



---

## INFORMATION TECHNOLOGY COMMITTEE

Wednesday, March 27, 2024  
Harvest Room, State Capitol  
Bismarck, North Dakota

Representative Glenn Bosch, Chairman, called the meeting to order at 9:30 a.m.

**Members present:** Representatives Glenn Bosch, Josh Christy\*, Corey Mock, Nathan Toman, Robin Weisz; Senators Keith Boehm, Randy A. Burckhard, Kyle Davison\*, Greg Kessel, Jonathan Sickler; Citizen Member Kuldip Mohanty

**Member absent:** Representative Jonathan Warrey

**Others present:** Mason Sisk, Governor's office; Greg Hoffman, Information Technology Department; Eric Pederson, Information Technology Department; Darin King, North Dakota University System  
See [Appendix A](#) for additional persons present.

*\*Attended remotely*

**It was moved by Representative Weisz, seconded by Senator Burckhard, and carried on a voice vote that the minutes of the December 14, 2023, meeting be approved as distributed.**

### STUDY OF ARTIFICIAL INTELLIGENCE

#### Secretary of State

Ms. Sandy McMerty, Deputy Secretary of State, presented information ([Appendix B](#)) regarding artificial intelligence (AI) benefits and threats for North Dakota's election processes, including AI currently used for election purposes, future plans for the use of AI technologies, and any action needed for the security and integrity of the 2024 state elections and future elections. She noted:

- While there are opportunities for the Secretary of State's office to use AI for customer service, fraud detection, and workflow efficiencies, North Dakota's ballot equipment is not connected to the Internet, the state's election processes do not use AI, and there are no plans to use AI for future elections.
- One negative effect of election-related AI used by third parties is the spread of misinformation about public office candidates seeking election.

#### Department of Health and Human Services

Ms. Sara Stolt, Deputy Commissioner, Department of Health and Human Services, presented information ([Appendix C](#)) regarding AI benefits and threats for the health care industry, including AI currently used by North Dakota health care providers and future plans for the use of AI technologies. She noted:

- The Department of Health and Human Services (DHHS) uses narrow generative AI for public health services, machine learning to forecast data and trends for human services, and reactive AI for management of behavioral health electronic records.
- DHHS anticipates increasing AI use for data analytics, chatbots, and AI grant writing for public health services; predictive analytics for medical services; forecasting and chatbots for human services; and machine learning for behavioral health eligibility, denials, and authorizations.
- The primary concern with using AI for DHHS programs and services is security of private or sensitive citizen data, which has resulted in DHHS collaborating with the Information Technology Department (ITD) and other agencies to ensure proper security measures are in place before integrating new AI functions.

### Governor's Office

Mr. Mason Sisk, Senior Policy Advisor, Governor's office, presented information ([Appendix D](#)) regarding the executive branch's AI workgroup activities and proposed uses of AI for state agencies. He noted:

- The Governor's office and ITD collaborated with executive branch agencies to develop AI guidance and policy documents detailing opportunities and risks of using AI for state government programs. Executive branch agencies required to receive services from ITD must adhere to the AI policies while all other state and local government agencies are encouraged to follow the AI policies.
- The Governor's office partnered with gener8tor, an organization that provides early stage investments, entrepreneurship training, and other assistance for new businesses, and Microsoft to conduct a generative AI skills accelerator. This involved 67 executive branch employees from 13 state agencies collaborating over 6 weeks to develop generative AI uses to improve government operations.
- Implementation of AI will assist government agencies and the private sector in addressing workforce challenges.

In response to a question from a committee member, Mr. Sisk noted the Governor's office, ITD, and the North Dakota University System have begun identifying ways to use AI effectively for state agencies, higher education institutions, and the private sector.

### Microsoft

Mr. Blair Thoreson, Government Relations and Regulatory Affairs, Primacy Strategy Group, introduced Ms. Colleen Kerr, Government Affairs Senior Director, Microsoft.

Ms. Kerr presented information ([Appendix E](#)) regarding AI benefits, threats, and capabilities, including how Microsoft is using AI and future potential uses of AI technologies. She noted:

- AI can provide opportunities for agriculture technology, transportation, infrastructure, supply chain management, health care, life sciences, citizen services, and climate change adaptation and mitigation.
- California, Oklahoma, and Virginia are examples of states studying uses of AI in government, establishing AI task forces, and creating AI policies.

### REPORT FROM THE CHIEF INFORMATION OFFICER

Mr. Kuldip Mohanty, Chief Information Officer, and Mr. Craig Felchle, Chief Technology Officer, Information Technology Department, presented information ([Appendix F](#)) regarding current and future plans for modernization of legacy state applications and systems. Mr. Felchle noted:

- State agencies have critical systems that no longer are cost effective to maintain and do not meet operational needs.
- Modern applications are necessary to address changing security requirements for state systems and to meet citizen expectations for simple, accurate, and comprehensive digital experiences.
- Outdated applications and systems, or technical debt, increase government cybersecurity threats and the cost of government information technology (IT), prevent agencies from responding quickly to citizen needs, and result in training and resource concerns.
- A consultant of ITD and DHHS evaluated DHHS applications. The evaluation indicated 27.6 percent of DHHS applications are technical debt that should be refreshed or retired, 27.2 percent are technically modern but not providing adequate value, and 45.2 percent require no significant modernization.

Mr. Greg Hoffman, Deputy Chief Information Officer, Information Technology Department, presented an overview ([Appendix G](#)) of rates charged to state agencies for IT services, rate changes for the 2025-27 biennium, and alternative funding and billing models for IT services. He noted:

- Hosting services and ITD's hourly rate for software development, business analytics, data analytics, project management, and application support may increase by up to 15 percent for the 2025-27 biennium.
- Network connectivity services rates may increase by up to 5 percent for the 2025-27 biennium.
- As a result of increased demand from agencies for additional IT services and projects that were not budgeted for in previous legislative sessions, ITD may request the 2025 Legislative Assembly establish a continuing appropriation for ITD. This would allow ITD to expend funds received from state agencies without specific legislative approval and provide ITD budget flexibility when providing services.

- Licensing, end user collaboration, network connection, hosting, certified network defender, support and service desk, telephone, mainframe, and agency specific services could be paid pursuant to the continuing appropriation.
- ITD costs that would continue to be funded with biennial appropriations under this proposal include staff salaries and benefits, capital assets, and non-direct overhead services.
- Use of a continuing appropriation would reduce the amount of "double" appropriations to ITD and agencies for IT services, may require increased appropriations from the general fund, and may result in some agencies being unable to use federal funds for IT services provided by ITD.

Mr. Hoffman presented information ([Appendix H](#)) regarding the coordination of services with political subdivisions and the North Dakota University System pursuant to North Dakota Century Code Section 54-59-12. He noted ITD collaborates with:

- Political subdivisions on network, cybersecurity, social, 911, interoperable radio network, geographic information system, health alert network, Criminal Justice Information Sharing, clerk of court, and election system services.
- The University System on network, cybersecurity, distance education, PeopleSoft, and co-location services.

### HEALTH INFORMATION TECHNOLOGY

Ms. Shila Blend, Director, Health Information Technology Office, Information Technology Department, presented an update ([Appendix I](#)) on the activities of the Health Information Technology Advisory Committee, North Dakota Health Information Network, and other health IT initiatives, including transfers from the health information planning loan fund made pursuant to Section 3 of House Bill No. 1021 (2023). She noted:

- The Centers for Medicare and Medicaid Services approved the Health Information Technology Office Medicaid cost allocation methodology in December 2023, resulting in a \$4 million reimbursement to the state for health information network expenses incurred between October 2021 through December 2023, and allowing ITD to submit new expenses to the Centers for Medicare and Medicaid Services for reimbursement.
- ITD does not anticipate spending the \$2 million general fund appropriation provided for health information technology during the 2023-25 biennium.
- The Health Information Technology Office has begun transitioning the health information exchange to a health data utility. This new health IT model will enable better collaboration between government agencies, tribal entities, private providers, and patients; increase data sharing and access to data networks; and support additional public health research.
- Challenges of the health information exchange transitioning to a health data utility include staffing needs, participation and contributions from providers, and that health IT projects using federal funding through the health data utility require approval from the Centers for Medicare and Medicaid Services before the project can begin.

### STUDY OF INTEROPERABLE PUBLIC SAFETY COMMUNICATION SYSTEM GOVERNANCE

#### Information Technology Department

Mr. Eric Pederson, Public Safety Manager, Information Technology Department, presented information ([Appendix J](#)) regarding a summary of the history and the status of statewide interoperable radio network (SIRN) governance and the SIRN project; an update of the number of radios purchased by local public safety entities and the amount requested for reimbursement; current and future projected ongoing operations and maintenance costs of SIRN, potential revenue sources available, and billing alternatives for SIRN; and a report on feedback received from public safety entities on proposed public safety communication system governance changes. He noted:

- 46 of the 140 towers needed for SIRN are constructed and compatible with the network, 15 are in a final memorandum of understanding acceptance phase, 29 are under construction, and 50 are either in the site acquisition or site searching phase.
- The estimated completion date for the SIRN project is 2026.
- As of March 27, 2024, ITD has reimbursed local public safety entities \$12.9 million for the purchase of 8,695 personal and vehicular radios.

- The estimated ongoing operational cost of SIRN is \$21.1 million for the 2025-27 biennium. Projected revenue available in the SIRN fund for ongoing operational costs of SIRN is approximately \$9 million, resulting in an estimated budget deficit of \$12.1 million for the 2025-27 biennium.
- As of March 27, 2024, \$12.8 million of 911 fee revenue is available in the SIRN fund for ongoing SIRN operations. An additional \$5 million may be collected by the end of the 2023-25 biennium and between \$5 million to \$7 million of expenditures may be paid using the fee revenue.
- The estimated revenue available for ongoing SIRN operations for the remainder of the 2023-25 biennium and the 2025-27 biennium is \$26.8 million. Estimated expenditures for the remainder of the 2023-25 biennium and 2025-27 biennium is between \$26.1 million and \$28.1 million.
- ITD surveyed local public safety entities regarding a proposed new public safety communication system governance that includes an executive group, advisory group, and workgroups. Of the 19 surveys sent to public safety entities, ITD received 13 responses that provided an average approval rating of 2.97 on a 5-point scale.

### **Emergency Services Communications Coordinating Committee**

Mr. Jason Horning, Next Generation 911 Program Manager, North Dakota Association of Counties, presented information ([Appendix K](#)) regarding the Emergency Services Communications Coordinating Committee's position on the need for public safety communication system governance consolidation. He noted the committee:

- Met in January 2024 to discuss SIRN governance and possible consolidation of emergency communication governance committees and agreed there are benefits to transitioning to a governing structure that combines 911, radio, public safety broadband, and other public safety emerging technologies.
- Will continue to work with the North Dakota Association of Counties and emergency services communications entities to determine the feasibility of changing the governance structure.

### **MAJOR PROJECT REPORTING**

Mr. Justin Data, Director, Project Management Office, Information Technology Department, presented information ([Appendix L](#)) regarding major IT project reporting, including the most recent quarterly status report ([Appendix M](#)), and a project startup and closeout reports completed since December 2023 ([Appendix N](#)).

### **EDUCATION INFORMATION TECHNOLOGY UPDATES**

Mr. Darin King, Vice Chancellor for IT/Chief Information Officer, North Dakota University System, presented information ([Appendix O](#)) regarding the most recent quarterly summary status report ([Appendix P](#)) and project startup and closeout reports ([Appendix Q](#)) completed since December 2023.

Mr. King presented a report ([Appendix R](#)) regarding the coordination of services with ITD pursuant to Section 54-59-12. He noted the University System works with ITD on the University System's information security council, network committee, ERP360 planning group, IT service management, PeopleSoft, and AI planning group.

No further business appearing, Chairman Bosch adjourned the meeting at 3:12 p.m.

---

Levi Kinnischtzke  
Senior Fiscal Analyst

ATTACH:18