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Title.
Fiscal No. 1

Prepared by the Legislative Council
staff for Senate Appropriations - Human
Resources Division Committee
February 20, 2025

Sixty-ninth
Legislative Assembly
of North Dakota

PROPOSED AMENDMENTS TO

SENATE BILL NO. 2021

Introduced by

Appropriations Committee

1 A BILL for an Act to provide an appropriation for defraying the expenses of the information
2 technology department; to amend and reenact sections 54-59-14 and 54-59-15 of the North
3 Dakota Century Code, relating to the information technology operating fund; to provide for a
4 transfer; and to provide an exemption.

5 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

6 **SECTION 1. APPROPRIATION.** The funds provided in this section, or so much of the funds
7 as may be necessary, are appropriated out of any moneys in the general fund in the state
8 treasury, not otherwise appropriated, and from other funds derived from special funds and
9 federal funds, to the information technology department for the purpose of defraying the
10 expenses of the information technology department, for the biennium beginning July 1, 2025,
11 and ending June 30, 2027, as follows:

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
14 Salaries and wages	\$112,233,364	\$0	\$112,233,364
15 Operating expenses	119,115,018	0	119,115,018
16 Capital assets	3,443,909	0	3,443,909
17 Statewide longitudinal data system	4,625,661	0	4,625,661
18 Edutech	10,348,826	0	10,348,826
19 K-12 wide area network	5,915,668	0	5,915,668
20 Geographic information system	1,109,786	0	1,109,786

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1	Health information technology office	5,822,725	0	5,822,725
2	Statewide interoperable radio network	18,449,852	0	18,449,852
3	Total all funds	\$281,064,809	\$0	\$281,064,809
4	Less other funds	239,646,504	0	239,646,504
5	Total general fund	\$41,418,305	\$0	\$41,418,305
6	Full-time equivalent positions	507.00	0.00	507.00
7	Salaries and wages	\$112,233,364	\$16,139,027	\$128,372,391
8	New and vacant FTE pool	0	8,403,424	8,403,424
9	Operating expenses	119,115,018	(96,380,424)	22,734,594
10	Capital assets	3,443,909	(3,312,874)	131,035
11	Statewide longitudinal data system	4,625,661	(504,904)	4,120,757
12	Edutech	10,348,826	(304,659)	10,044,167
13	K-12 wide area network	5,915,668	912,665	6,828,333
14	Geographic information system	1,109,786	48,157	1,157,943
15	Health information technology office	5,822,725	4,928,517	10,751,242
16	Statewide interoperable radio network	18,449,852	(2,236,315)	16,213,537
17	Total all funds	\$281,064,809	(72,307,386)	\$208,757,423
18	Less other funds	239,646,504	(82,764,058)	156,882,446
19	Total general fund	\$41,418,305	\$10,456,672	\$51,874,977
20	Full-time equivalent positions	507.00	2.00	509.00

SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO SEVENTIETH LEGISLATIVE ASSEMBLY. The following amounts reflect the one-time funding items included in the appropriation in section 1 of this Act which are not included in the entity's base budget for the 2027-29 biennium and which the entity shall report to the appropriations committees of the seventieth legislative assembly regarding the use of this funding:

One-Time Funding Description	General Fund	Other Funds	Total
Vulnerability software licenses	\$0	\$150,000	\$150,000
Health information technology office	0	3,000,000	3,000,000
Total	\$0	\$3,150,000	\$3,150,000

SECTION 3. NEW AND VACANT FTE POOL - LIMITATION - TRANSFER REQUEST. The information technology department may not spend funds appropriated in the new and vacant

1 FTE pool line item in section 1 of this Act, but may request the office of management and
2 budget to transfer funds from the new and vacant FTE pool line item to the salaries and wages
3 line item and other line items with salaries and wages in accordance with the guidelines and
4 reporting provisions included in House Bill No. 1015, as approved by the sixty-ninth legislative
5 assembly.

6 **SECTION 4. OTHER FUNDS - TRANSFER - HEALTH INFORMATION TECHNOLOGY**
7 **PLANNING LOAN FUND TO ELECTRONIC HEALTH INFORMATION EXCHANGE FUND.**

8 Notwithstanding section 6-09-43, the other funds line item in section 1 of this Act includes the
9 sum of \$3,000,000, or so much of the sum as may be necessary, which the Bank of North
10 Dakota shall transfer, as requested by the chief information officer, from the health information
11 technology planning loan fund to the electronic health information exchange fund for the
12 purpose of defraying the expenses of the health information technology office and the health
13 information network during the biennium beginning July 1, 2025, and ending June 30, 2027.

14 **SECTION 5. EXEMPTION - LINE ITEM TRANSFERS.** Notwithstanding section 54-16-04,
15 the director of the office of management and budget shall make transfers of funds between line
16 items in section 1 of this Act, except the new and vacant FTE pool line item, for the information
17 technology department as may be requested by the chief information officer as determined
18 necessary for the development and implementation of information technology projects. The
19 department shall notify the legislative council of any transfers made pursuant to this section.

20 **SECTION 6. AMENDMENT.** Section 54-59-14 of the North Dakota Century Code is
21 amended and reenacted as follows:

22 **54-59-14. Information technology operating ~~account~~fund - Continuing appropriation -**
23 **Report.**

24 1. The department shall establish a state information technology operating ~~account~~fund
25 in the state treasury to be used, ~~in accordance with legislative appropriation~~, for
26 procuring and maintaining information technology and network services and for
27 providing information technology, and network services, ~~and central microfilm unit~~
28 ~~services~~ to state entities and network services to users of the state network.

29 2. Unless exempted by law, each agency or institution provided with information
30 technology or network services shall pay to the department the charges for services
31 provided as determined by the department. The department shall deposit the amounts

1 received in the information technology operating ~~account or the information technology~~
2 ~~development account, as appropriate~~ fund, which are appropriated to the department
3 on a continuing basis for purposes provided under this section.

4 3. The department shall compile a report regarding the status of the information
5 technology operating fund to be provided at each meeting of the budget section. The
6 report must include information regarding expenditures paid from the fund for
7 department administration, operations, and information technology projects by specific
8 object code, the amount and category of services provided to state agencies and
9 institutions and users of the state network from monies in the fund, and the balance
10 remaining in the fund from the most recently completed quarter. The department shall
11 present the mostly recently completed report to the appropriation committees of the
12 legislative assembly each legislative session.

13 **SECTION 7. AMENDMENT.** Section 54-59-15 of the North Dakota Century Code is
14 amended and reenacted as follows:

15 **54-59-15. Acceptance of funds.**

16 The department may accept federal or other funds, which must be deposited in the
17 information technology operating ~~account~~ fund or other ~~accounts~~ funds specified by the office of
18 management and budget and which may be spent subject to legislative appropriation. The
19 department may apply for any public or private grants available for the improvement of
20 information technology.

21 **SECTION 8. EXEMPTION - UNEXPENDED APPROPRIATIONS.** The following
22 appropriations are not subject to the provisions of section 54-44.1-11 and any unexpended
23 appropriation authority remaining may be continued into the biennium beginning July 1, 2025,
24 and ending June 30, 2027:

- 25 1. The sum of \$45,000,000 appropriated from the federal coronavirus capital projects
26 fund for broadband infrastructure grants in section 9 of chapter 548 of the 2021
27 Special Session Session Laws and continued into the 2023-25 biennium in sections 9
28 and 10 of chapter 21 of the 2023 Session Laws.
- 29 2. The sum of \$12,000,000 appropriated from the strategic investment and
30 improvements fund, of which \$7,000,000 was for an enterprise digitization project and

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- 1 \$5,000,000 was for a business gateway enterprise customer relationship management
- 2 program, in section 1 of chapter 21 of the 2023 Session Laws.
- 3 3. The sum of \$4,856,876 appropriated from the information technology operating fund
- 4 for governance, risk, and compliance costs and the department of public instruction
- 5 lighthouse project in section 1 of chapter 21 of the 2023 Session Laws.
- 6 4. The sum of \$147,762,480 appropriated from federal funds available as a result of the
- 7 Infrastructure Investment and Jobs Act for the broadband, equity, access, and
- 8 deployment program, digital equity program, and state and local cybersecurity grant
- 9 program in section 1 of chapter 21 of the 2023 Session Laws.
- 10 5. The sum of \$487,520 appropriated from the general fund as matching funds for the
- 11 state and local cybersecurity grant program in section 1 of chapter 21 of the 2023
- 12 Session Laws.
- 13 6. The sum of \$80,000,000 appropriated from the federal state fiscal recovery fund for
- 14 the statewide interoperable radio network project in section 4 of chapter 554 of the
- 15 2023 Session Laws.

STATEMENT OF PURPOSE OF AMENDMENT:

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

	Base Budget	Senate Changes	Senate Version
Salaries and wages	\$112,233,364	\$16,139,027	\$128,372,391
New and vacant FTE pool		8,403,424	8,403,424
Operating expenses	119,115,018	(96,380,424)	22,734,594
Capital assets	3,443,909	(3,312,874)	131,035
Statewide longitudinal data system	4,625,661	(504,904)	4,120,757
EduTech	10,348,826	(304,659)	10,044,167
K-12 wide area network	5,915,668	912,665	6,828,333
Geographic information system	1,109,786	48,157	1,157,943
Health Information Technology Office	5,822,725	4,928,517	10,751,242
Statewide interoperable radio network	18,449,852	(2,236,315)	16,213,537
Total all funds	\$281,064,809	(\$72,307,386)	\$208,757,423
Less estimated income	239,646,504	(82,764,058)	156,882,446
General fund	\$41,418,305	\$10,456,672	\$51,874,977
FTE	507.00	2.00	509.00

Department 112 - Information Technology Department - Detail of Senate Changes

	Adjusts Funding for Base Payroll Changes¹	Adds Funding for the Cost to Continue Salaries²	Adds Funding for Salary and Benefit Increases³	Adds Funding for FTE SIRN Positions⁴	Adds Funding to Replace 2023-25 New and Vacant FTE Pool⁵	Transfers Funding for 2025-27 New and Vacant FTE Pool⁶
Salaries and wages	\$3,204,581	\$2,942,816	\$7,936,669		\$13,093,855	(\$11,038,894)
New and vacant FTE pool						8,403,424
Operating expenses						
Capital assets						
Statewide longitudinal data system		276,855	55,822		132,703	(75,445)
EduTech		(455,630)	397,495		420,517	(504,965)
K-12 wide area network		(65,555)	67,738		102,130	(89,058)
Geographic information system		8,932	19,208		22,704	(26,184)
Health Information Technology Office		(10,695)	70,693		77,504	(94,151)
Statewide interoperable radio network		(231,007)	18,386	\$608,927	36,707	(24,766)
Total all funds	\$3,204,581	\$2,465,716	\$8,566,011	\$608,927	\$13,886,120	(\$3,450,039)
Less estimated income	3,229,838	2,047,215	7,222,484	608,927	10,418,391	(2,927,793)
General fund	(\$25,257)	\$418,501	\$1,343,527	\$0	\$3,467,729	(\$522,246)
FTE	0.00	0.00	0.00	2.00	0.00	0.00

	Adjusts Base Level Funding¹	Adds Funding for Cybersecurity Contractual Services²	Transfers Special Fund Authority to Continuing Appropriation Authority²	Adds Ongoing Funding for Vulnerability Software¹⁰	Adjusts Ongoing Funding for the Health Information Network¹¹	Adjusts Funding for SIRN¹²
Salaries and wages						
New and vacant FTE pool						
Operating expenses	(\$7,574,647)	\$4,006,865	(\$95,855,602)	\$2,892,960		
Capital assets	1		(3,312,875)			
Statewide longitudinal data system	(894,839)					
EduTech	(162,076)					
K-12 wide area network	771,101	126,309				
Geographic information system	23,497					
Health Information Technology Office					\$1,885,166	
Statewide interoperable radio network						(\$2,644,562)
Total all funds	(\$7,836,963)	\$4,133,174	(\$99,168,477)	\$2,892,960	\$1,885,166	(\$2,644,562)
Less estimated income	(10,625,466)	0	(99,168,477)	2,892,960	3,241,945	(2,854,082)
General fund	\$2,788,503	\$4,133,174	\$0	\$0	(\$1,356,779)	\$209,520
FTE	0.00	0.00	0.00	0.00	0.00	0.00

	Adds One-Time Funding¹³	Total Senate Changes
Salaries and wages		\$16,139,027
New and vacant FTE pool		8,403,424
Operating expenses	\$150,000	(96,380,424)
Capital assets		(3,312,874)
Statewide longitudinal data system		(504,904)
EduTech		(304,659)
K-12 wide area network		912,665
Geographic information system		48,157
Health Information Technology Office	3,000,000	4,928,517
Statewide interoperable radio network		(2,236,315)
Total all funds	\$3,150,000	(\$72,307,386)
Less estimated income	3,150,000	(82,764,058)
General fund	\$0	\$10,456,672
FTE	0.00	2.00

¹ Funding is adjusted for base payroll changes related to salary equity increases, position reclassifications, and other staffing changes.

² Funding is added for the cost to continue salary increases from the 2023-25 biennium.

³ The following funding is added for 2025-27 biennium salary adjustments of 3 percent on July 1, 2025, and 3 percent on July 1, 2026, and increases in health insurance premiums from \$1,643 to \$1,893 per month:

	General Fund	Other Funds	Total
Salary increase	\$845,089	\$4,664,234	\$5,509,323
Health insurance increase	<u>498,438</u>	<u>2,558,250</u>	<u>3,056,688</u>
Total	\$1,343,527	\$7,222,484	\$8,566,011

⁴ Funding of \$608,927 is added from the statewide interoperable radio network (SIRN) fund for 2 FTE SIRN positions.

⁵ Funding is added to replace 2023-25 biennium new and vacant FTE pool funding as follows:

	General Fund	Other Funds	Total
New FTE positions	\$1,998,699	\$2,967,987	\$4,966,686
Vacant FTE positions	<u>1,469,030</u>	<u>7,450,404</u>	<u>8,919,434</u>
Total	\$3,467,729	\$10,418,391	\$13,886,120

⁶ Funding of \$11,853,462 for new FTE positions and estimated savings from vacant FTE positions is removed and funding of \$8,403,423 is added for a 2025-27 new and vacant FTE pool line item as follows:

	General Fund	Other Funds	Total
New FTE positions	\$0	(\$529,994)	(\$529,994)
Vacant FTE positions	<u>(1,740,821)</u>	<u>(9,582,647)</u>	<u>(11,323,468)</u>
Total	(\$1,740,821)	(\$10,112,641)	(\$11,853,462)
Funding pool line item	<u>1,218,575</u>	<u>7,184,849</u>	<u>8,403,424</u>
Net savings	(\$522,246)	(\$2,927,792)	(\$3,450,038)

⁷ Base level funding is adjusted as follows:

	General Fund	Other Funds	Total
Reduces funding for operating expenses, primarily professional services. Of the funding reduced from other funds, \$744,345 is from federal funds and \$9,595,013 is from special funds	(\$599,999)	(\$10,339,358)	(\$10,939,357)
Adds funding for information technology (IT) inflationary costs, including \$231,845 from federal funds and \$299,802 from special funds	3,181,664	531,647	3,713,311
Reduces funding for the statewide longitudinal data system, including \$500,000 from federal funds	(394,839)	(500,000)	(894,839)
Reduces funding for EduTech operating expenses, including \$500,000 from federal funds and \$53,869 from special funds	0	(553,869)	(553,869)
Adds funding from special funds for an EduTech training application replacement project	0	391,793	391,793
Adjusts funding for the K-12 wide area network, including a reduction from special funds	512,501	(90,000)	422,501
Adjusts funding for the geographic information system, including a reduction from federal funds	<u>89,176</u>	<u>(65,679)</u>	<u>23,497</u>
Total	\$2,788,503	(\$10,625,466)	(\$7,836,963)

⁸ Funding of \$4,133,174 from the general fund is added for cybersecurity contractual service increases.

⁹ Special funds of \$99,168,477 from the department's IT operating fund is transferred to continuing appropriation authority, resulting in the department being able to charge state agencies for IT services without specific legislative approval. A section is added to the bill providing the statutory change to establish a continuing appropriation.

¹⁰ Ongoing funding of \$2,892,960 from the information technology operating fund is added for vulnerability management software licensing costs.

¹¹ Ongoing funding for the North Dakota Health Information Network is adjusted, including a (\$1,356,779) reduction from the general fund and a \$3,241,945 increase from the electronic health information exchange fund.

¹² Funding for SIRN is adjusted, including adding \$209,520 from the general fund for SIRN circuits and reducing \$2,854,082 from the SIRN fund for equipment.

¹³ One-time funding of \$3.15 million is added, including \$150,000 from the information technology operating fund for vulnerability management software licensing costs and \$3 million transferred from the health IT planning loan fund to the electronic health information exchange fund for the North Dakota Health Information Network. A section is added to the bill to provide for the transfer.

Senate Bill No. 2021 - Other Changes - Senate Action

This amendment also adds sections:

- Regarding the use funding in the new and vacant FTE pool line item.
- To provide for a \$3 million transfer from the health IT planning loan fund to the electronic health information exchange fund for the North Dakota Health Information Network.
- To amend North Dakota Century Code Section 54-59-14 to provide the Information Technology Department a continuing appropriation from the IT operating fund to allow the department to provide IT and network services to state agencies without receiving appropriation authority from the Legislative Assembly. The department is required to provide a report at each meeting of the Budget Section and to the appropriations committee each legislative session regarding the status of the IT operating fund and the balance of the fund.
- To amend Section 54-59-15 to rename the IT operating account the IT operating fund.
- To provide exemptions allowing the department to continue funding appropriated in prior bienniums into the 2025-27 biennium.