

**Information Technology Department
Budget No. 112
Senate Bill No. 2021; House Bill No. 1178**

	FTE Positions	General Fund	Other Funds	Total
2017-19 legislative appropriations	344.30	\$20,532,334	\$224,566,988	\$245,099,322
2017-19 base budget	350.30	23,406,055	151,213,039	174,619,094
Legislative increase (decrease) to base budget	(6.00)	(\$2,873,721)	\$73,353,949	\$70,480,228

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2017-19 legislative appropriations	\$20,532,334	\$0	\$20,532,334
2015-17 adjusted legislative appropriations	23,406,055	2,672,090	26,078,145
2017-19 legislative increase (decrease) to 2015-17 adjusted appropriations	(\$2,873,721)	(\$2,672,090)	(\$5,545,811)
Percentage increase (decrease) to 2015-17 adjusted appropriations	(12.3%)	(100.0%)	(21.3%)

SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The Legislative Assembly did not include funding for employee salary increases.

Changes to Base Budget

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes for cost-to-continue 2015-17 biennium salaries and benefit increases and for other base payroll changes.		(\$349,282)	\$1,321,892	\$972,610
Added funding for employee health insurance premiums to reflect a revised premium rate of \$1,240.83 per month.		173,819	766,961	940,780
Removed 6 FTE positions and related funding of \$1,114,983, including \$300,000 from the general fund for the EduTech Director position.	(6.00)	(300,000)	(814,983)	(1,114,983)
Adjusted the funding source from the general fund to the health information exchange fund for the Health Information Technology Director position.		(361,389)	361,389	0

Reduced funding for operating expenses, primarily related to contractor costs.	(1,275,949)	(990,543)	(2,266,492)
Reduced funding for capital assets.	(25,575)	(520,000)	(545,575)
Added funding for the Center for Distance Education to provide a total appropriation of \$9,079,116.	300,000		300,000
Reduced funding for Education Technology Council grants, to provide total funding of \$1,121,472 for the Education Technology Council, of which \$85,000 is for grants.	(545,000)		(545,000)
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 information technology contract costs.	(490,345)		(490,345)
Added funding for PowerSchool, primarily related to information technology software and data processing, to provide total funding for PowerSchool of \$5,555,500.		599,100	599,100
Added funding for the statewide interoperable radio network as a result of an increase in fees imposed on assessed communications devices in House Bill No. 1178.		13,700,000	13,700,000
Added one-time funding for a loan from the Bank of North Dakota for the statewide interoperable radio network. (House Bill No. 1178)		15,000,000	15,000,000
Added one-time funding for a health information network expansion project. Of this amount, \$40.8 million is from federal funds received by the Department of Human Services.		43,555,133	43,555,133
Added one-time funding to implement an electronic payment processing system for certain state agencies.		375,000	375,000
			0
Total	<u>(6.00)</u>	<u>(\$2,873,721)</u>	<u>\$73,353,949</u>
			<u>\$70,480,228</u>

FTE Changes

The 2017-19 biennium appropriation for the Information Technology Department includes funding for 344.30 FTE positions, a decrease of 6 FTE positions from the 2015-17 biennium. The Legislative Assembly removed 1 FTE EduTech Director position and related funding of \$300,000 from the general fund. Funding of \$814,983 from the Information Technology Department operating fund was also reduced, relating to the removal of 1 FTE project manager II position, 1 FTE programmer position, and 3 FTE programmer analyst I positions. The funding source for the Health Information Technology Director position of \$361,389 was changed from the general fund to the health information exchange fund.

One-Time Funding

The following is a summary of one-time funding included in the 2017-19 legislative appropriation for the Information Technology Department:

	Other Funds
Health information network expansion project	\$43,555,133
Implementation of an electronic payment processing system	375,000
Statewide interoperability network (Bank of North Dakota loan)	15,000,000
Total	\$58,930,133

Statewide Interoperable Radio Network

House Bill No. 1178 relates to the statewide interoperable radio network and provides for the following related to the Information Technology Department:

- Section 1 establishes a statewide interoperable radio network (SIRN) fund to be maintained in the State Treasury. Subject to legislative approval and Statewide Interoperability Executive Committee (SIEC) approval, moneys in the fund must be used for providing the required state share of funding for expenses associated with the purchase, installation, operation, and maintenance of SIRN. The fund consists of all money transferred into the fund, interest earned on money in the fund, payments to the fund, and other fund earnings. Grants, gifts, or services made available for SIRN by an agency or department of the federal government or any other person must also be deposited in this fund.
- Section 3 amends North Dakota Century Code Section 54-59-05(4) to allow the Information Technology Department to enter into agreements to finance the purchase of software, equipment, or implementation services exceeding 5 years for SIRN. The department is also authorized to spend more than 7.5 percent of the department's appropriation in a biennium to finance the purchase of software, equipment, or implementation services relating to SIRN.
- Section 4 amends Section 57-40.6-02 to require political subdivisions to add a fee of \$0.50 to the fee imposed on assessed communication services. The additional \$0.50 per communication connection must be remitted to the State Treasurer for deposit in the SIRN fund established in Section 1 of the bill.
- Section 6 requires the Information Technology Department to begin implementation of SIRN during the 2017-18 interim based on findings in the North Dakota statewide interoperable network feasibility study and its recommendations by SIEC. Current and future appropriations and local government contributions for improvement or expansion of state or local public safety land mobile radio systems must be expended in a manner consistent with the recommendations of SIEC.
- Section 7 authorizes a loan of \$15 million from the Bank of North Dakota and appropriates the funds to the Information Technology Department for SIRN. The term of the loan may not exceed 6 years and must be repaid from funds available in SIRN fund established in Section 1 of the bill. During the 2017-18 interim, the department shall provide status reports to the Budget Section regarding the implementation and progress of SIRN.
- Section 8 provides legislative intent that by September 30, 2018, all North Dakota entities operating a public-safety answering point relinquish legal rights to any radio frequency required for the SIRN trunk system, allowing these frequencies to be utilized by the state of North Dakota for use of the network.
- Section 9 provides legislative intent that during the 2017-18 interim, the department and SIEC make efforts to consolidate certain functions with SIRN.
- Section 10 provides an expiration date of July 31, 2023, related to the provisions of the bill.

The additional \$0.50 imposed on assessed communication services is estimated to generate an additional \$9.6 million during the 2017-19 biennium. The Information Technology Department budget includes spending authority of up to \$13.7 million during the 2017-19 biennium, should actual revenues exceed the \$9.6 million estimate. Including the \$15 million loan from the Bank of North Dakota, the department's total appropriation for SIRN during the 2017-19 biennium is \$28.7 million, of which \$24.6 million is the amount the department anticipates being available during the biennium. The department anticipates using approximately \$3.3 million of the \$9.6 million generated from increased fees on assessed communication services to begin repaying the \$15 million Bank of North Dakota loan during fiscal year 2019, resulting in net funding available of \$21.3 million for SIRN during the 2017-19 biennium.

Health Information Network Expansion

Health information network expansion - Section 1 of Senate Bill No. 2021 includes \$43.6 million for the North Dakota Health Information Network (NDHIN) expansion project, a project designed to provide for the secure exchange of health information to enable clinical users such as providers, nurses, and clerical staff to easily and efficiently view information relating to a patient's electronic medical records. The project will enhance the functionality of NDHIN by allowing Medicaid providers options to meet specific measures and objectives to achieve meaningful use and promote comprehensive interoperability between all providers throughout the state. The project will enhance the existing NDHIN infrastructure and allow for statewide repositories for analytics, care coordination, credentialing, advanced directives, and provide for necessary connections between providers.

Of the amount appropriated to the Information Technology Department, \$40.5 million is from federal funds distributed by the federal Centers for Medicare and Medicaid Services and to be received by the Department of Human Services. Federal funds are available through a Medicaid advanced planning document and require a 10 percent or 15 percent match. The matching funds will be generated from billings to providers, payers, and the state match from the electronic health information exchange fund. Funding will be available for the project through the anticipated completion date of September 2021.

Electronic Payment Processing System

Electronic payment processing system - Section 10 of Senate Bill No. 2021 provides for Bank of North Dakota loans, appropriated to certain state agencies for the purpose of implementing a new electronic payment system related to merchant credit card fees. Section 11 of the bill provides for the repayment of the loans authorized in Section 10, using special funds derived from additional revenue received as a result of the new system. The following schedule lists the agencies authorized to receive a loan from the Bank during the 2017-19 biennium, the maximum amount the agency may borrow, and the amount appropriated to each agency for repayment of the loans:

Agency	Loan Amount Authorized	Loan Repayment
Department of Transportation	\$147,000	\$159,000
Secretary of State	93,000	101,000
Parks and Recreation Department	42,000	46,000
Game and Fish Department	36,000	39,000
Workforce Safety and Insurance	36,000	39,000
Highway Patrol	21,000	23,000
Total	\$375,000	\$407,000

The agencies listed above will remit funding necessary for the electronic payment processing system to the Information Technology Department, resulting in a special fund appropriation of \$375,000 in the Information Technology Department budget for the cost of implementing the system. The electronic payment processing system will result in an estimated \$3.8 million of savings for these six agencies during the 2017-19 biennium.

Other Sections in Senate Bill No. 2021

Health insurance increase - Section 2 identifies the amount of funding included in the agency budget for state employee health insurance premium rate increases during the 2017-19 biennium.

Transfers - Section 4 authorizes the Office of Management and Budget to make transfers of funds between line items of the Information Technology Department as may be requested by the Chief Information Officer as necessary for the development and implementation of information technology projects.

Center for Distance Education course lists - Section 5 creates Section 15-19-01.1, requiring the Director of the Center for Distance Education (CDE) to provide all public schools and districts a list of courses offered by CDE.

Center for Distance Education clearinghouse - Section 6 creates Section 15-19-02.1, requiring the Director of CDE to establish a clearinghouse for online courses offered by CDE.

Statewide Interoperable Executive Committee membership - Section 7 amends Section 37-17.3-02.2(1) to expand the membership of the Statewide Interoperable Executive Committee to include the Indian Affairs Commission Executive Director and, as appointed by the Legislative Management, one member of the House of Representatives and one member of the Senate.

Certified electronic health records systems - Section 8 amends Section 54-59-31 to allow certain health care providers participating in the health information exchange to use an electronic health records system that is not certified by the National Coordinator for Health Information Technology's office if that type of provider is not required to be certified.

Statewide longitudinal data system - Section 9 amends Section 54-59-34(1) to require the Statewide Longitudinal Data System Committee to provide annual reports to education and workforce development programs.

Legislative intent - Information Technology Department efficiencies - Section 12 provides legislative intent that the Governor achieve efficiencies and budgetary savings within the Information Technology Department and other state agencies through the use of innovative ideas and solutions relating to information technology and related services. The Governor shall submit proposed legislation necessary to implement any ideas and solutions for state government efficiencies and budgetary savings to the 66th Legislative Assembly.

Related Legislation

North Dakota eTranscripts - House Bill No. 1037 requires North Dakota school districts to use North Dakota eTranscripts, or an alternative information system designated by the Information Technology Department in collaboration with the Department of Public Instruction, to submit official transcripts for the North Dakota academic or career and technical education scholarship to the Superintendent of Public Instruction.

Victim information and notification system - House Bill No. 1194 amends Section 12.1-34-06 to allow the Attorney General's office to maintain a statewide automated victim information and notification system, rather than by the Information Technology Department.

Desktop support services - Senate Bill No. 2024 amends Section 54-59-22.1(1) to remove the requirement for the Tobacco Prevention and Control Executive Committee to receive desktop support services from the Information Technology Department.

Budget Section report - Senate Bill No. 2032 amends Section 54-59-19 to remove the requirement that the Information Technology Department present a summary of the department's annual report to the Budget Section.

Statewide Interoperability Executive Committee - Senate Bill No. 2050 amends Section 37-17.3-02.2(1) to include the Indian Affairs Commission Executive Director, or a designee, as a member of the Statewide Interoperability Executive Committee.

Statewide longitudinal data system - Senate Bill No. 2104 amends Section 54-59-39(1) to provide that the Information Technology Department may not redisclose any unemployment insurance wage data from Job Service North Dakota that identifies an individual unless the redisclosure is expressly permitted by a written agreement between Job Service North Dakota and the Information Technology Department, or is otherwise expressly permitted or required by federal or state law.