadership
Everywhere

Work
As One

Make A
Difference

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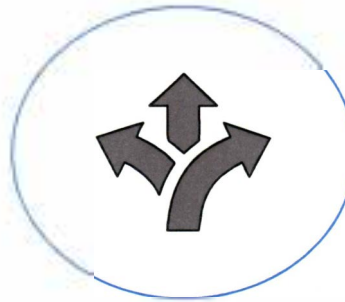
We must evolve and change:

New Strategy Pillars

Alignment

Efficiency

Delivery



- IT Unification
- Cyber
- Efficiency Projects

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Alignment



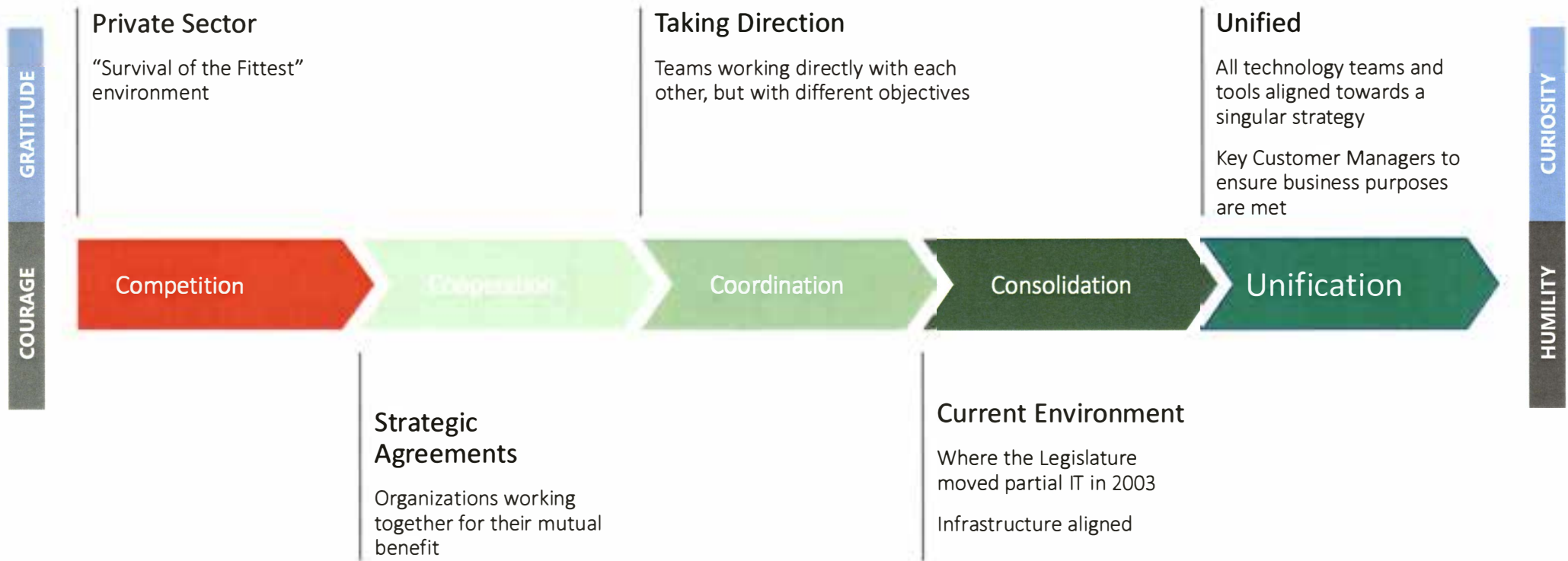
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Unification is the next natural step for ND



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IT Shared Service Staff/Funding

There are \$0 new dollars for unification
All dollars are transferred inter-agency

Agency	FTE	Salary	Operating	Agency	Staff	Salary	Operating
Governor's Office	-	-	\$ 15,840	Securities Department	-	-	\$ 8,400
Office of Management and Budget	4.0	\$ 717,985	\$ 142,967	Workforce Safety and Insurance	12.0	\$ 2,611,276	\$ 3,320,366
Dept of Trust Lands	2.0	\$ 365,360	\$ 55,794	Highway Patrol	2.0	\$ 402,484	\$ 1,138,194
Dept of Health	4.5	\$ 807,418	\$ 512,241	Dept of Emergency Services	4.0	\$ 710,891	\$ 256,601
Environmental Quality	1.0	\$ 207,012	\$ 296,028	Dept of Corrections	6.0	\$ 1,201,926	\$ 788,090
Indian Affairs	-	-	-	Dept of Commerce	1.0	\$ 190,839	\$ 126,417
Dept of Human Services	48.0	\$ 9,408,813	\$ 1,832,809	Game and Fish Dept	3.0	\$ 518,671	\$ 287,102
Job Service North Dakota	16.0	\$ 3,073,820	\$ 427,714	Parks and Recreation Dept	1.0	\$ 177,457	\$ 443,897
Labor Dept	-	-	-	Dept of Transportation	41.0	\$ 8,142,351	\$ 6,244,025
Dept of Financial Institutions	-	-	\$ 21,515	TOTALS	145.5	\$28,536,303	\$15,920,000

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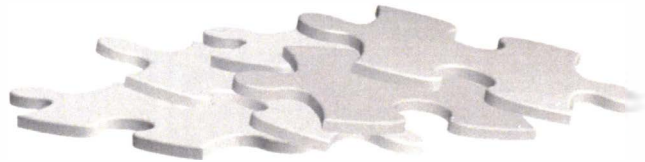
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Alignment

Unification drives Alignment:

- 17 IT organization to 1
 - Very significant opportunity for improvement
 - Will take 4 years to fully realize
- Consistency: Vision, Experience, Tech
- Ability to focus on Grow & Transform
- Opportunity to lower our cost of delivery
- Overall increased value to our customers
 - Simplest example: multiple PC vendors



Budgets leaving the House did not include Unification

Alignment drives value:



Budgets leaving the Senate do include Unification

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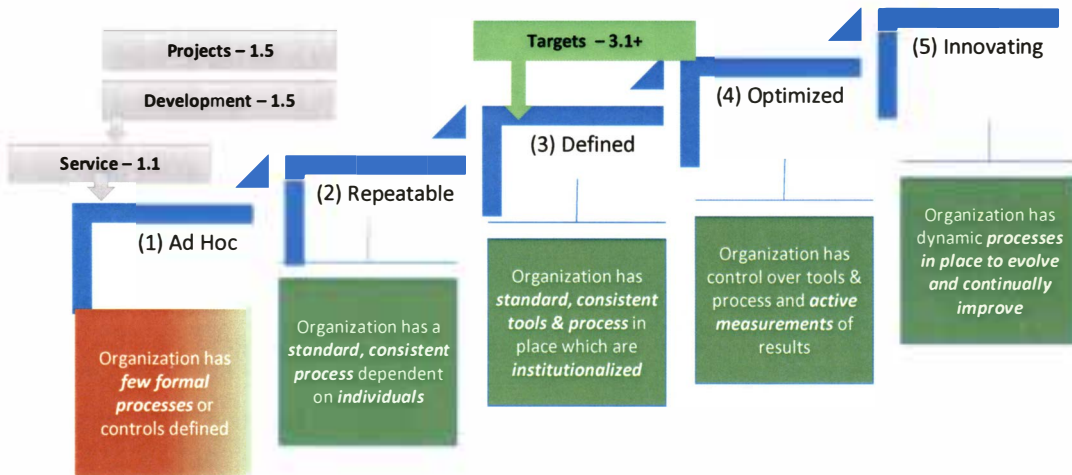
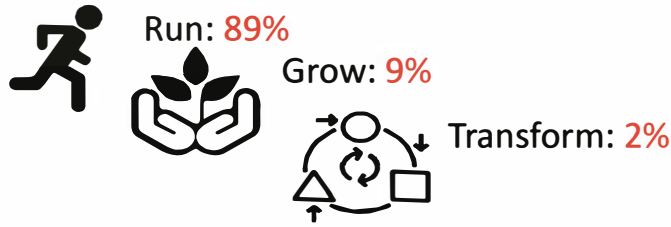
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Efficiency

In our current situation, we are not highly efficient and *require reinvention*

We constantly measure to constantly improve



Automation and Artificial Intelligence

Continuous Improvement

Partnerships with Operations

Value Management

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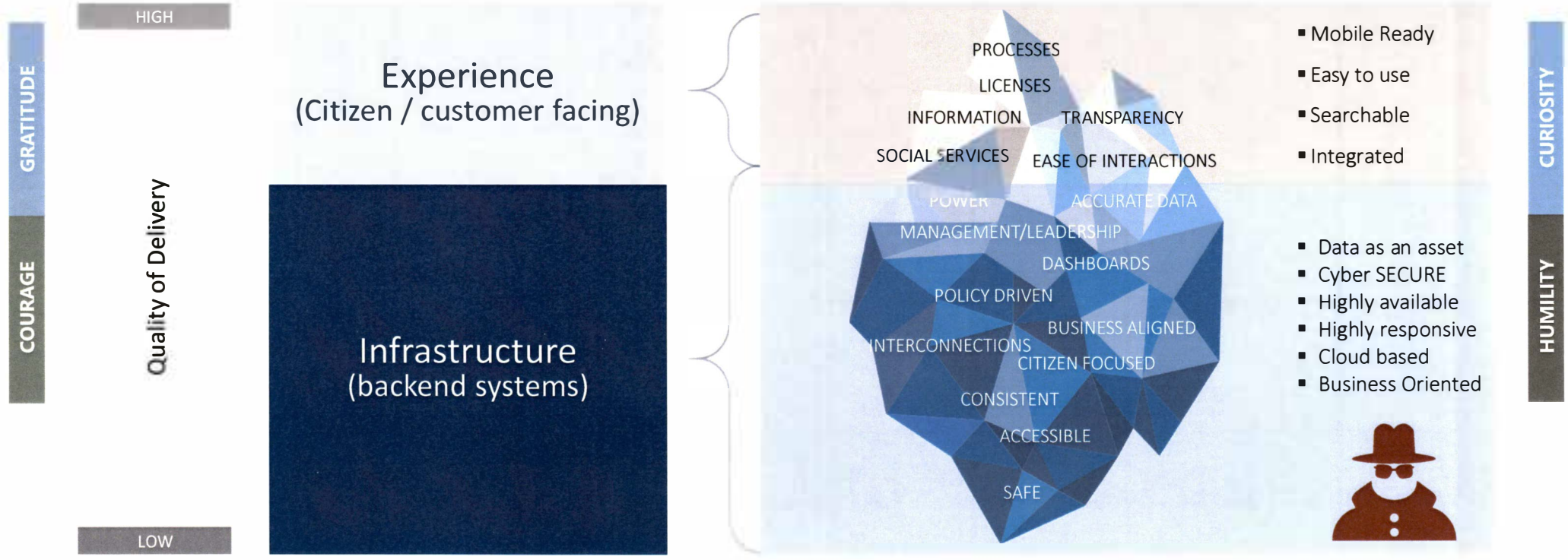
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ITD Projects

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- Project Rankings
 - This project ranking reflects the work input from SITAC, Agencies, and the Governor's budget

Budgets leaving the House:
 Funded the 3 special fund projects

We ask the Senate consider the remaining initiatives for funding: Legacy Lift, ND Gateway, Unified Data Platform, Citizen Relationship Management, Statewide Land Parcels, (NOTE: SIRN has been moved to HB1435)

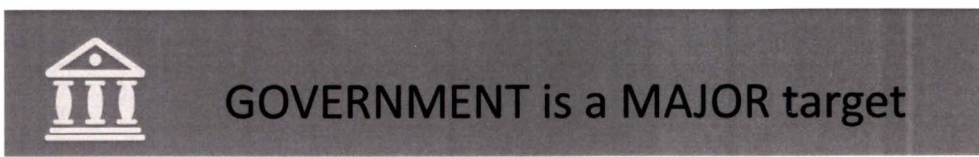
Project	Total Request	Funding Type
#1 Unification	N/A	N/A
#2 Cyber	\$16,400,000.00	\$5m Gen, 11.4 SIF
#3 SIRN (moved to HB1435)	\$44,000,000.00	SIF
#4 Service Management	\$2,000,000.00	Special
#5 Automation / Orchestration	\$900,000.00	Special
#6 Development Platform - aPaaS	\$1,325,000.00	Special
#7 Legacy Lift	\$2,000,000.00	SIF
#8 ND Gateway	\$6,000,000.00	SIF
#9 Unified Data Platform	\$1,000,000.00	SIF
#10 Citizen Relationship Management	\$4,500,000.00	SIF
#11 Statewide Land Parcels	\$1,150,000.00	SIF
Information Technology Projects		\$79,275,000.00

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Cyber Security



Citizens don't have a choice if they do business with State of ND – We should protect their information

This project will VERY substantially increase the defenses of the State of ND

5.7 Million Attacks per month
Against Gov organizations in North Dakota

Our Ask

Tools

Foundational Tools: Gather-Hunt-Respond	\$8.1m
Module 1: Security Incident & Event Management/Logging	\$1.1m
Module 2: Advanced Identity & Data	\$1.0m
Module 3: Security Orchestration, Automation & Response	\$1.2m
Total Tools:	\$11.4m

FTE

STATE		Higher-Ed	
Cybersecurity Analyst - Tier 1	1	Cybersecurity Analyst - Tier 1	1
Cybersecurity Analyst - Tier 2	3		
Cybersecurity Analyst - Tier 3	2	Political Subs	
Vulnerability Management Analyst	1	Cybersecurity Analyst - Tier 1	1
Cybersecurity Engineer	1		
		Total FTE: 17	
K-12			
Cybersecurity Analyst - Tier 1	2		
Cybersecurity Analyst - Tier 2	2		
Vulnerability Management Analyst	1		
Cybersecurity Admin	2		

Cyber leaving the House:
• \$8.1m for tools
• 5 FTE approved to hire, but without funding

We ask the Senate consider full funding of the Cyber Security project

Total Project: \$16.4m

NOTE: The addition of 17 FTE brings IT to the same number of FTEs globally as was in the 2017-19 IT budget.

Hackers cost multiple millions in damages



State-sponsored

Hacktivist

Criminal

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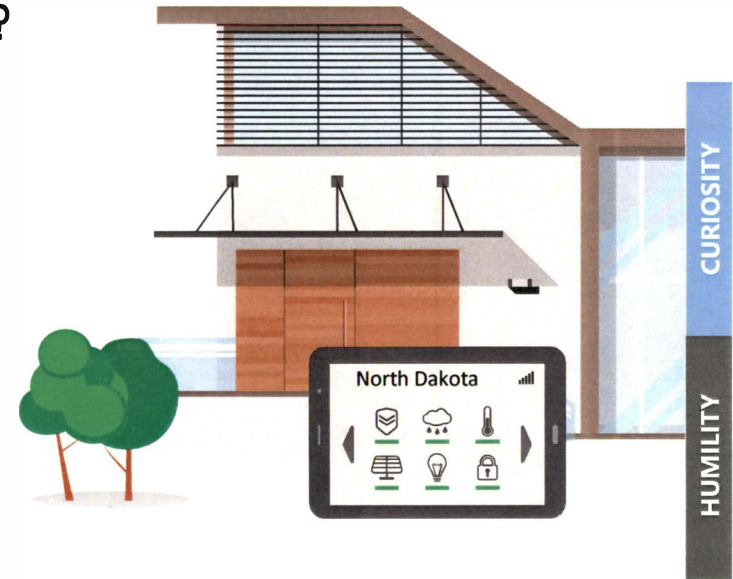
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Vision Summary

How might we provide world class technology and service?

IT must be a nimble enabler of government, focusing technology that helps the state to more effectively engage with citizens

Even with Unification and Cyber, IT is FTE NEUTRAL with the previous biennium



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Vision & Strategy Drive Budget

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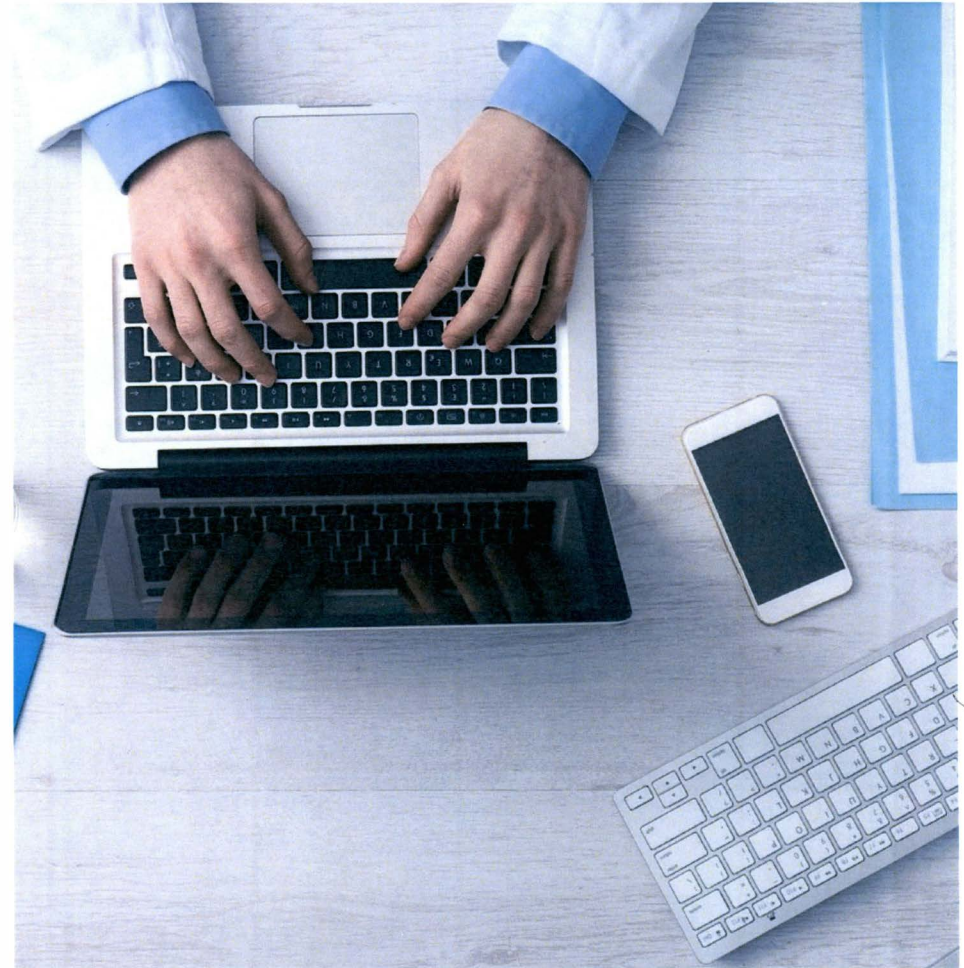
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Overview

- Information Technology Dept is:
 - Special Funded
 - Not growing the number of FTE
 - Shifting FTE into the department from the cabinet for Unification and Cyber
 - Shifting FTE out of the department (Center for Distance Education) for better alignment
- Managing numerous projects for multiple other agencies



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ITD Budget Programs

Program	General Funds	Special Funds	Federal Funds	Total
ITD Operations				
K-12 Network				
Geographic Information System				
Statewide Longitudinal Data System				
Educational Technology Council				
Center for Distance Education				
EduTech				
Health Information Technology				
Total				

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 2017-2019 Program Budget

Program	General Funds	Special Funds	Federal Funds	Total	FTE
ITD Operations	\$ 975,942	\$ 163,506,828	\$ 1,800,000	\$ 166,282,770	266
K-12 Network	4,434,278	100,000	-	4,534,278	4
Geographic Information System	1,072,716	-	75,000	1,147,716	1
Statewide Longitudinal Data System	4,310,561	-	-	4,310,561	7
Educational Technology Council	521,472	100,000	500,000	1,121,472	1.5
Center for Distance Education	6,029,116	3,050,000	-	9,079,116	29.8
EduTech	3,188,249	6,564,518	-	9,752,767	31
Health Information Technology	-	48,370,642	500,000	48,870,642	4
Total	\$ 20,532,334	\$ 221,691,988	\$ 2,875,000	\$ 245,099,322	344.3



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2019-2021 HB1021 Base Budget

Program	General Funds	Special Funds	Federal Funds	Total	FTE
ITD Operations	\$ 975,942	\$ 148,131,828	\$ 1,800,000	\$ 150,907,770	266
K-12 Network	4,434,278	100,000	-	4,534,278	4
Geographic Information System	1,072,716	-	75,000	1,147,716	1
Statewide Longitudinal Data System	4,310,561	-	-	4,310,561	7
Educational Technology Council	521,472	100,000	500,000	1,121,472	1.5
Center for Distance Education	6,029,116	3,050,000	-	9,079,116	29.8
EduTech	3,188,249	6,564,518	-	9,752,767	31
Health Information Technology	-	4,815,509	500,000	5,315,509	4
Total	\$ 20,532,334	\$ 162,761,855	\$ 2,875,000	\$ 186,169,189	344.3



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House Changes to HB1021 Base Budget

Program	General Funds	Special Funds	Federal Funds	Total	FTE
ITD Operations	\$ 8,445,690	\$ 6,177,683	\$ (296,821)	\$ 14,326,552	(10.0)
K-12 Network	641,674	(10,000)	-	631,674	-
Geographic Information System	(95,688)	-	-	(95,688)	-
Statewide Longitudinal Data System	72,790	-	-	72,790	-
Educational Technology Council	(521,472)	(100,000)	(500,000)	(1,121,472)	(1.5)
Center for Distance Education	(6,029,116)	(3,050,000)	-	(9,079,116)	(29.8)
EduTech	123,370	(256,099)	-	(132,729)	-
Health Information Technology	-	(438,669)	-	(438,669)	-
Total	\$ 2,637,248	\$ 2,322,915	\$ (796,821)	\$ 4,163,342	(41.3)



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2019-2021 House HB1021 Budget

Program	General Funds	Special Funds	Federal Funds	Total	FTE
ITD Operations	\$ 9,421,632	\$ 154,309,511	\$ 1,503,179	\$ 165,234,322	256.0
K-12 Network	5,075,952	90,000	-	5,165,952	4.0
Geographic Information System	977,028	-	75,000	1,052,028	1.0
Statewide Longitudinal Data System	4,383,351	-	-	4,383,351	7.0
Educational Technology Council	-	-	-	-	-
Center for Distance Education	-	-	-	-	-
EduTech	3,311,619	6,308,419	-	9,620,038	31.0
Health Information Technology	-	4,376,840	500,000	4,876,840	4.0
Total	\$ 23,169,582	\$ 165,084,770	\$ 2,078,179	\$ 190,332,531	303.0

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2019-2021 Senate Request - Operations

Program – ITD Operations	General Funds	Special Funds	Federal Funds	Total	FTE
ITD Operations – HB 1021 Base	\$ 975,942	\$ 148,131,828	\$ 1,800,000	\$ 150,907,770	266.0
ITD Operations – House Base Changes	(97,594)	(4,878,180)	(300,000)	(5,275,774)	(15.0)
ITD Operations – House Cybersecurity	8,336,174	-	-	8,336,174	5.0
ITD Operations – House Projects/O365	-	8,434,893	-	8,434,393	-
ITD Operations – House Comp Package	207,110	2,620,970	3,179	2,831,259	-
Senate Request – Cybersecurity (GF/SIIF)	4,177,166	3,822,350	-	7,999,516	12.0
Senate Request - IT Shared Services	-	44,456,303	-	44,456,303	145.5
Senate Request - IT Projects (SIIF Funding)	-	13,500,000	-	13,500,000	-
Total Senate Request - Operations	\$ 13,598,798	\$ 216,088,164	\$ 1,503,179	\$ 231,190,141	413.5



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Requested Changes to HB1021 House Budget

Program	General Funds	Special Funds	Federal Funds	Total	FTE
ITD Operations - (ITSS, Cybers, IT Projects)	\$ 4,177,166	\$ 61,778,653	\$ -	\$ 65,955,819	157.5
K-12 Network	-	-	-	-	-
Geographic Information System (SIIF)	-	1,150,000	-	1,150,000	-
Statewide Longitudinal Data System	-	-	-	-	-
Educational Technology Council	-	-	-	-	-
Center for Distance Education	-	-	-	-	-
EduTech	-	-	-	-	-
Health Information Technology	-	-	-	-	-
Total	\$ 4,177,166	\$ 62,928,653	\$ -	\$ 67,105,819	157.5

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2019-2021 HB1021 Budget with Requested Changes
(Note – Does not reflect the compensation for the agency ITSS staff)

Program	General Funds	Special Funds	Federal Funds	Total	FTE
ITD Operations	\$ 13,508,798	\$ 216,178,164	\$ 1,503,179	\$ 231,190,141	413.5
K-12 Network	5,165,952	-	-	5,165,952	4.0
Geographic Information System	977,028	1,150,000	75,000	2,202,028	1.0
Statewide Longitudinal Data System	4,383,351	-	-	4,383,351	7.0
Educational Technology Council	-	-	-	-	-
Center for Distance Education	-	-	-	-	-
EduTech	3,311,619	6,308,419	-	9,620,038	31.0
Health Information Technology	-	4,376,840	500,000	4,876,840	4.0
Total	\$ 27,346,748	\$ 228,013,423	\$ 2,078,179	\$ 257,438,350	460.5



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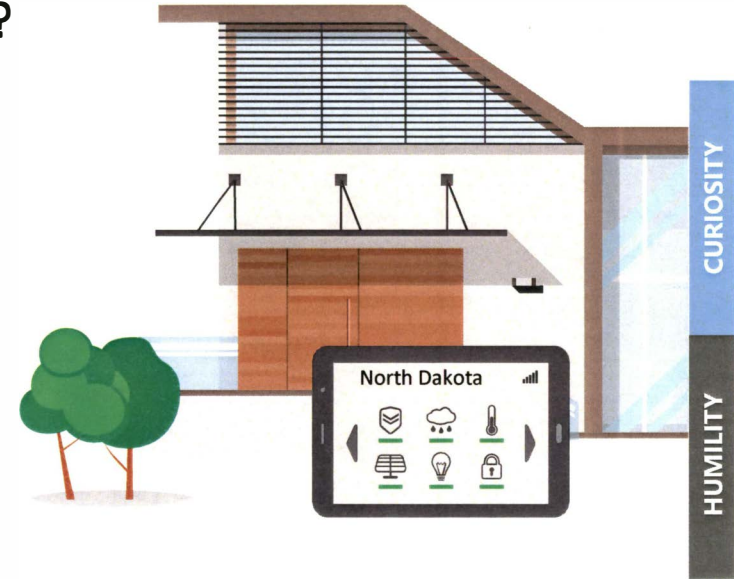
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Vision Summary

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IT must be a nimble enabler of government, focusing technology that helps the state to more effectively engage with citizens

Even with Unification and Cyber, IT is **FTE NEUTRAL with the previous biennium**



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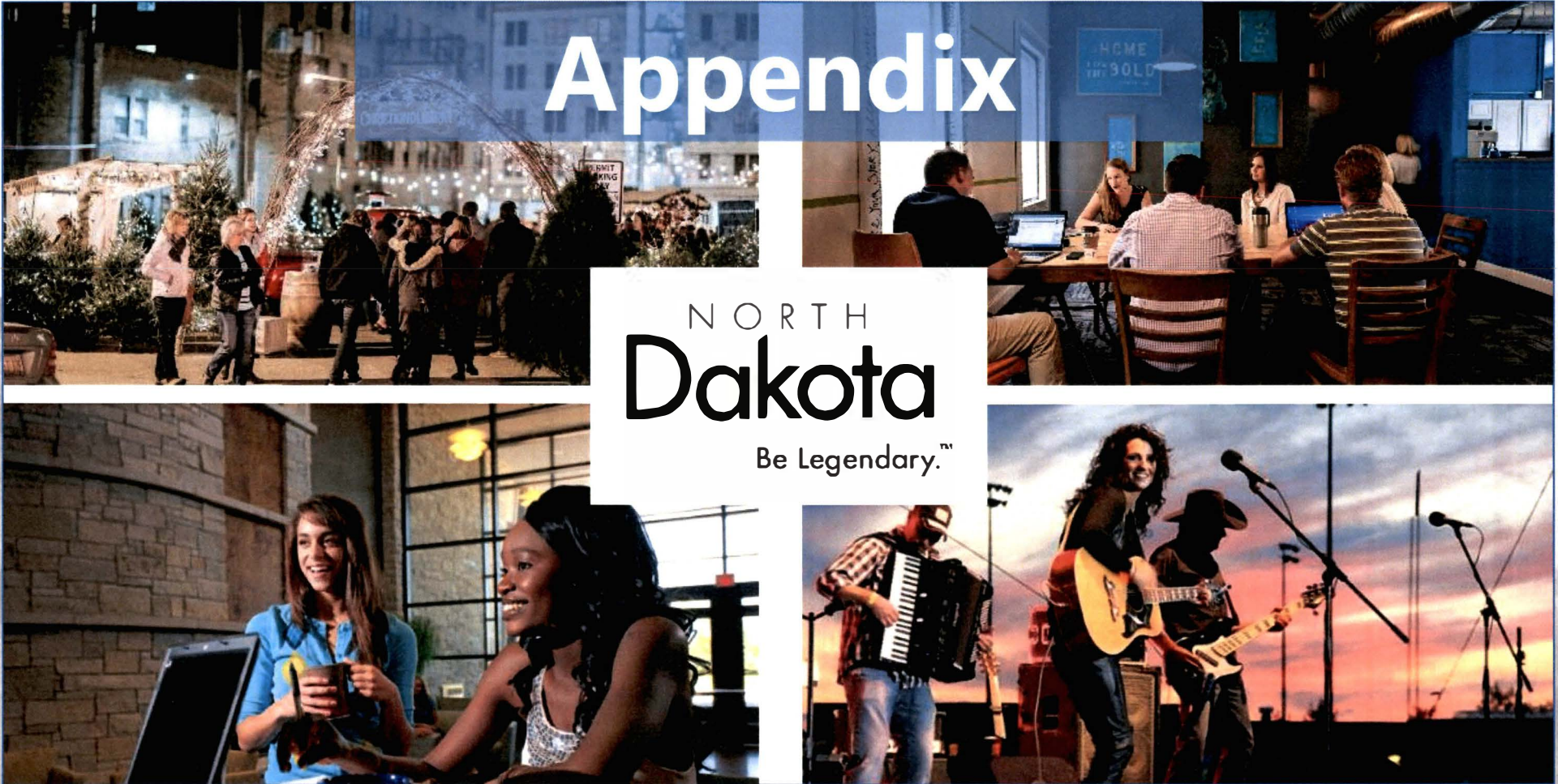
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Program Budget Detail



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K-12 Wide Area Network



ITD provides network bandwidth, Internet access, and video services to the schools

Gigabit to every school starting in July 2019

Approximately 65% or \$ 4,000,000 is paid by the Federal E-rate program each biennium

ITD renewed network and Internet contract with Dakota Carrier Network (DCN)

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2019-2021 HB 1021 Budget – K-12 Network

Program – K-12 Network	General Funds	Special Funds	Federal Funds	Total
K-12 Network – HB 1021 Base Budget	\$ 4,434,278	\$ 100,000	\$ -	\$ 4,534,278
House Base Budget Changes	600,000	(10,000)	-	590,000
House Compensation Package	41,674	-	-	41,674
Total HB 1021 Budget – K-12 Network	\$ 5,075,952	\$ 90,000	\$ -	\$ 5,165,952

\$600,000 budget change to support the Gigabit everywhere initiative to all K-12 schools which will require equipment investments in our core network to handle the increased bandwidth.

There are no additional budget requests of the Senate for this Program.



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Geographic Information Systems (GIS)



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The North Dakota GIS Technical Committee and the Information Technology Department operate the GIS Hub, an infrastructure comprised of geospatial data storage, data services, and application interfaces.

The GIS Hub supports state agencies in the development of their GIS and the dissemination of common interest data to other levels of government and the public.

Prior to the creation of the GIS hub State government agencies were creating and storing data separately with duplicate data. Data sharing was problematic.



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2019-2021 HB 1021 Budget – GIS

Program - Geographic Information System	General Funds	Special Funds	Federal Funds	Total
GIS – HB 1021 Base Budget	\$ 1,072,716	\$ -	\$ 75,000	\$ 1,147,716
Budget Changes	(107,272)	-	-	(107,272)
Senate Request Land Parcel Project (SIIF)	-	1,150,000	-	1,150,000
House Compensation Package	11,584	-	-	11,584
Total HB 1021 Budget – GIS	\$ 977,028	\$ 1,150,000	\$ 75,000	\$ 2,202,028

Senate Request: Land Parcel Project: The State needs an accurate, publicly accessible, maintained, land parcel dataset that supports state business needs including but not limited to property tax analysis, ownership, permitting, land use, address, and administrative boundaries.



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Statewide Longitudinal Data System (SLDS)



The Statewide Longitudinal Data System leverages stakeholders and partners of education, training, and employment programs to create a system which provides data to support the research and evaluation of programs to improve the outcomes of individuals provided service. The program maximizes the usefulness of management information while protecting the privacy and security of personal information.

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Statewide Longitudinal Data System (SLDS)

SLDS Committee Membership:

- ND University System
- Department of Public Instruction
- Information Technology Department
- Career & Technical Education
- ND Job Service
- Department of Commerce
- Department of Human Services
- Educational Technology Council
- ND Council of Educational Leaders
- Workforce Development Council
- 2 Members of Legislative Assembly
 - Senator Don Schaible
 - Representative Mark Owens

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2019-2021 HB 1021 Budget – SLDS

Program – State Longitudinal Data System	General Funds	Special Funds	Federal Funds	Total
SLDS – HB 1021 Base Budget	\$ 4,310,561	-	-	\$ 4,310,561
House Base Budget Changes	(1,056)	-	-	(1,056)
House Compensation Package	73,846	-	-	73,846
Total HB 1021 Budget – SLDS	\$ 4,383,351	-	-	\$ 4,383,351

There are no additional budget requests of the Senate for this Program.



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ND Education Technology Council (ND ETC)

The North Dakota Educational Technology Council (ND ETC) is the state board responsible for developing technology systems and coordinating their use to enhance and support educational opportunities for elementary and secondary education as cited in NDCC 54-59. The Educational Technology Council is made up of twelve members representing eleven stakeholder groups.

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2019-2021 HB 1021 Budget – ND ETC

Program – Education Technology Council	General Funds	Special Funds	Federal Funds	Total
ND ETC – HB 1021 Base Budget	\$ 521,472	\$ 100,000	\$ 500,000	\$ 1,121,472
House Budget Changes	(521,472)	(100,000)	(500,000)	(1,121,472)
House Compensation Package	-	-	-	-
Total HB 1021 Budget – ND ETC	\$ -	\$ -	\$ -	\$ -

The Governor’s budget recommendation and House amendments move the ND ETC program to the ND Career & Technical Education budget – HB 1019.

There are no additional budget requests of the Senate for this Program.

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EduTech

EduTech provides information technology services and education technology professional development to K-12 educators in North Dakota. Services are designed to give educators access, training and support to use technologies in their classrooms to improve teaching and learning. EduTech uses a distributed model to provide support services to schools by housing staff in school/campus locations across North Dakota. Staff members are located across the state.

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EduTech

Services:

- PowerSchool Services to provide training, implementation and support to schools that use PowerSchool – deployed in all public schools
- Professional Development for PK-12 educators to use software/hardware and to integrate technology into classroom instruction
- Regional IT Specialists to deliver customized professional development and instructional coaching to educators in their regions
- Statewide K12 Active Directory and Office365 for Schools
- IT Services to provide e-mail, web hosting, internet filtering, desktop anti-virus and logging/podcasting services
- E-rate Support Services to provide training and compliance information
- Helpdesk Services to support customers in the use of EduTech’s services such as PowerSchool, Office 365 and internet filtering
- Videoconference Enrichment Events to offer students and teachers the opportunity to participate in national/international collaborations, content programs and professional development

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2019-2021 HB 1021 Budget – EduTech

Program – EduTech	General Funds	Special Funds	Federal Funds	Total
EduTech – HB 1021 Base Budget	\$ 3,188,249	\$ 6,564,518	-	\$ 9,752,767
House Budget Changes	(24,621)	(400,607)	-	(425,228)
House Compensation Package	147,991	144,508	-	292,499
Total HB 1021 Budget – EduTech	\$ 3,311,619	\$ 6,308,419	-	\$ 9,620,038

There are no additional budget requests of the Senate for this Program.



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Center for Distance Education

The NDCDE's mission is to ensure that all North Dakota middle and high school students regardless of location have access to educational opportunities that meet or exceed expectations for:

- the quality of curriculum
- ongoing contact time with highly qualified teachers
- the selection and use of suitable educational technology
- monitoring course delivery efficiency and effectiveness
- student learning



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2019-2021 HB 1021 Budget – CDE

Program – Center for Distance Education	General Funds	Special Funds	Federal Funds	Total
CDE – HB 1021 Base Budget	\$ 6,029,116	\$ 3,050,000	\$ -	\$ 9,079,116
House Budget Changes	(6,029,116)	(3,050,000)	-	(9,079,116)
House Compensation Package	-	-	-	-
Total HB 1021 Budget – CDE	\$ -	\$ -	\$ -	\$ -

The Governor’s budget recommendation proposes moving the funding and FTE for the ND Center for Distance Education to the ND Career & Technical Education budget - HB 1019.

There are no additional budget requests of the Senate for this Program.



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Health Information Technology



The North Dakota Health Information Technology is charged with making recommendations for implementing a statewide interoperable health information infrastructure that is consistent with emerging national standards and promotes interoperability of health information systems for the purpose of improving health care quality, patient safety, and overall efficiency of health care and public health services.

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2019-2021 HB 1021 Budget – Health IT

Program – Health IT Program	General Funds	Special Funds	Federal Funds	Total
Health IT – HB 1021 Base Budget	-	\$ 4,815,509	500,000	\$ 5,315,509
House Budget Changes	-	(481,551)	-	(481,551)
House Compensation Package	-	42,882	-	42,882
Total HB 1021 Budget – Health IT	-	\$ 4,376,840	500,000	\$ 4,876,840

The Base Budget reflects removing the one-time funding (\$43.5M) for the NDHIN Medicaid Expansion Project which is a multiple biennium project that continue into next biennium with IT Project Carryover funding. The majority of the project is funded with federal funding in the Department of Human Services.

There are no additional budget requests of the Senate for this Program.



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Statewide Interoperability Radio Network



The Statewide Interoperability Radio Network (SIRN) project is an effort to provide the public safety community with a single, statewide, mission critical voice solution that resolve existing statewide challenges that include coverage, interoperability, and aging infrastructure. The governance for the SIRN project is provided by the Statewide Interoperability Executive Committee (SEIC).

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2019-2021 SIRN Budget

Program – SIRN	General Funds	Special Funds	Federal Funds	Total
SIRN– 2017-2019 Budget		\$ 28,700,000		\$ 28,700,000
One-Time Funding Reductions		(15,000,000)		(15,000,000)
Executive Budget Changes (\$40M SIIF)		42,630,000		42,630,000
House Budget Changes		(44,000,000)		(44,000,000)
Total HB 1021 Budget – SIRN (operational funding)		\$ 12,330,000		\$ 12,330,000

The House removed the SIRN project funding from HB 1021 and moved it to HB 1435. Rather than using \$40M of SIIF funding and \$4M of special funds, HB 1435 proposes funding the SIRN project with a \$120M line of credit from the Bank of ND for the state portion of the costs. Funding sources for the repayment of the \$120M line of credit remains an ongoing discussion at this time.



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Challenges:

- Coverage
- Interoperability
- Aging Infrastructure



History:

- 64th Legislative Assembly
 - Study
- 65th Legislative Assembly
 - Funding through \$0.50 911 fee
 - Built Governance
 - Executed Procurement

Total Project:

Core and PSAP's	\$ 8.5M
RF and Network	\$ 97M
Radio estimate	\$ 100M *
Total Capex:	\$ 206M
Est. Annual Opex:	\$5M - \$10M *

Estimate Impacts:

- Consumer choice
- Tower Lease

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Information Technology Department - Budget No. 112
House Bill No. 1021
Base Level Funding Changes

	Executive Budget Recommendation				House Version				House Changes to Executive Budget Increase (Decrease) - Executive Budget			
	FTE Position	General Fund	Other Funds	Total	FTE Position	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2019-21 Biennium Base Level	344.30	\$20,532,334	\$165,636,855	\$186,169,189	344.30	\$20,532,334	\$165,636,855	\$186,169,189	0.00	\$0	\$0	\$0
2019-21 Ongoing Funding Changes												
Base payroll changes				\$0				\$0				\$0
Salary increase		\$471,005	\$3,893,551	\$4,364,556		\$313,373	\$1,469,467	1,782,840		(\$157,632)	(\$2,424,084)	(2,581,716)
Health insurance increase		192,897	1,594,579	1,787,476		168,832	1,342,072	1,510,904		(24,065)	(252,507)	(276,572)
Retirement contribution increase		58,373	482,541	540,914				0		(58,373)	(482,541)	(540,914)
Removes FTE positions	(17.00)	(503,856)	(2,912,445)	(3,416,301)	(16.00)	(74,991)	(2,912,445)	(2,987,436)	1.00	428,865		428,865
Adds cybersecurity FTE positions	17.00	4,935,690		4,935,690	5.00	1,451,675		1,451,675	(12.00)	(3,484,015)		(3,484,015)
Underfund salaries by 2 percent				0		(1,215,501)		(1,215,501)		(1,215,501)		(1,215,501)
Transfers 145.5 FTE positions for the IT unification initiative	145.50	(6)	27,991,402	27,991,396				0	(145.50)	6	(27,991,402)	(27,991,396)
Adds funding for the IT unification initiative			16,464,896	16,464,896				0			(16,464,896)	(16,464,896)
Adds funding for operating expenses		(97,594)	2,883,700	2,786,106		(97,594)	2,883,700	2,786,106				0
Adds funding for Microsoft Office 365 license operating expenses			4,209,893	4,209,893			4,209,893	4,209,893				0
Adds funding for IT service management			2,000,000	2,000,000			2,000,000	2,000,000				0
Adds funding for application as a service platforms			1,325,000	1,325,000			1,325,000	1,325,000				0
Adds funding for automation and orchestration platforms			900,000	900,000			900,000	900,000				0
Reduces funding for capital assets			(4,041,883)	(4,041,883)			(4,041,883)	(4,041,883)				0
Reduces funding for the Centers of Distance Education		(174,048)	(305,000)	(479,048)		(229,116)		(229,116)		(55,068)	305,000	249,932
Transfers the Center of Distance Education to CTE	(29.80)	(5,697,613)	(2,473,590)	(8,171,203)	(29.80)	(5,800,000)	(3,050,000)	(8,850,000)		(102,387)	(576,410)	(678,797)
Reduces funding for the statewide longitudinal data system		(1,056)		(1,056)		(1,056)		(1,056)				0
Reduces funding for the Educational Technology Council			(10,000)	(10,000)			(10,000)	(10,000)				0
Transfers the Educational Technology Council to CTE	(0.50)	(180,122)	(585,000)	(765,122)	(0.50)	(180,122)	(585,000)	(765,122)				0
Transfer funding from the Educational Technology Council to Edutech				0		5,000	(5,000)	0		5,000	(5,000)	0
Adjusts funding for PowerSchool		4,950,000	(4,730,482)	219,518				0		(4,950,000)	4,730,482	(219,518)
Reduces funding for EduTech		(295,980)	(138,159)	(434,139)		(295,980)	(138,159)	(434,139)				0
Adjusts funding for the K-12 wide area network		600,000	(10,000)	590,000		600,000	(10,000)	590,000				0
Reduces funding for the geographic information system (GIS)		(107,272)		(107,272)		(107,272)		(107,272)				0
Reduces funding for the Health Information Technology Office			(481,551)	(481,551)			(481,551)	(481,551)				0
Reduces funding for SIRN			(1,370,000)	(1,370,000)			(1,370,000)	(1,370,000)				0
Total ongoing funding changes	115.20	\$4,150,418	\$44,687,452	\$48,837,870	(41.30)	(\$5,462,752)	\$1,526,094	(\$3,936,658)	(156.50)	(\$9,613,170)	(\$43,161,358)	(\$52,774,528)
One-time funding items												
Adds funding for SIRN			\$44,000,000	\$44,000,000				\$0			(\$44,000,000)	(\$44,000,000)
Adds funding for a unified data platform project			1,000,000	1,000,000				0			(1,000,000)	(1,000,000)
Adds funding for a ND gateway portal project			6,000,000	6,000,000				0			(6,000,000)	(6,000,000)
Adds funding for a legacy lift project			2,000,000	2,000,000				0			(2,000,000)	(2,000,000)
Adds funding for cybersecurity operating expenses			11,400,000	11,400,000		\$8,100,000		8,100,000		\$8,100,000	(11,400,000)	(3,300,000)
Adds funding for a customer relationship management project			4,500,000	4,500,000				0			(4,500,000)	(4,500,000)
Adds funding for a GIS statewide land parcel project			1,150,000	1,150,000				0			(1,150,000)	(1,150,000)
Total one-time funding changes	0.00	\$0	\$70,050,000	\$70,050,000	0.00	\$8,100,000	\$0	\$8,100,000	0.00	\$8,100,000	(\$70,050,000)	(\$61,950,000)
Total Changes to Base Level Funding	115.20	\$4,150,418	\$114,737,452	\$118,887,870	(41.30)	\$2,637,248	\$1,526,094	\$4,163,342	(156.50)	(\$1,513,170)	(\$113,211,358)	(\$114,724,528)
2019-21 Total Funding	459.50	\$24,682,752	\$280,374,307	\$305,057,059	303.00	\$23,169,582	\$167,162,949	\$190,332,531	(156.50)	(\$1,513,170)	(\$113,211,358)	(\$114,724,528)

Other Sections for Information Technology Department - Budget No. 112

	Executive Budget Recommendation				House Version			
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Other Sections for Information Technology Department - Budget No. 112

Executive Budget Recommendation

House Version

Line item transfers

Section 3 would allow the Director of the Office of Management and Budget to transfer funds between line items in Section 1 as requested by the Chief Information Officer of ITD for the development and implementation of technology projects.

Additional income

Section 4 would appropriate all federal or other funds received by ITD in excess of those funds appropriated in Section 1 for the 2019-21 biennium.

Educational Technology Council

Section 5 would repeal North Dakota Century Code Sections 54-59-17 and 54-59-18 related to meetings, compensation, powers, and duties of the Educational Technology Council.

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Senate Appropriations Subcommittee
March, 27, 2019 | Harvest Room
Bismarck, ND



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Requested funding changes to HB1021 Budget

Requested Change	General Funds	Special Funds	Federal Funds	Total	FTE
Restore IT Shared Services <small>(Internal funding shift – no additional state funding)</small>	-	44,456,303	-	44,456,303	145.5
Restore Cybersecurity Staffing/Tools <small>(General Funding and SIIF Funding)</small>	4,177,166	3,822,350	-	7,999,516	12.0
IT Projects – SORN – project funding moved to HB 1435	-	-	-	-	-
IT Projects – Legacy Lift <small>(SIIF Funding)</small>	-	2,000,000	-	2,000,000	-
IT Projects – ND Gateway <small>(SIIF Funding)</small>	-	6,000,000	-	6,000,000	-
IT Projects – Unified Data Platform <small>(SIIF Funding)</small>	-	1,000,000	-	1,000,000	-
IT Projects – Citizen Relationship Management <small>(SIIF Funding)</small>	-	4,500,000	-	4,500,000	-
IT Projects – Land Parcels <small>(SIIF Funding)</small> <small>(Supports the SB 2315 Land Posting Project)</small>	-	1,150,000	-	1,150,000	-
Total Requested Changes	\$ 4,177,166	\$ 62,928,653	\$ -	\$ 67,105,819	157.5



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IT Shared Service Staff/Funding

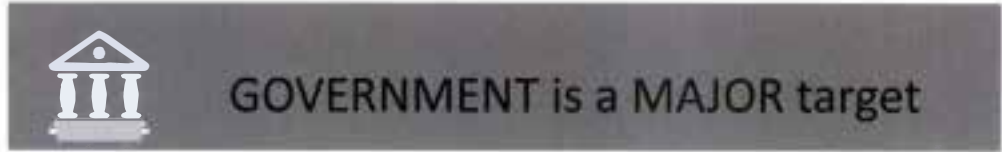
There are \$0 new dollars for unification
All dollars are transferred inter-agency

Agency	FTE	Salary	Operating	Agency	Staff	Salary	Operating
Governor's Office	-	-	\$ 15,840	Securities Department	-	-	\$ 8,400
Office of Management and Budget	4.0	\$ 717,985	\$ 142,967	Workforce Safety and Insurance	12.0	\$ 2,611,276	\$ 3,320,366
Dept of Trust Lands	2.0	\$ 365,360	\$ 55,794	Highway Patrol	2.0	\$ 402,484	\$ 1,138,194
Dept of Health	4.5	\$ 807,418	\$ 512,241	Dept of Emergency Services	4.0	\$ 710,891	\$ 256,601
Environmental Quality	1.0	\$ 207,012	\$ 296,028	Dept of Corrections	6.0	\$ 1,201,926	\$ 788,090
Indian Affairs	-	-	-	Dept of Commerce	1.0	\$ 190,839	\$ 126,417
Dept of Human Services	48.0	\$ 9,408,813	\$ 1,832,809	Game and Fish Dept	3.0	\$ 518,671	\$ 287,102
Job Service North Dakota	16.0	\$ 3,073,820	\$ 427,714	Parks and Recreation Dept	1.0	\$ 177,457	\$ 443,897
Labor Dept	-	-	-	Dept of Transportation	41.0	\$ 8,142,351	\$ 6,244,025
Dept of Financial Institutions	-	-	\$ 21,515	TOTALS	145.5	\$28,536,303	\$15,920,000

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Cyber Security



Citizens don't have a choice if they do business with State of ND – We should protect their information

This project will VERY substantially increase the defenses of the State of ND

5.7 Million Attacks per month
Against Gov organizations in North Dakota

Our Ask

Tools

- Foundational Tools:** Gather-Hunt-Respond \$8.1m
 - Module 1:** Security Incident & Event Management/Logging \$1.1m
 - Module 2:** Advanced Identity & Data \$1.0m
 - Module 3:** Security Orchestration, Automation & Response \$1.2m
- Total Tools: \$11.4m

FTE

STATE		Higher-Ed	
Cybersecurity Analyst - Tier 1	1	Cybersecurity Analyst - Tier 1	1
Cybersecurity Analyst - Tier 2	3		
Cybersecurity Analyst - Tier 3	2	Political Subs	
Vulnerability Management Analyst	1	Cybersecurity Analyst - Tier 1	1
Cybersecurity Engineer	1		
		Total FTE: 17	
K-12			
Cybersecurity Analyst - Tier 1	2		
Cybersecurity Analyst - Tier 2	2		
Vulnerability Management Analyst	1		
Cybersecurity Admin	2		

Cyber leaving the House:

- \$8.1m for tools
- 5 FTE approved to hire, but without funding

We ask the Senate consider full funding of the Cyber Security project

Total Project: \$16.4m

NOTE: The addition of 17 FTE brings IT to the same number of FTEs globally as was in the 2017-19 IT budget.

Hackers cost multiple millions in damages



State-sponsored

Hacktivist

Criminal



ITD Projects

- Project Rankings
 - This project ranking reflects the work input from SITAC, Agencies, and the Governor's budget

Budgets leaving the House:
Funded the 3 special fund projects

We ask the Senate consider the remaining initiatives for funding: Legacy Lift, ND Gateway, Unified Data Platform, Citizen Relationship Management, Statewide Land Parcels, (NOTE: SIRN has been moved to HB1435)

Project	Total Request	Funding Type
#1 Unification	N/A	N/A
#2 Cyber	\$16,400,000.00	\$5m Gen, 11.4 SIIF
#3 SIRN (moved to HB1435)	\$44,000,000.00	SIIF
#4 Service Management	\$2,000,000.00	Special
#5 Automation / Orchestration	\$900,000.00	Special
#6 Development Platform - aPaaS	\$1,325,000.00	Special
#7 Legacy Lift	\$2,000,000.00	SIIF
#8 ND Gateway	\$6,000,000.00	SIIF
#9 Unified Data Platform	\$1,000,000.00	SIIF
#10 Citizen Relationship Management	\$4,500,000.00	SIIF
#11 Statewide Land Parcels	\$1,150,000.00	SIIF
Information Technology Projects		\$79,275,000.00

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North Dakota Gateway Program / Portfolio

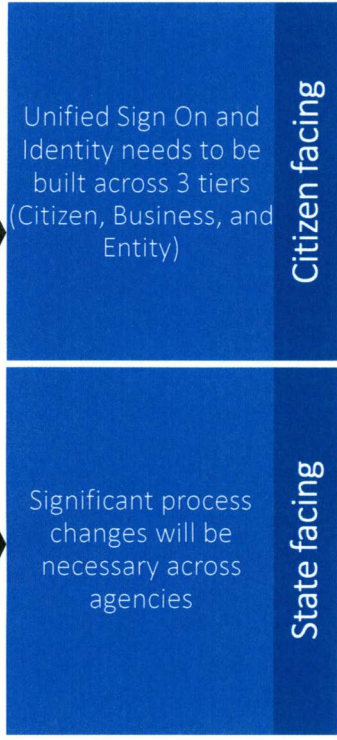
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ND Gateway

Citizen Relationship Management (CRM)

Unified Data Platform



Can be built separately, but must be completely integrated



ND Gateway

The citizen facing web technology. Site would be integrated across agencies and fully functional across mobile with single sign on and workflow integration

CRM

Operational toolset for agencies in how they interact and manage citizen relationships.

UDP

Underlying data technology that allows for the consolidation and triangulation of information across silos



People

Process

Technology



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Requested Language Changes to HB 1021

- Line Item Transfers for Technology Projects
 - SECTION 3. TRANSFERS. Notwithstanding section 54-16-04, the director of the office of management and budget shall make transfers of funds between line items in section 1 of this Act for the information technology department as may be requested by the chief information officer as determined necessary for the development and implementation of information technology projects. The department shall notify the legislative council of any transfers made pursuant to this section.
- Carryover Appropriation for HIN Expansion project to mirror SB 2012 language
 - SECTION 4. EXEMPTION. The sum of \$43,555,133 of federal and other funds appropriated for the development of the health information network and care coordination project in chapter 46 of the 2017 Session Laws is not subject to the provisions of section 54-44.1-11. Any unexpended funds from this appropriation are available for the completion of the health information network and care coordination project during the biennium beginning July 1, 2019, and ending June 30, 2021.



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Appendix

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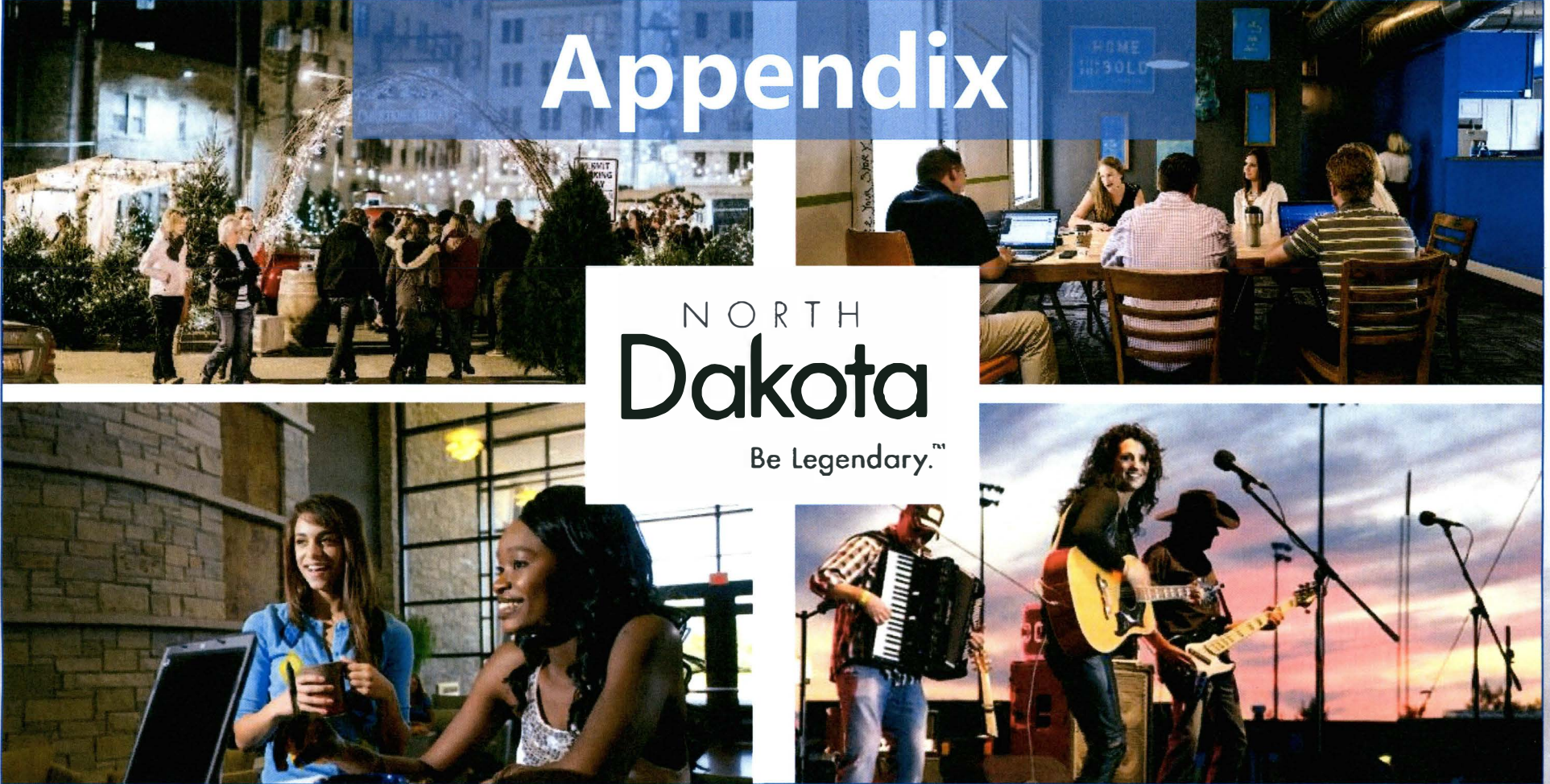
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2019-2021 House HB1021 Budget

Program	General Funds	Special Funds	Federal Funds	Total	FTE
ITD Operations	\$ 9,421,632	\$ 154,309,511	\$ 1,503,179	\$ 165,234,322	256.0
K-12 Network	5,075,952	90,000	-	5,165,952	4.0
Geographic Information System	977,028	-	75,000	1,052,028	1.0
Statewide Longitudinal Data System	4,383,351	-	-	4,383,351	7.0
Educational Technology Council	-	-	-	-	-
Center for Distance Education	-	-	-	-	-
EduTech	3,311,619	6,308,419	-	9,620,038	31.0
Health Information Technology	-	4,376,840	500,000	4,876,840	4.0
Total	\$ 23,169,582	\$ 165,084,770	\$ 2,078,179	\$ 190,332,531	303.0



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Empower People | Improve Lives | Inspire Success
2019-2021 HB1021 Budget with Requested Changes
 (Note – Does not reflect the compensation package for the agency ITSS staff)

Program	General Funds	Special Funds	Federal Funds	Total	FTE
ITD Operations	\$ 13,508,798	\$ 216,178,164	\$ 1,503,179	\$ 231,190,141	413.5
K-12 Network	5,165,952	-	-	5,165,952	4.0
Geographic Information System	977,028	1,150,000	75,000	2,202,028	1.0
Statewide Longitudinal Data System	4,383,351	-	-	4,383,351	7.0
Educational Technology Council	-	-	-	-	-
Center for Distance Education	-	-	-	-	-
EduTech	3,311,619	6,308,419	-	9,620,038	31.0
Health Information Technology	-	4,376,840	500,000	4,876,840	4.0
Total	\$ 27,346,748	\$ 228,013,423	\$ 2,078,179	\$ 257,438,350	460.5



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Senate Appropriations Committee
Testimony on HB 1021

North Dakota Parks and Recreation Department
Melissa Baker, Director
April 3, 2019

Chairman Wanzek and members of the committee. My name is Melissa Baker and I am the Director of the North Dakota Parks and Recreation Department (NDPRD). I am here to testify on the benefits of IT Unification for the Department.

Last summer the IT coordinator for NDPRD resigned to pursue another opportunity. At this time the work planning for IT unification was well under way and we knew that our IT coordinator position was identified for unification. With that in mind, we were hesitant to fill a position that might change dramatically shortly after hire. Our department reached out to ITD to determine a path forward. From this conversation, NDPRD decided not to fill our open position and ITD agreed to provide the services of unification for the remainder of the 2017-2019 biennium. You might say that through this process, NDPRD has provided a test case for IT unification.

It is important to realize that NDPRD pushed ITD well ahead of its expected schedule by requesting the services of unification more than a year ahead of their anticipated start date. While the structure of IT unification may not yet have been in place, NDPRD still received many benefits from being early adopters of the unified model.

As a small agency with limited IT staff, our internal IT function has largely been hardware based. Through our early adoption of unification, however, we have been made aware of developing projects and included in discussions that have given us access to better tools while saving us time and money. For example, the Department of Public Instruction recently completed a procurement process for an online grants management software program. Because of our early adoption of unification, staff at ITD were able to recognize that we had a similar need and worked to include NDPRD staff in the RFP process. Through this, NDPRD will be able to subscribe to this software without the need to engage in a duplicative and time intensive procurement process, leading us to better customer service while saving both time and money.

Other examples of how ITD has assisted the department during this time include working with us to develop our agency key performance indicator dashboards and the

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incorporation of Skype for Business, Microsoft Teams, and Office 365. These tools are improving communication and collaboration among NDPRD staff stationed throughout the state while reducing our need for travel.

Staff from ITD have also worked with us to evaluate our equipment needs and have made recommendations for cost savings throughout the agency. They are also working with NDPRD to train our staff in process improvement – a critical need for the full implementation of our 2018 – 2022 Strategic Plan.

While the transition to a unified model has not been without its challenges, NDPRD has already received benefits from unification. For this reason, we respectfully request to be included in IT unification in the 2019 – 2021 biennium.

Information Technology Department - Budget No. 112
House Bill No. 1021
Base Level Funding Changes

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	House Version				Senate Version				Senate Changes to House Version Increase (Decrease) - House Version			
	FTE Position	General Fund	Other Funds	Total	FTE Position	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2019-21 Biennium Base Level	344.30	\$20,532,334	\$165,636,855	\$186,169,189	344.30	\$20,532,334	\$165,636,855	\$186,169,189	0.00	\$0	\$0	\$0
2019-21 Ongoing Funding Changes												
Base payroll changes				\$0				\$0				\$0
Salary increase		\$313,373	\$1,469,467	1,782,840		322,596	2,213,525	2,536,121		9,223	744,058	753,281
Health insurance increase		168,832	1,342,072	1,510,904		168,832	1,671,049	1,839,881			328,977	328,977
Retirement contribution increase				0				0				0
Removes FTE positions	(16.00)	(74,991)	(2,912,445)	(2,987,436)	(16.00)	(74,991)	(2,912,445)	(2,987,436)				0
Adds cybersecurity FTE positions	5.00	1,451,675		1,451,675	8.00	2,322,680		2,322,680	3.00	871,005		871,005
Underfund salaries by 2 percent		(1,215,501)		(1,215,501)		0		0		1,215,501		1,215,501
Transfers 145.5 FTE positions for the IT unification initiative				0	96.00		18,266,327	18,266,327	96.00		18,266,327	18,266,327
Transfers funding for temporary salaries for the IT unification initiative				0			544,896	544,896			544,896	544,896
Adds funding for operating expenses for the IT unification initiative				0			8,835,127	8,835,127			8,835,127	8,835,127
Adds funding for operating expenses		(97,594)	2,883,700	2,786,106		(97,594)	2,883,700	2,786,106				0
Adds funding for Microsoft Office 365 license operating expenses			4,209,893	4,209,893			4,209,893	4,209,893				0
Adds funding for IT service management			2,000,000	2,000,000			2,000,000	2,000,000				0
Adds funding for application as a service platforms			1,325,000	1,325,000			1,325,000	1,325,000				0
Adds funding for automation and orchestration platforms			900,000	900,000			900,000	900,000				0
Reduces funding for capital assets			(4,041,883)	(4,041,883)			(4,041,883)	(4,041,883)				0
Reduces funding for the Centers of Distance Education		(229,116)		(229,116)		(229,116)		(229,116)				0
Transfers the Center of Distance Education to CTE	(29.80)	(5,800,000)	(3,050,000)	(8,850,000)	(29.80)	(5,800,000)	(3,050,000)	(8,850,000)				0
Reduces funding for the statewide longitudinal data system		(1,056)		(1,056)		(1,056)		(1,056)				0
Reduces funding for the Educational Technology Council			(10,000)	(10,000)			(10,000)	(10,000)				0
Transfers the Educational Technology Council to CTE	(0.50)	(180,122)	(585,000)	(765,122)	(0.50)	(180,122)	(585,000)	(765,122)				0
Transfer funding from the Educational Technology Council to Edutech		5,000	(5,000)	0		5,000	(5,000)	0				0
Adjusts funding for PowerSchool				0				0				0
Reduces funding for EduTech		(295,980)	(138,159)	(434,139)		(295,980)	(138,159)	(434,139)				0
Adjusts funding for the K-12 wide area network		600,000	(10,000)	590,000		600,000	(10,000)	590,000				0
Reduces funding for the geographic information system (GIS)		(107,272)		(107,272)		(107,272)		(107,272)				0
Reduces funding for the Health Information Technology Office			(481,551)	(481,551)			(481,551)	(481,551)				0
Reduces funding for SIRN			(1,370,000)	(1,370,000)			(1,370,000)	(1,370,000)				0
Total ongoing funding changes	(41.30)	(\$5,462,752)	\$1,526,094	(\$3,936,658)	57.70	(\$3,367,023)	\$30,245,479	\$26,878,456	99.00	\$2,095,729	\$28,719,385	\$30,815,114
One-time funding items												
Adds funding for SIRN				\$0				\$0				\$0
Adds funding for a unified data platform project				0				0				0
Adds funding for a ND gateway portal project				0				0				0
Adds funding for a legacy lift project				0			2,000,000	2,000,000			2,000,000	2,000,000
Adds funding for cybersecurity operating expenses		\$8,100,000		8,100,000		11,400,000		11,400,000		3,300,000		3,300,000
Adds funding for a customer relationship management project				0				0				0
Adds funding for a GIS statewide land parcel project				0			1,150,000	1,150,000			1,150,000	1,150,000
Total one-time funding changes	0.00	\$8,100,000	\$0	\$8,100,000	0.00	\$11,400,000	\$3,150,000	\$14,550,000	0.00	\$3,300,000	\$3,150,000	\$6,450,000
Total Changes to Base Level Funding	(41.30)	\$2,637,248	\$1,526,094	\$4,163,342	57.70	\$8,032,977	\$33,395,479	\$41,428,456	99.00	\$5,395,729	\$31,869,385	\$37,265,114
2019-21 Total Funding	303.00	\$23,169,582	\$167,162,949	\$190,332,531	402.00	\$28,565,311	\$199,032,334	\$227,597,645	99.00	\$5,395,729	\$31,869,385	\$37,265,114

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Other Sections for Information Technology Department - Budget No. 112

House Version

Senate Version

Information technology projects Strategic investment and improvements fund

Section 3 identifies \$3,150,000 of one-time funding from the strategic investment and improvements fund for information technology projects, of which \$2,000,000 is for a legacy lift project and \$1,150,000 is for a geographic information system statewide land parcel project.

Exemption - Health information network and care coordination project

Section 4 provides an exemption to allow the \$43,555,133 of federal and other funds appropriated to the information technology department for the development of the health information network and care coordination project in chapter 46 of the 2017 Session Laws is not subject to the provisions of section 54-44.1-11. Any unexpended funds from this appropriation are available for the completion of the health information network and care coordination project during the 2019-21 biennium.

Legislative Management study - Access to lands for hunting and trapping

Section 5 provides for a Legislative Management study regarding access to lands for hunting and trapping. If approved by Legislative Management, the study will be conducted by a newly created Hunters Access Committee to study access to public and private lands for hunting, trapping, and related issues, including the development of a hunters access database with the capability for landowners to provide electronic information regarding the availability of the landowner's property for hunters and trappers.

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PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1021

Page 1, line 2, remove "and"

Page 1, line 2, after "report" insert "; to provide for transfers; to provide an exemption; and to provide for a legislative management study"

Page 1, remove lines 12 through 24

Page 2, replace lines 1 and 2 with:

"Salaries and wages	\$59,359,772	\$22,014,729	\$81,374,501
Operating expenses	69,552,998	33,804,366	103,357,364
Capital assets	8,295,000	(4,041,883)	4,253,117
Center for distance education	9,079,116	(9,079,116)	0
Statewide longitudinal data system	4,310,561	76,584	4,387,145
Educational technology council	1,121,472	(1,121,472)	0
Edutech	9,752,767	(106,994)	9,645,773
K-12 wide area network	4,534,278	633,692	5,167,970
Geographic information system	1,147,716	1,054,913	2,202,629
Health information technology office	5,315,509	(436,363)	4,879,146
Statewide interoperable radio network	<u>13,700,000</u>	<u>(1,370,000)</u>	<u>12,330,000</u>
Total all funds	\$186,169,189	\$41,428,456	\$227,597,645
Less estimated income	<u>165,636,855</u>	<u>33,395,479</u>	<u>199,032,334</u>
Total general fund	\$20,532,334	\$8,032,977	\$28,565,311
Full-time equivalent positions	344.30	57.70	402.00"

Page 2, replace lines 8 through 14 with:

"Electronic payment processing system	\$375,000	\$0
Health information network expansion	43,555,133	0
Statewide interoperable network loan	15,000,000	0
Cybersecurity	0	11,400,000
Legacy lift project	0	2,000,000
Statewide land parcel project	<u>0</u>	<u>1,150,000</u>
Total all funds	\$58,930,133	\$14,550,000
Less estimated income	<u>58,930,133</u>	<u>3,150,000</u>
Total general fund	\$0	\$11,400,000"

Page 2, after line 18, insert:

"SECTION 3. EXCEPTION - LINE ITEM TRANSFERS. Notwithstanding section 54-16-04, the director of the office of management and budget shall make transfers of funds between line items in section 1 of this Act for the information technology department as may be requested by the chief information officer as determined necessary for the development and implementation of information technology projects. The department shall notify the legislative council of any transfers made pursuant to this section.

SECTION 4. ESTIMATED INCOME - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND - INFORMATION TECHNOLOGY PROJECTS. The estimated income line item in section 1 of this Act includes the sum of \$3,150,000 from

the strategic investment and improvements fund for information technology projects, of which \$2,000,000 is for a legacy lift project and \$1,150,000 is for a geographic information system statewide land parcel project.

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SECTION 5. EXEMPTION. The sum of \$43,555,133 of federal and other funds appropriated to the information technology department for the development of the health information network and care coordination project in chapter 46 of the 2017 Session Laws is not subject to the provisions of section 54-44.1-11. Any unexpended funds from this appropriation are available for the completion of the health information network and care coordination project during the biennium beginning July 1, 2019, and ending June 30, 2021.

SECTION 6. LEGISLATIVE MANAGEMENT STUDY - DEVELOPMENT OF A LAND ACCESS DATABASE. During the 2019-20 interim, the legislative management shall consider studying access to land for hunting and trapping and the development of a land access database. If selected by the legislative management, the study must be conducted by a new committee established by the legislative management to study access to public and private lands for hunting, trapping, and related issues, including the development of a hunters access database with the capability for landowners to provide electronic information regarding the availability of the landowner's property for hunters and trappers. The voting members of the committee must consist of the following, who must be appointed by the legislative management:

1. Two members representing agriculture organizations;
2. Two members representing sportsmen organizations; and
3. Five members of the legislative assembly, one of whom must be selected by the committee as chairman of the committee, including:
 - a. One member of the majority party in the house of representatives;
 - b. One member of the minority party in the house of representatives;
 - c. One member of the majority party in the senate;
 - d. One member of the minority party in the senate; and
 - e. One member from either party in either chamber.

The nonvoting members of the committee are:

1. A representative of the North Dakota association of counties;
2. The agriculture commissioner or the commissioner's designee;
3. The director of the game and fish department or the director's designee; and
4. The chief information officer or the officer's designee.

A member of the committee who is not a state employee is entitled to reimbursement for mileage and expenses as provided by law for state officers and employees, to be paid by the legislative council. A state employee who is a member of the committee is entitled to receive that employee's regular salary and is entitled to reimbursement for mileage and expenses to be paid by the employing agency. A member of the

committee who is a member of the legislative assembly is entitled to receive per diem compensation at the rate provided under section 54-35-10 for each day performing official duties of the committee. The legislative council shall pay the per diem compensation and reimbursement for travel and expenses as provided by law for any member of the committee who is a member of the legislative assembly. The committee may establish a prototype hunters access database in select counties prior to August 1, 2020. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-seventh legislative assembly."

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Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1021 - Information Technology Department - Senate Action

	Base Budget	House Version	Senate Changes	Senate Version
Salaries and wages	\$59,359,772	\$59,559,558	\$21,814,943	\$81,374,501
Operating expenses	69,552,998	89,091,647	14,265,717	103,357,364
Capital assets	8,295,000	4,253,117		4,253,117
Center for Distance Education	9,079,116			
Statewide longitudinal data system	4,310,561	4,383,351	3,794	4,387,145
Educational Technology Council	1,121,472			
EduTech	9,752,767	9,620,038	25,735	9,645,773
K-12 wide area network	4,534,278	5,165,952	2,018	5,167,970
Geographic information system	1,147,716	1,052,028	1,150,601	2,202,629
Health information technology office	5,315,509	4,876,840	2,306	4,879,146
Statewide Interoperability Radio Network	13,700,000	12,330,000		12,330,000
Total all funds	\$186,169,189	\$190,332,531	\$37,265,114	\$227,597,645
Less estimated income	165,636,855	167,162,949	31,869,385	199,032,334
General fund	\$20,532,334	\$23,169,582	\$5,395,729	\$28,565,311
FTE	344.30	303.00	99.00	402.00

Department 112 - Information Technology Department - Detail of Senate Changes

	Adds Funding for Salary and Benefit Increases ¹	Adds Funding for FTE Cybersecurity Positions ²	Restores Funding for Salaries and Wages ³	Adds Funding for IT Unification ⁴	Adds One-Time Funding for Cybersecurity ⁵	Adds One-Time Funding for IT Projects ⁶
Salaries and wages	\$1,047,804	\$740,415	\$1,215,501	\$18,811,223		
Operating expenses		130,590		8,835,127	\$3,300,000	\$2,000,000
Capital assets						
Center for Distance Education						
Statewide longitudinal data system	3,794					
Educational Technology Council						
EduTech	25,735					
K-12 wide area network	2,018					
Geographic information system	601					1,150,000
Health information technology office	2,306					
Statewide Interoperability Radio Network						
Total all funds	\$1,082,258	\$871,005	\$1,215,501	\$27,646,350	\$3,300,000	\$3,150,000
Less estimated income	1,073,035	0	0	27,646,350	0	3,150,000
General fund	\$9,223	\$871,005	\$1,215,501	\$0	\$3,300,000	\$0
FTE	0.00	3.00	0.00	96.00	0.00	0.00

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	Total Senate Changes
Salaries and wages	\$21,814,943
Operating expenses	14,265,717
Capital assets	
Center for Distance Education	
Statewide longitudinal data system	3,794
Educational Technology Council	
EduTech	25,735
K-12 wide area network	2,018
Geographic information system	1,150,601
Health information technology office	2,306
Statewide Interoperability Radio Network	
Total all funds	\$37,265,114
Less estimated income	31,869,385
General fund	\$5,395,729
FTE	99.00

¹ Funding of \$1,082,258, of which \$9,223 is from the general fund and \$1,073,035 is from other funds, is added for 2019-21 biennium salary increases of 2 percent with a minimum monthly increase of \$120 and a maximum monthly increase of \$200 on July 1, 2019, and 2.5 percent on July 1, 2020. Of the amount added from other funds, \$328,977 of special funds relates to increases in health insurance premiums for FTE included in the information technology unification initiative.

² Funding of \$871,005 is added from the general fund for 3 FTE cybersecurity positions, of which \$740,415 is for salaries and wages and \$130,590 is for operating expenses to provide a total of 8 FTE cybersecurity positions. The House approved 5 cybersecurity positions.

³ Funding of \$1,215,501 from the general fund is restored for salaries and wages removed by the House relating to underfunding salaries and wages.

⁴ Funding of \$27,646,350 of special funds and 96.00 FTE positions are transferred from the Department of Trust Lands (2 FTE), Department of Human Services (48 FTE), Adjutant General - Department of Emergency Services (4 FTE), Parks and Recreation Department (1 FTE), and Department of Transportation (41 FTE) to the Information Technology Department for the information technology unification initiative. Of the \$27,646,350, \$18,266,327 is for the FTE positions, \$544,896 is for temporary salaries, and \$8,835,127 is for related operating expenses.

⁵ One-time funding of \$3,300,000 is added from the general fund for cybersecurity operating expenses to provide a total one-time appropriation of \$11,400,000 from the general fund. The House approved a one-time appropriation of \$8,400,000.

⁶ One-time funding of \$3,150,000 is added from the strategic investment and improvements fund for a legacy lift project (\$2,000,000) and a geographic information system statewide land parcel project (\$1,150,000). The House did not provide funding for these projects.

This amendment also:

- Adds a section to allow the Office of Management and Budget to transfer funds between line items in Section 1 as requested by the Chief Information Officer.
- Adds a section identifying \$3,150,000 of one-time funding from the strategic investment and improvements fund for information technology projects, of which \$2,000,000 is for a legacy lift project and \$1,150,000 is for a geographic information system statewide land parcel project.
- Adds a section providing an exemption for the \$43,555,133 of federal and other funds appropriated to the Information Technology Department by the 2017 Legislative Assembly for the development of the health information network and care coordination project.
- Adds a section to provide for a Legislative Management study regarding access to lands for hunting and trapping and the development of a land access database.

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1021 - Funding Summary

	Base Budget	House Version	Senate Changes	Senate Version
Information Technology Department				
Salaries and wages	\$59,359,772	\$59,559,558	\$21,814,943	\$81,374,501
Operating expenses	69,552,998	89,091,647	14,265,717	103,357,364
Capital assets	8,295,000	4,253,117		4,253,117
Center for Distance Education	9,079,116			
Statewide longitudinal data system	4,310,561	4,383,351	3,794	4,387,145
Educational Technology Council	1,121,472			
EduTech	9,752,767	9,620,038	25,735	9,645,773
K-12 wide area network	4,534,278	5,165,952	2,018	5,167,970
Geographic information system	1,147,716	1,052,028	1,150,601	2,202,629
Health information technology office	5,315,509	4,876,840	2,306	4,879,146
Statewide Interoperability Radio Network	13,700,000	12,330,000		12,330,000
Total all funds	\$186,169,189	\$190,332,531	\$37,265,114	\$227,597,645
Less estimated income	165,636,855	167,162,949	31,869,385	199,032,334
General fund	\$20,532,334	\$23,169,582	\$5,395,729	\$28,565,311
FTE	344.30	303.00	99.00	402.00
Bill total				
Total all funds	\$186,169,189	\$190,332,531	\$37,265,114	\$227,597,645
Less estimated income	165,636,855	167,162,949	31,869,385	199,032,334
General fund	\$20,532,334	\$23,169,582	\$5,395,729	\$28,565,311
FTE	344.30	303.00	99.00	402.00

House Bill No. 1021 - Information Technology Department - House Action

	Base Budget	House Changes	House Version
Salaries and wages	\$59,359,772	\$199,786	\$59,559,558
Operating expenses	69,552,998	19,538,649	89,091,647
Capital assets	8,295,000	(4,041,883)	4,253,117
Center for Distance Education	9,079,116	(9,079,116)	
Statewide longitudinal data system	4,310,561	72,790	4,383,351
Educational Technology Council	1,121,472	(1,121,472)	
EduTech	9,752,767	(132,729)	9,620,038
K-12 wide area network	4,534,278	631,674	5,165,952
Geographic information system	1,147,716	(95,688)	1,052,028
Health information technology office	5,315,509	(438,669)	4,876,840
Statewide Interoperability Radio Network	13,700,000	(1,370,000)	12,330,000
Total all funds	\$186,169,189	\$4,163,342	\$190,332,531
Less estimated income	165,636,855	1,526,094	167,162,949
General fund	\$20,532,334	\$2,637,248	\$23,169,582
FTE	344.30	(41.30)	303.00

April 19, 2019

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ABA

Department 112 - Information Technology Department - Detail of House Changes

	Adds Funding for Salary and Benefit Increases ¹	Removes 16 FTE Positions ²	Adds 5 Cybersecurity FTE ³	Underfunds Salaries by 2 Percent ⁴	Adjusts Base Level Funding ⁵	Adds Funding for Microsoft Office 365 Licenses ⁶
Salaries and wages	\$2,831,259	(\$2,649,997)	\$1,234,025	(\$1,215,501)		
Operating expenses			217,650		\$2,786,106	\$4,209,893
Capital assets					(4,041,883)	
Center for Distance Education						
Statewide longitudinal data system	73,846				(1,056)	
Educational Technology Council					(10,000)	
EduTech	292,499	(337,439)			(434,139)	
K-12 wide area network	41,674				590,000	
Geographic information system	11,584				(107,272)	
Health information technology office	42,882				(481,551)	
Statewide Interoperability Radio Network						
Total all funds	\$3,293,744	(\$2,987,436)	\$1,451,675	(\$1,215,501)	(\$1,699,795)	\$4,209,893
Less estimated income	2,811,539	(2,912,445)	0	0	(1,797,893)	4,209,893
General fund	\$482,205	(\$74,991)	\$1,451,675	(\$1,215,501)	\$98,098	\$0
FTE	0.00	(16.00)	5.00	0.00	0.00	0.00

	Adds Funding for IT Service Management and Platforms ⁷	Reduces Funding for the Center for Distance Education ⁸	Transfers the Center for Distance Education to CTE ⁹	Transfers the Educational Technology Council to CTE ¹⁰	Transfers Funding from the Educational Technology Council to EduTech ¹¹	Reduces Funding for SIRN ¹²
Salaries and wages						
Operating expenses	\$4,225,000					
Capital assets						
Center for Distance Education		(\$229,116)	(\$8,850,000)			
Statewide longitudinal data system						
Educational Technology Council				(\$765,122)	(\$346,350)	
EduTech					346,350	
K-12 wide area network						
Geographic information system						
Health information technology office						
Statewide Interoperability Radio Network						(\$1,370,000)
Total all funds	\$4,225,000	(\$229,116)	(\$8,850,000)	(\$765,122)	\$0	(\$1,370,000)
Less estimated income	4,225,000	0	(3,050,000)	(585,000)	(5,000)	(1,370,000)
General fund	\$0	(\$229,116)	(\$5,800,000)	(\$180,122)	\$5,000	\$0
FTE	0.00	0.00	(29.80)	(0.50)	0.00	0.00

	Adds One-Time Funding for Cybersecurity Operating Expenses ¹³	Total House Changes
Salaries and wages		\$199,786
Operating expenses	\$8,100,000	19,538,649
Capital assets		(4,041,883)
Center for Distance Education		(9,079,116)
Statewide longitudinal data system		72,790
Educational Technology Council		(1,121,472)
EduTech		(132,729)
K-12 wide area network		631,674
Geographic information system		(95,688)
Health information technology office		(438,669)
Statewide Interoperability Radio Network		(1,370,000)
Total all funds	\$8,100,000	\$4,163,342
Less estimated income	0	1,526,094
General fund	\$8,100,000	\$2,637,248
FTE	0.00	(41.30)

¹ The following funding is added for 2019-21 biennium salary adjustments of 2 percent per year and increases in health insurance premiums from \$1,241 to \$1,427 per month:

	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
Salary increase	\$313,373	\$1,469,467	\$1,782,840
Health insurance increase	168,832	1,342,072	1,510,904
Total	\$482,205	\$2,811,539	\$3,293,744

² Funding for 16 FTE undesignated positions is removed, including 1 FTE EduTech position. Of the \$2,987,436 reduction, \$74,991 is from the general fund, \$262,448 is from the PowerSchool fund, and \$2,649,997 is from the Information Technology Department service fund.

³ Funding of \$1,451,675 is added for 5 FTE cybersecurity positions, of which \$1,234,025 is for salaries and wages and \$217,650 is for related operating expenses.

⁴ Salaries and wages are underfunded by 2 percent of the total salaries and wages line item in anticipation of savings from vacant positions and employee turnover.

⁵ Base level funding is adjusted as follows:

	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
Adds funding for operating expenses	(\$97,594)	\$2,883,700	\$2,786,106
Reduces funding for capital assets	0	(4,041,883)	(4,041,883)
Reduces funding for the statewide longitudinal data system	(1,056)	0	(1,056)
Reduces funding for the Educational Technology Council	0	(10,000)	(10,000)
Reduces funding for EduTech	(295,980)	(138,159)	(434,139)
Adjusts funding for the K-12 wide area network	600,000	(10,000)	590,000
Reduces funding for the geographic information system	(107,272)	0	(107,272)
Reduces funding for the Health Information Technology Office	0	(481,551)	(481,551)
	\$98,098	(\$1,797,893)	(\$1,699,795)

⁶ Funding of \$4,209,893 is added from the Information Technology Department service fund for Microsoft Office 365 licenses.

⁷ Funding of \$4,225,000 is added from the Information Technology Department operating service fund for information technology service management (\$2,000,000), application as a service platform (\$1,325,000), and automation and orchestration platforms (\$900,000).

⁸ Funding for the Center for Distance Education is reduced by \$229,116 from the general fund, of which \$8,366 is from salaries and \$220,750 is from operating expenses.

⁹ Funding of \$8.85 million for the Center for Distance Education, including 29.80 FTE positions, is transferred from the Information Technology Department to the Department of Career and Technical Education. Of this amount, \$5.8 million is for salaries and wages from the general fund and \$3.05 million is for operating expenses from the independent study operating fund.

¹⁰ Transfers a 0.50 FTE administrative assistant II position and \$765,122 for the Educational Technology Council from the Information Technology Department to the Department of Career and Technical Education. Of this amount, \$180,122 is from the general fund for salaries (\$76,556) and operating expenses (\$103,566). The remaining amount of \$585,000 includes \$500,000 from federal funds for capital assets and \$85,000 from the Information Technology Department service fund for grants.

¹¹ Funding of \$346,350 is transferred from the Educational Technology Council to EduTech, relating to the salaries and fringe benefits of the director of Edu Tech. The position was formerly the director of both the Educational Technology Council and EduTech, prior to the transfer of the Educational Technology Council to the Department of Career and Technical Education.

¹² Funding of \$1.37 million is reduced for the Statewide Interoperable Radio Network (SIRN), of which \$400,000 is for operating expenses and \$970,000 is for capital assets, to provide a total appropriation of \$12.33 million from the SIRN fund.

¹³ One-time funding of \$8.1 million is added from the general fund for cybersecurity operating expenses.

This amendment also removes a section allowing for the transfer of funds between line items.

House Bill No. 1021 - Information Technology Department - Senate Action

	Base Budget	House Version	Senate Changes	Senate Version
Salaries and wages	\$59,359,772	\$59,559,558	\$21,814,943	\$81,374,501
Operating expenses	69,552,998	89,091,647	14,265,717	103,357,364
Capital assets	8,295,000	4,253,117		4,253,117
Center for Distance Education	9,079,116			
Statewide longitudinal data system	4,310,561	4,383,351	3,794	4,387,145
Educational Technology Council	1,121,472			
EduTech	9,752,767	9,620,038	25,735	9,645,773
K-12 wide area network	4,534,278	5,165,952	2,018	5,167,970
Geographic information system	1,147,716	1,052,028	1,150,601	2,202,629
Health information technology office	5,315,509	4,876,840	2,306	4,879,146
Statewide Interoperability Radio Network	13,700,000	12,330,000		12,330,000
Total all funds	\$186,169,189	\$190,332,531	\$37,265,114	\$227,597,645
Less estimated income	165,636,855	167,162,949	31,869,385	199,032,334
General fund	\$20,532,334	\$23,169,582	\$5,395,729	\$28,565,311
FTE	344.30	303.00	99.00	402.00

Department 112 - Information Technology Department - Detail of Senate Changes

	Adds Funding for Salary and Benefit Increases ¹	Adds Funding for FTE Cybersecurity Positions ²	Restores Funding for Salaries and Wages ³	Adds Funding for IT Unification ⁴	Adds One-Time Funding for Cybersecurity ⁵	Adds One-Time Funding for IT Projects ⁶
Salaries and wages	\$1,047,804	\$740,415	\$1,215,501	\$18,811,223		
Operating expenses		130,590		8,835,127	\$3,300,000	\$2,000,000
Capital assets						
Center for Distance Education						
Statewide longitudinal data system	3,794					
Educational Technology Council						
EduTech	25,735					
K-12 wide area network	2,018					
Geographic information system	601					1,150,000
Health information technology office	2,306					
Statewide Interoperability Radio Network						
Total all funds	\$1,082,258	\$871,005	\$1,215,501	\$27,646,350	\$3,300,000	\$3,150,000
Less estimated income	1,073,035	0	0	27,646,350	0	3,150,000
General fund	\$9,223	\$871,005	\$1,215,501	\$0	\$3,300,000	\$0
FTE	0.00	3.00	0.00	96.00	0.00	0.00

Total Senate Changes	
Salaries and wages	\$21,814,943
Operating expenses	14,265,717
Capital assets	
Center for Distance Education	
Statewide longitudinal data system	3,794
Educational Technology Council	
EduTech	25,735
K-12 wide area network	2,018
Geographic information system	1,150,601
Health information technology office	2,306
Statewide Interoperability Radio Network	
Total all funds	\$37,265,114
Less estimated income	31,869,385
General fund	\$5,395,729
FTE	99.00

¹ Funding of \$1,082,258, of which \$9,223 is from the general fund and \$1,073,035 is from other funds, is added for 2019-21 biennium salary increases of 2 percent with a minimum monthly increase of \$120 and a maximum monthly increase of \$200 on July 1, 2019, and 2.5 percent on July 1, 2020. Of the amount added from other funds, \$328,977 of special funds relates to increases in health insurance premiums for FTE included in the information technology unification initiative.

² Funding of \$871,005 is added from the general fund for 3 FTE cybersecurity positions, of which \$740,415 is for salaries and wages and \$130,590 is for operating expenses to provide a total of 8 FTE cybersecurity positions. The House approved 5 cybersecurity positions.

³ Funding of \$1,215,501 from the general fund is restored for salaries and wages removed by the House relating to underfunding salaries and wages.

⁴ Funding of \$27,646,350 of special funds and 96.00 FTE positions are transferred from the Department of Trust Lands (2 FTE), Department of Human Services (48 FTE), Adjutant General - Department of Emergency Services (4 FTE), Parks and Recreation Department (1 FTE), and Department of Transportation (41 FTE) to the Information

Technology Department for the information technology unification initiative. Of the \$27,646,350, \$18,266,327 is for the FTE positions, \$544,896 is for temporary salaries, and \$8,835,127 is for related operating expenses.

⁵ One-time funding of \$3,300,000 is added from the general fund for cybersecurity operating expenses to provide a total one-time appropriation of \$11,400,000 from the general fund. The House approved a one-time appropriation of \$8,400,000.

⁶ One-time funding of \$3,150,000 is added from the strategic investment and improvements fund for a legacy lift project (\$2,000,000) and a geographic information system statewide land parcel project (\$1,150,000). The House did not provide funding for these projects.

This amendment also:

- Adds a section to allow the Office of Management and Budget to transfer funds between line items in Section 1 as requested by the Chief Information Officer.
- Adds a section identifying \$3,150,000 of one-time funding from the strategic investment and improvements fund for information technology projects, of which \$2,000,000 is for a legacy lift project and \$1,150,000 is for a geographic information system statewide land parcel project.
- Adds a section providing an exemption for the \$43,555,133 of federal and other funds appropriated to the Information Technology Department by the 2017 Legislative Assembly for the development of the health information network and care coordination project.
- Adds a section to provide for a Legislative Management study regarding access to lands for hunting and trapping and the development of a land access database.

April 19, 2019

HB 1021

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Information Technology Department - Budget No. 112
House Bill No. 1021
Base Level Funding Changes

	House Version				Senate Version				Senate Changes to House Version Increase (Decrease) - House Version			
	FTE Position	General Fund	Other Funds	Total	FTE Position	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2019-21 Biennium Base Level	344.30	\$20,532,334	\$165,636,855	\$186,169,189	344.30	\$20,532,334	\$165,636,855	\$186,169,189	0.00	\$0	\$0	\$0
2019-21 Ongoing Funding Changes												
Salary increase		\$313,373	\$1,469,467	\$1,782,840		\$322,596	\$2,213,525	\$2,536,121		\$9,223	\$744,058	\$753,281
Health insurance increase		168,832	1,342,072	1,510,904		168,832	1,671,049	1,839,881			328,977	328,977
Removes FTE positions	(16.00)	(74,991)	(2,912,445)	(2,987,436)	(16.00)	(74,991)	(2,912,445)	(2,987,436)				0
Adds cybersecurity FTE positions	5.00	1,451,675		1,451,675	8.00	2,322,680		2,322,680	3.00	871,005		871,005
Underfund salaries by 2 percent		(1,215,501)		(1,215,501)		0		0		1,215,501		1,215,501
Transfers 145.5 FTE positions for the IT unification initiative				0	96.00		18,266,327	18,266,327	96.00		18,266,327	18,266,327
Transfers funding for temporary salaries for the IT unification initiative				0			544,896	544,896			544,896	544,896
Adds funding for operating expenses for the IT unification initiative				0			8,835,127	8,835,127			8,835,127	8,835,127
Adds funding for operating expenses		(97,594)	2,883,700	2,786,106		(97,594)	2,883,700	2,786,106				0
Adds funding for Microsoft Office 365 license operating expenses			4,209,893	4,209,893			4,209,893	4,209,893				0
Adds funding for IT service management			2,000,000	2,000,000			2,000,000	2,000,000				0
Adds funding for application as a service platforms			1,325,000	1,325,000			1,325,000	1,325,000				0
Adds funding for automation and orchestration platforms			900,000	900,000			900,000	900,000				0
Reduces funding for capital assets			(4,041,883)	(4,041,883)			(4,041,883)	(4,041,883)				0
Reduces funding for the Centers of Distance Education		(229,116)		(229,116)		(229,116)		(229,116)				0
Transfers the Center of Distance Education to CTE	(29.80)	(5,800,000)	(3,050,000)	(8,850,000)	(29.80)	(5,800,000)	(3,050,000)	(8,850,000)				0
Reduces funding for the statewide longitudinal data system		(1,056)		(1,056)		(1,056)		(1,056)				0
Reduces funding for the Educational Technology Council			(10,000)	(10,000)			(10,000)	(10,000)				0
Transfers the Educational Technology Council to CTE	(0.50)	(180,122)	(585,000)	(765,122)	(0.50)	(180,122)	(585,000)	(765,122)				0
Transfer funding from the Educational Technology Council to Edutech		5,000	(5,000)	0		5,000	(5,000)	0				0
Reduces funding for EduTech		(295,980)	(138,159)	(434,139)		(295,980)	(138,159)	(434,139)				0
Adjusts funding for the K-12 wide area network		600,000	(10,000)	590,000		600,000	(10,000)	590,000				0
Reduces funding for the geographic information system (GIS)		(107,272)		(107,272)		(107,272)		(107,272)				0
Reduces funding for the Health Information Technology Office			(481,551)	(481,551)			(481,551)	(481,551)				0
Reduces funding for SIRN			(1,370,000)	(1,370,000)			(1,370,000)	(1,370,000)				0
Total ongoing funding changes	(41.30)	(\$5,462,752)	\$1,526,094	(\$3,936,658)	57.70	(\$3,367,023)	\$30,245,479	\$26,878,456	99.00	\$2,095,729	\$28,719,385	\$30,815,114
One-time funding items												
Adds funding for a legacy lift project				0			\$2,000,000	\$2,000,000			\$2,000,000	\$2,000,000
Adds funding for cybersecurity operating expenses		\$8,100,000		\$8,100,000		\$11,400,000		11,400,000		\$3,300,000		3,300,000
Adds funding for a GIS statewide land parcel project				0			1,150,000	1,150,000			1,150,000	1,150,000
Total one-time funding changes	0.00	\$8,100,000	\$0	\$8,100,000	0.00	\$11,400,000	\$3,150,000	\$14,550,000	0.00	\$3,300,000	\$3,150,000	\$6,450,000
Total Changes to Base Level Funding	(41.30)	\$2,637,248	\$1,526,094	\$4,163,342	57.70	\$8,032,977	\$33,395,479	\$41,428,456	99.00	\$5,395,729	\$31,869,385	\$37,265,114
2019-21 Total Funding	303.00	\$23,169,582	\$167,162,949	\$190,332,531	402.00	\$28,565,311	\$199,032,334	\$227,597,645	99.00	\$5,395,729	\$31,869,385	\$37,265,114

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Other Sections for Information Technology Department - Budget No. 112

House Version

Senate Version

Line item transfers

Section 3 allows the Director of the Office of Management and Budget to transfer funds between line items in Section 1 as requested by the Chief Information Officer of ITD for the development and implementation of technology projects.

Information technology projects - Strategic investment and improvements fund

Section 4 identifies \$3,150,000 of one-time funding from the strategic investment and improvements fund for information technology projects, of which \$2,000,000 is for a legacy lift project and \$1,150,000 is for a geographic information system statewide land parcel project.

Exemption - Health information network and care coordination project

Section 5 provides an exemption to allow the \$43,555,133 of federal and other funds appropriated to the information technology department for the development of the health information network and care coordination project in chapter 46 of the 2017 Session Laws is not subject to the provisions of section 54-44.1-11. Any unexpended funds from this appropriation are available for the completion of the health information network and care coordination project during the 2019-21 biennium.

Legislative Management study - Access to lands for hunting and trapping

Section 6 provides for a Legislative Management study regarding access to lands for hunting and trapping and the development of a land access database. If approved by Legislative Management, the study will be conducted by a committee established by the Legislative Management to study access to public and private lands for hunting, trapping, and related issues, including the development of a hunters access database with the capability for landowners to provide electronic information regarding the availability of the landowner's property for hunters and trappers.

Sixty-sixth
Legislative Assembly

1 **SECTION 4. AMENDMENT.** Section 20.1-03-42 of the North Dakota Century Code is
2 amended and reenacted as follows:

3 **20.1-03-42. Guiding on prohibited lands.**

4 1. A person may not act as a hunting guide or hunting outfitter on land the person knows
5 is owned by the state unless the appropriate state agency permits or authorizes the
6 guiding or outfitting, on private land enrolled by the department for purposes of
7 hunting, on land in which the department pays in lieu of taxes, or on federal lands
8 without being authorized or permitted as required by the appropriate federal agency,

9 ~~or~~.

10 2. ~~A person may not act as a hunting guide or outfitter on private lands posted against~~
11 ~~hunting or trespassing~~ without first informing and obtaining permission from the
12 landowner to conduct guiding or outfitting on the land. If the landowner did not grant
13 the permission in writing, there is a presumption that the permission did not exist.

14 **SECTION 5. REPEAL.** Section 20.1-01-20 of the North Dakota Century Code is repealed.

15 **SECTION 6. LEGISLATIVE MANAGEMENT STUDY - ACCESS TO LANDS.**

16 1. During the 2019-20 interim, the legislative management shall study access to public
17 and private lands for hunting, trapping, fishing, and related issues, including trespass
18 violations and penalties, and provide recommendations regarding a land access
19 database with the capability of electronic posting. At the direction of the legislative
20 management, before August 1, 2020, the information technology department and
21 game and fish department shall establish a trial electronic posting and hunter access
22 information system in up to three counties. The information technology department
23 and game and fish department may contract with a third party to assist with the
24 electronic posting and hunter access information system development and operation.
25 The legislative management shall report its findings and recommendations, together
26 with any legislation required to implement the recommendations, to the sixty-seventh
27 legislative assembly.

28 2. The legislative management shall appoint a committee for this study as follows:

29 a. The voting members of the committee, who must be appointed by the legislative
30 management, are:

31 (1) Two members representing agriculture landowners;

Sixty-sixth
Legislative Assembly

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- (2) Two members representing sportsmen organizations; and
- (3) Five members of the legislative assembly, including:
 - (a) One member of the majority party in the house of representatives;
 - (b) One member of the minority party in the house of representatives;
 - (c) One member of the majority party in the senate;
 - (d) One member of the minority party in the senate; and
 - (e) One member from either party in either chamber to serve as the committee chairman.

b. The nonvoting members of the committee are:

- (1) A representative of the North Dakota association of counties;
- (2) The agriculture commissioner or the commissioner's designee;
- (3) The director of the game and fish department or the director's designee;
- (4) The chief information officer or the officer's designee; and
- (5) A representative of the North Dakota state's attorneys' association.

3. A member of the committee who is not a state employee is entitled to reimbursement for mileage and expenses as provided by law for state officers and employees, to be paid by the legislative council. A state employee who is a member of the committee is entitled to receive that employee's regular salary and is entitled to reimbursement for mileage and expenses to be paid by the employing agency. A member of the committee who is a member of the legislative assembly is entitled to receive per diem compensation at the rate provided under section 54-35-10 for each day performing official duties of the committee. The legislative council shall pay the per diem compensation and reimbursement for travel and expenses as provided by law for any member of the committee who is a member of the legislative assembly.

SECTION 7. EDUCATION AND MARKETING. The game and fish department and the tourism division of the department of commerce shall provide public education and marketing regarding the changes to land access in this Act.