

Department 112 - Information Technology Department
Senate Bill No. 2021

Executive Budget Comparison to Prior Biennium Appropriations

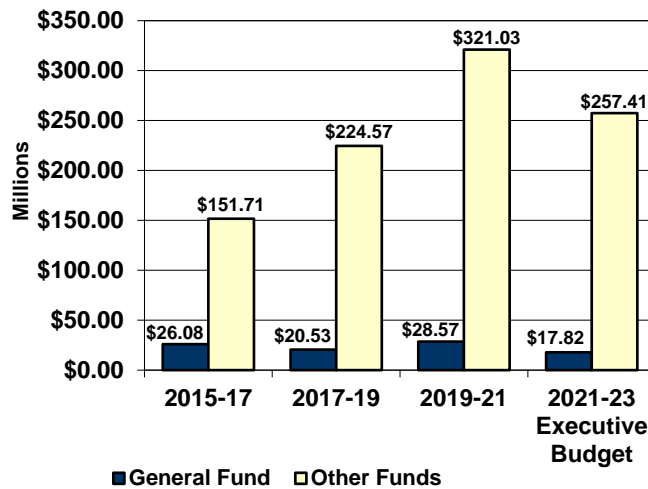
	FTE Positions	General Fund	Other Funds	Total
2021-23 Executive Budget	497.00	\$17,824,839	\$257,408,936	\$275,233,775
2019-21 Legislative Appropriations ¹	402.00	28,565,311	321,032,334	349,597,645
Increase (Decrease)	95.00	(\$10,740,472)	(\$63,623,398)	(\$74,363,870)

¹The 2019-21 biennium agency appropriation amounts have not been adjusted for additional federal COVID-19 funds authority of \$62,368,226 resulting from Emergency Commission action during the 2019-21 biennium.

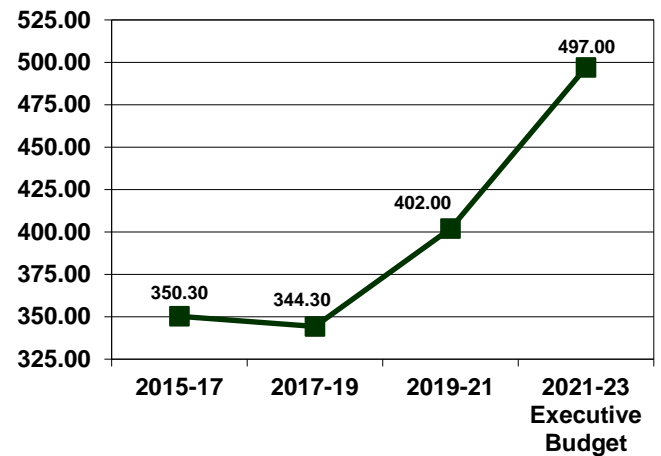
Ongoing and One-Time General Fund Appropriations

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2021-23 Executive Budget	\$17,824,839	\$0	\$17,824,839
2019-21 Legislative Appropriations	17,165,311	11,400,000	28,565,311
Increase (Decrease)	\$659,528	(\$11,400,000)	(\$10,740,472)

Agency Funding



FTE Positions



Executive Budget Comparison to Base Level

	General Fund	Other Funds	Total
2021-23 Executive Budget	\$17,824,839	\$257,408,936	\$275,233,775
2021-23 Base Level	17,165,311	195,882,334	213,047,645
Increase (Decrease)	\$659,528	\$61,526,602	\$62,186,130

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 \$3,001,037 is for salary increases, \$21,923 is for health insurance increases, and \$550,301 is for retirement contribution increases	\$267,819	\$3,305,442	\$3,573,261
2. Underfunds salaries from the information technology operating fund	\$0	(\$250,000)	(\$250,000)
3. Adds funding from the information technology operating fund for an information technology unification initiative, of which \$13,891,869 is for salaries and wages and \$18,041,163 is for operating expenses, including the transfer of 66 FTE information technology positions from 10 agencies.	\$0	\$31,933,032	\$31,933,032

4. Adds 29 FTE cybersecurity positions and \$20,219,157 from the information technology operating fund for cybersecurity initiatives, of which \$7,363,657 is for salaries and wages, \$12,655,500 is for operating expenses, and \$200,000 is for capital assets. Cybersecurity-related expenditures in the department's base budget totals \$5,666,422 from the information technology operating fund, resulting in a total of \$25,885,579 of cybersecurity-related spending authority available for the 2021-23 biennium, of which \$25 million is transferred from the general fund, derived from 2019-21 legacy fund earnings, to the information technology operating fund and \$885,579 will be obtained from state agency billings.	\$0	\$20,219,157	\$20,219,157
5. Reduces funding from the information technology operating fund for mainframe technology expenditures, of which \$570,000 is for salaries and wages and \$255,000 is for operating expenses	\$0	(\$825,000)	(\$825,000)
6. Adds funding from the information technology operating fund for expenses related to cloud-based systems, of which \$570,000 is for salaries and wages and \$255,000 is for operating expenses	\$0	\$825,000	\$825,000
7. Transfers federal funds spending authority for operating expenses, primarily for information technology contractual services and repairs, between line items, including decreases of \$1,503,179 in the operating expenses line item and \$9,321 in the geographic information system line item and increases of \$500,000 in the statewide longitudinal data system line item, \$500,000 in the EduTech line item, and \$512,500 in the health information technology office line item	\$0	\$0	\$0
8. Reduces funding from the information technology operating fund for capital assets to provide a total of \$3,512,875	\$0	(\$940,242)	(\$940,242)
9. Reduces funding for the statewide longitudinal data system, primarily related to information technology contractual services and repairs, to provide a total of \$4,502,960	(\$456,277)		(\$456,277)
10. Reduces funding for EduTech, primarily related to travel and information technology software and supplies, to provide a total of \$9,732,048. Of the \$353,214 of other funds reduced, \$143,822 is from the PowerSchool fund and \$209,392 is from the EduTech fund.	(\$424,409)	(\$353,214)	(\$777,623)
11. Reduces funding for K-12 wide area network operating expenses (\$223,661) and equipment (\$200,000) to provide a total of \$4,687,209 for the K-12 wide area network	(\$423,661)		(\$423,661)
12. Adds funding for North Dakota Health Information Network operating expenses	\$100,000	\$6,239,963	\$6,339,963
13. Transfers funding for statewide interoperable radio network tower maintenance operating expenses from the Department of Emergency Services Division of State Radio	\$1,858,240		\$1,858,240

Other Sections Recommended to be Added in the Executive Budget (As Detailed in the Attached Appendix)

Exemption - 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.

Exemption - Statewide interoperable radio network - Section 4 would provide an exemption for ITD to continue \$20 million appropriated from the strategic investment and improvements fund for the statewide interoperable radio network for the 2019-21 biennium into the 2021-23 biennium.

Continuing Appropriations

There are no continuing appropriations for this agency.

Significant Audit Findings

The operational audit of ITD conducted by the State Auditor's office for the period ending June 30, 2018, identified 217 information technology devices were unaccounted for when reviewing the department's physical inventory, of which 24 were considered sensitive devices with an original value of \$92,000. The department reported to the Information Technology Committee in August 2019, stating the department implemented a new inventory system in May 2019, the book value of the assets, after accounting for depreciation expense, is \$0, and the risk of sensitive information from the devices being available to unauthorized individuals is minimal.

Major Related Legislation

House Bill No. 1064 - This bill allows ITD to enter a memorandum of understanding with state and local government entities for the purposes of ensuring the confidentiality, availability, and integrity of state information systems and data, including consulting, developing cybersecurity strategy, prevention of cybersecurity incidents, and response strategies to cybersecurity incidents. The bill allows ITD to charge an amount equal to the cost of the services rendered by ITD to agencies that receive federal or special funds. The bill also allows ITD to enter a mutual aid agreement with state, local, and tribal entities for the purpose for responding to or mitigating active cybersecurity incidents. The department may receive in-kind benefits that reduce cybersecurity risks to information technology or can charge an amount equal to the cost of the services rendered by ITD to all agencies that receive federal or special funds.

Information Technology Department - Budget No. 112
Senate Bill No. 2021
Base Level Funding Changes

	Executive Budget Recommendation			
	FTE Positions	General Fund	Other Funds	Total
2021-23 Biennium Base Level	402.00	\$17,165,311	\$195,882,334	\$213,047,645
2021-23 Ongoing Funding Changes				
Base payroll changes		(\$117,618)	\$1,307,858	\$1,190,240
Salary increase		222,092	2,778,945	3,001,037
Health insurance increase		1,785	20,138	21,923
Retirement contribution increase		43,942	506,359	550,301
Underfunds salaries			(250,000)	(250,000)
Adds funding for information technology unification	66.00		31,933,032	31,933,032
Adds funding for cybersecurity initiatives	29.00		20,219,157	20,219,157
Reduces funding for mainframe technology			(825,000)	(825,000)
Adds funding for cloud-based systems			825,000	825,000
Reduces funding for hardware hosting			(3,075,000)	(3,075,000)
Adds funding for platform as a service expenses			3,075,000	3,075,000
Adjusts funding for other operating expenses		(193,580)	133,230	(60,350)
Adjusts federal funding for operating expenses in various line items				0
Reduces funding for capital assets			(940,242)	(940,242)
Reduces funding for statewide longitudinal data system operating expenses		(456,277)		(456,277)
Reduces funding for EduTech operating expenses		(424,409)	(353,214)	(777,623)
Reduces funding for K-12 wide area network operating expenses		(223,661)		(223,661)
Reduces funding for K-12 wide area network equipment		(200,000)		(200,000)
Reduces funding for geographic information system (GIS) operating expenses		(100,986)		(100,986)
Adds funding for GIS land parcels project maintenance		150,000		150,000
Adds funding for health information network operating expenses		100,000	6,239,963	6,339,963
Reduces funding for the statewide interoperable radio network			(68,624)	(68,624)
Transfers funding for tower maintenance operating expenses from the Division of State Radio		1,858,240		1,858,240
Total ongoing funding changes	95.00	\$659,528	\$61,526,602	\$62,186,130
One-time funding items				
No one-time funding items		\$0	\$0	\$0
Total one-time funding changes	0.00	\$0	\$0	\$0
Total Changes to Base Level Funding	95.00	\$659,528	\$61,526,602	\$62,186,130
2021-23 Total Funding	497.00	\$17,824,839	\$257,408,936	\$275,233,775
Total ongoing changes as a percentage of base level	23.6%	3.8%	31.4%	29.2%
Total changes as a percentage of base level	23.6%	3.8%	31.4%	29.2%

Other Sections in Information Technology Department - Budget No. 112

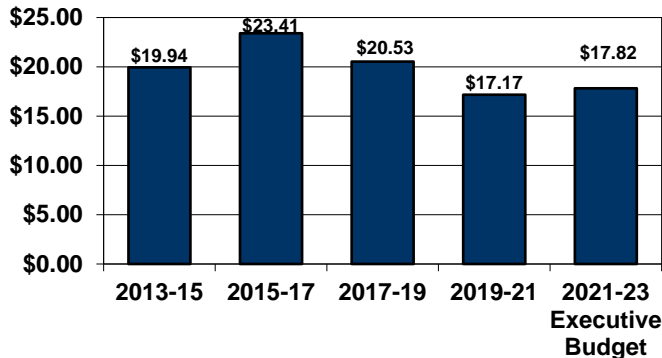
Executive Budget Recommendation	
Exemption - Line item transfers	Section 3 would allow the director of the Office of Management and Budget to transfer funds between line items in Section 1 as requested by the chief information officer of the Information Technology Department (ITD) for the development and implementation of technology projects.
Exemption - Statewide interoperable radio network	Section 4 would provide an exemption for ITD to continue \$20 million appropriated from the strategic investment and improvements fund for the statewide interoperable radio network for the 2019-21 biennium into the 2021-23 biennium.

Department 112 - Information Technology Department

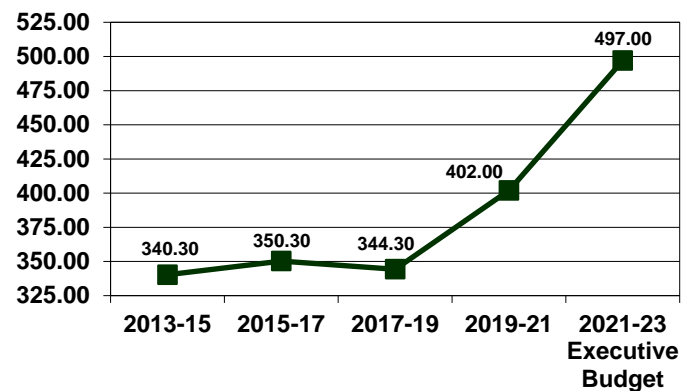
Historical Appropriations Information

Ongoing General Fund Appropriations Since 2013-15

Ongoing General Fund Appropriations (in Millions)



FTE Positions



Ongoing General Fund Appropriations					
	2013-15	2015-17	2017-19	2019-21	2021-23 Executive Budget
Ongoing general fund appropriations	\$19,939,428	\$23,406,055	\$20,532,334	\$17,165,311	\$17,824,839
Increase (decrease) from previous biennium	N/A	\$3,466,627	(\$2,873,821)	(\$3,367,023)	\$659,528
Percentage increase (decrease) from previous biennium	N/A	17.4%	(12.3%)	(16.4%)	3.8%
Cumulative percentage increase (decrease) from 2013-15 biennium	N/A	17.4%	3.0%	(13.9%)	(10.6%)

Major Increases (Decreases) in Ongoing General Fund Appropriations

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 Office 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

1. Added 8 FTE cybersecurity positions \$2,322,680

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|---|---------------|
| 2. Removed funding for the Center for Distance Education, including 29.80 FTE positions, and transferred the program to the Department of Career and Technical Education. Total funding removed was \$9,079,116, including \$3,050,000 from the independent study operating fund. | (\$6,029,116) |
| 3. Removed funding for the Educational Technology Council, including a 0.50 FTE administrative assistant position | (\$180,122) |
| 4. Reduced funding for EduTech information technology software supplies | (\$295,980) |
| 5. Adjusted funding for the K-12 wide area network to provide total funding of \$5,167,970, of which \$5,094,453 is from the general fund and \$90,000 is from the department's service fund | \$600,000 |

2021-23 Biennium (Executive Budget Recommendation)

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|--|-------------|
| 1. Reduces funding for the statewide longitudinal data system, primarily related to information technology contractual services and repairs, to provide a total of \$4,002,960 from the general fund | (\$456,277) |
| 2. Reduces funding for EduTech, primarily related to travel and information technology software and supplies, to provide a total of \$2,843,136 from the general fund | (\$424,409) |
| 3. Reduces funding for K-12 wide area network operating expenses (\$223,661) and equipment (\$200,000) to provide a total of \$4,597,209 from the general fund for the K-12 wide area network | (\$423,661) |
| 4. Adds funding for North Dakota Health Information Network operating expenses | \$100,000 |
| 5. Transfers funding for statewide interoperable radio network tower maintenance operating expenses from the Department of Emergency Services Division of State Radio | \$1,858,240 |

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, 2021, and ending June 30, 2023, as follows:

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and Wages	\$ 81,374,501	\$25,191,358	\$106,565,859
Operating Expenses	89,957,364	31,808,134	121,765,498
Capital Assets	4,253,117	(740,242)	3,512,875
Statewide Longitudinal Data System	4,387,145	115,815	4,502,960
Edutech	9,645,773	86,275	9,732,048
K-12 Wide Area Network	5,167,970	(480,761)	4,687,209
Geographic Information System	1,052,629	52,017	1,104,646
Health Information Technology Office	4,879,146	4,287,220	9,166,366
Statewide Interoperability Radio Network	<u>12,330,000</u>	<u>1,866,314</u>	<u>14,196,314</u>
Total All Funds	\$213,047,645	\$62,186,130	\$275,233,775
Less Estimated Income	<u>195,882,334</u>	<u>61,526,602</u>	<u>257,408,936</u>
Total General Fund	\$ 17,165,311	\$ 659,528	\$ 17,824,839
Full-Time Equivalent Positions	402.00	95.00	497.00

SECTION 2. ONE-TIME FUNDING. The following amounts reflect the one-time funding items approved by the sixty-sixth legislative assembly for the 2019-21 biennium.

<u>One-Time Funding Description</u>	<u>2019-21</u>	<u>2021-23</u>
Cybersecurity	\$15,400,000	\$0
Statewide Land Parcel Project	<u>1,150,000</u>	<u>0</u>
Total All Funds	\$16,550,000	\$0
Less Estimated Income	<u>5,150,000</u>	<u>0</u>
Total General Fund	\$11,400,000	\$0

SECTION 3. EXEMPTION – 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.

SECTION 4. EXEMPTION – Statewide Interoperable Radio Network. Section 54-44.1-11 does not apply to \$20,000,000 of strategic investment and improvements funds deposited in the statewide interoperable radio network fund, provided for the statewide interoperable radio network projects included in section 8 of Chapter 293 of the 2019 Session Laws. Any unexpended funds from this appropriation are available to the information technology department for statewide interoperable radio network projects beginning July 1, 2021 and ending June 30, 2023.