

**Information Technology Department  
House Bill Nos. 1022, 1505**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2003-05 executive budget (bills as introduced)	248.20	\$10,607,537	\$97,581,730	\$108,189,267
<b>2003-05 legislative appropriations</b>	<b>248.20</b>	<b>8,194,803</b>	<b>98,117,301</b>	<b>106,312,104</b>
Legislative increase (decrease) to executive budget	0.00	(\$2,412,734)	\$535,571	(\$1,877,163)
Legislative increase (decrease) to 2001-03 appropriations	3.50	(\$11,453,257)	\$22,904,757	\$11,451,500

**NOTE:** House Bill No. 1022 was approved by the 2003 Legislative Assembly; however, the bill was vetoed by Governor Hoeven. Therefore, House Bill No. 1505 was approved by the Legislative Assembly during the May 2003 special session to provide a 2003-05 appropriation for the Information Technology Department.

**SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS**

**Salaries and Wages**

The legislative action affecting the recommended appropriation for the Information Technology Department is in accordance with legislative salary and fringe benefits guidelines as contained in Senate Bill No. 2423, which allows agencies to provide salary increases of up to 1 percent on January 1, 2004, and up to 2 percent on January 1, 2005, to be funded in part from pooled savings accumulated from agency FTE position reductions.

	<b>Major Items FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action:				
Removed funding recommended in the executive budget for state employee salary increases		(\$18,751)	(\$301,822)	(\$320,573)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy		(1,547)	(24,666)	(26,213)
Reduced funding for EduTech (\$133,655), the wide area network (\$360,656), and the geographic information system (\$36,066). The total amount reduced represents a reduction in information technology funding of approximately 5 percent.		(530,377)		(530,377)
Increased funding from special funds and decreased funding from the general fund relating to special funds made available to the department from various state agency information technology reductions		(862,059)	862,059	0
General fund budget adjustment		(1,000,000)		(1,000,000)
<b>Total</b>	<b>0.00</b>	<b>(\$2,412,734)</b>	<b>\$535,571</b>	<b>(\$1,877,163)</b>

### **FTE Changes**

The 2003-05 biennium appropriation includes funding for 248.2 FTE positions, an increase of 3.5 FTE positions from the 2001-03 biennium authorized level of 244.7 FTE positions. The Legislative Assembly did not change the executive recommendation to add 2 FTE teacher positions and a .5 FTE custodian position for the Division of Independent Study and 1 FTE appointed non-classified position representing the director position for the Educational Technology Council.

### **Statewide Information Technology Network Funding**

The Information Technology Department's appropriation for the 2003-05 biennium includes funding of \$7,436,223, of which \$3,382,023 is from the general fund and \$4,054,200 is from special funds, for continued funding of the statewide information technology network. The funding of \$7,436,223 is a decrease of \$363,400 from the executive recommendation amount of \$7,799,623, of which \$3,745,423 was from the general fund and \$4,054,200 was from special funds, and a decrease of \$2,532,682 from the 2001-03 biennium appropriation of \$9,968,905, of which \$4,920,825 was from the general fund and \$5,048,080 was from special funds. The 1999 Legislative Assembly in Senate Bill No. 2043 required the Information Technology Department to provide to each state agency, institution, county, city, and school district access to wide area network services to transmit voice, data, or video. As a result, the Information Technology Department implemented a statewide information technology network infrastructure that connects approximately 194 cities and 500 physical locations across the state.

### **Enterprise Resource Planning System Initiative**

The Legislative Assembly did not change the executive recommendation to provide \$20 million of bond proceeds for the enterprise resource planning system initiative commonly known as the ConnectND project. The \$20 million is an increase of \$12.5 million from the 2001-03 biennium general fund appropriation of \$7.5 million. The Legislative Assembly did not adopt the executive recommendation that the debt service on the bonds issued for the ConnectND project be available from users of the system with 60 percent of the debt service being the responsibility of higher education institutions and 40 percent being the responsibility of state agencies. The Legislative Assembly provided that debt service on the bonds issued for the ConnectND project must be available from charges made and collected by the Information Technology Department from users of the system with 29 percent of the debt service being the responsibility of state agencies and 71 percent of the debt service being the responsibility of higher education. The ConnectND project is a multimodule software system that includes a relational data base and applications for managing purchasing, inventory, personnel, financial planning, and other management aspects. The project integrates the core financial and administrative applications of state government, higher education, and public education, including financial management, purchasing, budgeting, human resources, payroll, asset management, and student information functions into one multisuite software system which would enable all entities to share and use data.

### **Geographic Information System Initiative**

The department's appropriation for the 2003-05 biennium includes \$678,343 from the general fund for continued support of a centralized geographic information system. The \$678,343 is a decrease of \$37,754 from the executive recommendation of \$716,097, and a decrease of \$71,657 from the 2001-03 biennium general fund appropriation of \$750,000.

### **Division of Independent Study**

The department's appropriation for the 2003-05 biennium includes funding of \$5,625,480, of which \$841,948 is from the general fund and \$4,783,532 is from special funds, for the Division of Independent Study including 39.7 FTE positions. The Legislative Assembly did not change the executive recommendation to add 2 FTE teacher positions and .5 FTE custodian position for the Division of Independent Study. The funding of \$5,625,480 is a decrease of \$42,362 from the executive recommendation of \$5,667,842, of which \$850,203 was from the general fund and \$4,817,639 was from special funds, and an increase of \$404,014 from the 2001-03 biennium appropriation of \$5,221,466, of which \$868,216 was from the general fund and \$4,353,250 was from special funds.

### **Educational Technology Council Funding**

The department's appropriation for the 2003-05 biennium includes \$793,818 from the general fund for the Educational Technology Council. The funding of \$793,818 is a decrease of \$2,837 from the executive recommendation of \$796,655, and a decrease of \$406,182 from the 2001-03 biennium general fund appropriation of \$1,200,000.

### **EduTech Funding**

The department's appropriation for the 2003-05 biennium includes \$2,540,348 from the general fund for EduTech, formerly known as the Center for Innovation and Instruction and SENDIT Technology Services. The funding of \$2,540,348 is a decrease of \$133,655 from the executive recommendation amount of \$2,674,003, and an increase of \$66,345 from the 2001-03 biennium general fund appropriation of \$2,474,003.

### **Prairie Public Television Funding**

The Legislative Assembly did not change the executive recommendation to provide \$1,337,138 from the general fund for Prairie Public Television, a decrease of \$70,375 from the 2001-03 general fund appropriation of \$1,407,513. Section 44 of Senate Bill No. 2015 provides legislative intent that Prairie Public Television funding be included in the executive budget as a separate line item in the Office of Management and Budget's budget request for the 2005-07 biennium.

**NOTE:** All of the above references to the general fund amounts are prior to the allocation of the \$1 million general fund budget adjustment.

### **Other Sections in Bill**

**Estimated income** - Section 2 provides that \$862,059 of the estimated income provided for the Information Technology Department for the 2003-05 biennium is to be made available from special funds of various state agencies resulting from information technology reductions.

**Appropriation authority reductions** - Section 3 provides that the Office of Management and Budget reduce the special funds appropriation authority for the Aeronautics Commission, the Department of Financial Institutions, the Insurance Commissioner, and the Seed Department by the amounts provided for in Section 2 of the bill relating to information technology reductions.

**Bond issuance authorization** - Section 4 authorizes the Industrial Commission to arrange for the issuance of evidences of indebtedness in the amount of \$20 million for the purchase or lease of computer hardware and software and for the costs of the implementation services for the enterprise resource planning system commonly known as the ConnectND project.

**Bond issuance repayment responsibility** - Section 5 provides that the debt service on the evidences of indebtedness issued for the ConnectND project must be available from charges made and collected by the Information Technology Department from users of the system with 29 percent of the debt service being the responsibility of state agencies and 71 percent of the debt service being the responsibility of higher education.

**Judicial branch appropriation** - Section 6 provides the judicial branch a general fund appropriation of \$45,999 for information technology costs.

**Purchasing of information technology equipment and software** - Section 7 provides that the Information Technology Department shall establish information technology equipment and software product specifications. The Office of Management and Budget shall use the product specifications to establish policies and guidelines for the purchase of information technology equipment and software, and all executive branch state agencies, departments, and institutions excluding institutions under control of the State Board of Higher Education shall comply with the policies and guidelines unless exempted by the Office of Management and Budget. The Office of Management and Budget, in conjunction with the Information Technology Department, shall aggregate information technology equipment and software purchases and administer contracts to achieve the most cost-effective results for the state.

**Transfer of appropriation authority** - Section 8 authorizes the director of the Office of Management and Budget to make transfers of funds between line items for state agencies, departments, and institutions as may be requested to accommodate information technology funding reductions made by the 2003 Legislative Assembly.

**Transfers** - Section 9 authorizes the director of 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.

**Transfer of state information technology employee positions** - Section 10 provides that on November 1, 2003, the following authorized FTE positions relating to information technology services, including electronic mail, file and print server administration, data base administration, storage, application server, and hosting services must be reduced and transferred to the Information Technology Department.

- Office of Management and Budget - 1 FTE position
- Tax Department - 1 FTE position
- Department of Public Instruction - 1 FTE position
- State Department of Health - 1 FTE position
- Department of Human Services - 5 FTE positions
- Job Service North Dakota - 3 FTE positions
- Industrial Commission - 1 FTE position
- Bank of North Dakota - 1 FTE position
- Housing Finance Agency - 1 FTE position
- Workforce Safety and Insurance - 2 FTE positions
- Highway Patrol - 1 FTE position
- Department of Corrections and Rehabilitation - 2 FTE positions
- Game and Fish Department - 1 FTE position
- State Water Commission - 1 FTE position
- Department of Transportation - 2 FTE positions

After consultation with the Information Technology Department, each affected agency shall identify the specific positions for reduction and transfer. Each affected agency shall establish an information technology services accounting code consisting of funding related to the salaries and wages for the identified employee positions and related funding for equipment, training, office rent, travel, contracted services, or other related costs. Each agency shall use the funding contained in the information technology services account to purchase information technology services from the Information Technology Department. Each agency is entitled to receive from the Information Technology Department the equivalent in services that would have been performed by the employees in the transferred positions at a cost not exceeding the amounts transferred to the agency's information technology services account.

**Information technology function consolidation accumulated savings** - Section 11 provides that the Office of Management and Budget and the Information Technology Department shall achieve efficiencies during the 2003-05 biennium relating to the required consolidation of information technology functions, including electronic mail, file and print server administration, data base administration, storage, application server, hosting services, and related equipment. The director of the Office of Management and Budget shall transfer the savings accumulated as a result of these efficiencies in the amount of \$1.4 million to the general fund by June 30, 2005.

**Information technology service** - Section 12 provides that the Information Technology Department shall document information relating to the delivery of the consolidated information technology services to agencies, including service dependability, agency complaints, and Information Technology Department responsiveness, and shall report that information and the status of the accumulated savings to the Information Technology Committee and the Budget Section as requested.

**Legislative Council study** - Section 13 provides a \$350,000 general fund appropriation to the Legislative Council for the purpose of contracting with consultants to conduct an information technology organizational study and an information technology management study and to provide assistance with the preparation of the request for proposals and consultant oversight.

**Information technology compliance reviews responsibilities** - Section 14 creates a new section to North Dakota Century Code (NDCC) Chapter 54-10 relating to information technology compliance reviews responsibilities of the State Auditor.

**Information Technology Committee** - Section 15 creates a new section to NDCC Chapter 54-35 relating to powers and duties of the Information Technology Committee to allow the committee to request the State Auditor to conduct an information technology compliance review.

**Information Technology Advisory Committee and required information technology services** - Section 16 creates two new sections to NDCC Chapter 54-59 relating to the establishment of an Information Technology Advisory Committee for the purposes of prioritizing major computer software projects and establishing policies, standards, and guidelines for the purchase of computer software and computer systems and the required use of electronic mail, file and print server administration, data base administration, application server, and hosting services.

**Information Technology Department responsibilities** - Section 17 amends NDCC Section 54-59-02 relating to responsibilities of the Information Technology Department.

**Information Technology Department powers and duties** - Sections 18 and 19 amend NDCC Section 54-59-05 relating to the powers and duties of the Information Technology Department.

**Information technology standards** - Section 20 amends NDCC Section 54-59-05 relating to information technology standards.

**Information technology compliance reviews** - Section 21 repeals NDCC Section 54-59-13 relating to information technology compliance reviews to be conducted by the Information Technology Department.

#### **Related Legislation**

**Information Technology Committee and Information Technology Department authority** - House Bill No. 1043 increases the size of the Information Technology Committee from seven to 11 members including six members from the House of Representatives and five members from the Senate. The bill also allows the Information Technology Department to purchase, finance the purchase, or lease equipment, software, or implementation services only to the extent the purchase amount does not exceed 7.5 percent of the appropriation for the department for that biennium; changes the due date for information technology plans from March 15 to July 15; and changes the membership and the responsibilities of the state Information Technology Advisory Committee.

**Criminal justice information sharing initiative** - Senate Bill No. 2041 establishes a Criminal Justice Information Sharing Board consisting of the chief justice of the Supreme Court, the Attorney General, and the chief information officer. The board is responsible for setting policy relating to the collection, storage, and sharing of criminal justice information and the system necessary to perform those functions.