

**Department 112 - Information Technology Department
House Bill No. 1021**

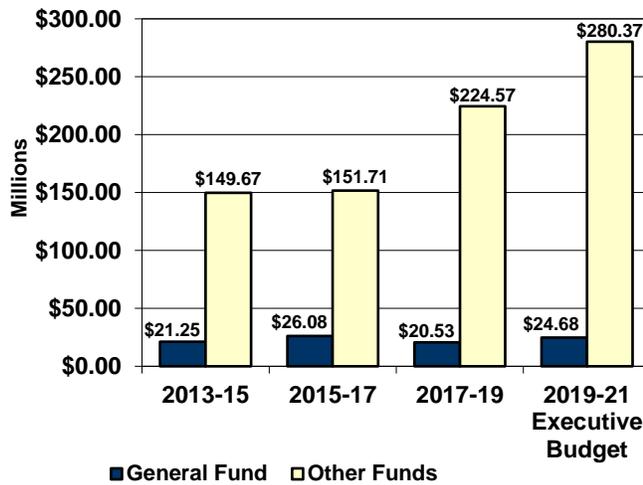
Executive Budget Comparison to Prior Biennium Appropriations

	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

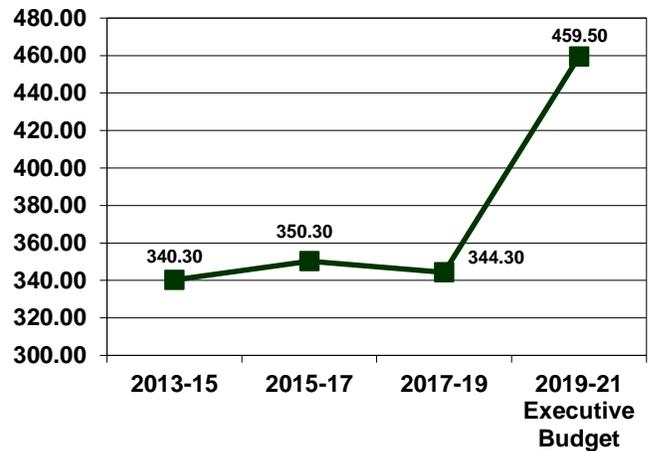
Ongoing and One-Time General Fund Appropriations

	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

	<u>Executive Budget Recommendation</u>			
	<u>FTE Position</u>	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
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

	<u>Executive Budget Recommendation</u>
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

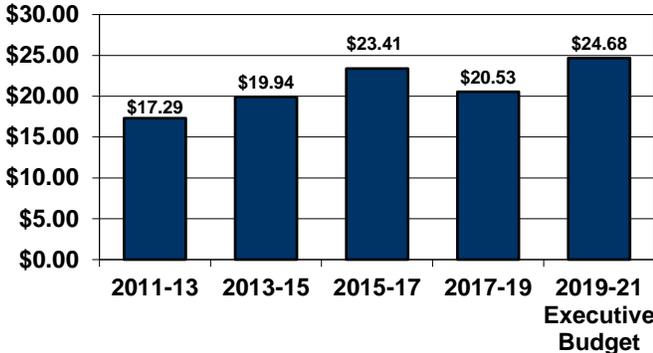
Section 5 would repeal North Dakota Century Code Sections 54-59-17 and 54-59-18 related to meetings, compensation, powers, and duties of the Educational Technology Council.

Department 112 - Information Technology Department

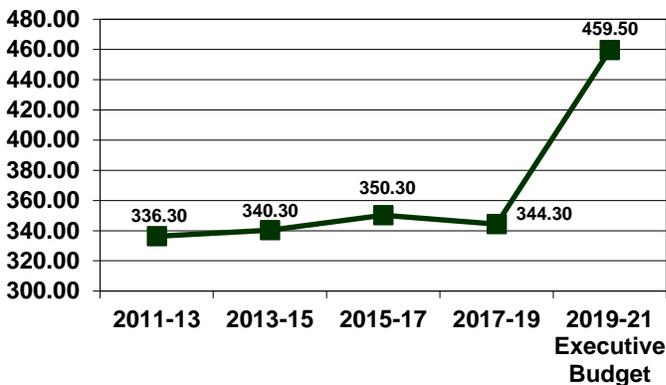
Historical Appropriations Information

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	<u>5,315,509</u>	<u>(419,094)</u>	<u>4,896,415</u>
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.