



INFORMATION TECHNOLOGY COMMITTEE

Tuesday, September 10, 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, Jonathan Warrey; Senators Keith Boehm, Randy A. Burckhard, Kyle Davison, Greg Kessel, Jonathan Sickler; Citizen Member Greg Hoffman

Member absent: Representative Robin Weisz

Others present: Casey Bourbonnais*, Secure Yeti; Thomas Danford, North Dakota University System; Justin Data and Michael Gregg, Information Technology Department; Nigel Haarstad and Tracey Miller, Department of Commerce; and Steve Snow, Department of Public Instruction

See [Appendix A](#) for additional persons present.

**Attended remotely*

It was moved by Senator Davison, seconded by Senator Burckhard, and carried on a voice vote that the minutes of the June 5, 2024, meeting be approved as distributed.

STUDY OF ARTIFICIAL INTELLIGENCE

Mr. Steve Snow, Assistant Director of School Approval and Opportunity, Department of Public Instruction, presented information ([Appendix B](#)) regarding national education artificial intelligence (AI) opportunities and concerns, including education AI guidance and examples used in other states. He noted:

- The three components of K-12 AI education relate to understanding, application, and ethical use of AI; providing educators with the knowledge to use AI in the classroom; and school administration use of AI.
- The goal for using AI in the classroom and by school administration should be to reduce time spent completing paperwork and to increase time interacting with students.
- The Department of Public Instruction (DPI) is partnering with the Department of Career and Technical Education and EduTech to update cybersecurity education standards to include AI concepts.

In response to a question from a committee member, Mr. Snow noted school districts are not required to have an AI policy but DPI provides guidance on best practices if a school district elects to create or adopt an AI policy.

MAJOR PROJECT REPORTING

Information Technology Department

Mr. Justin Data, Director, Project Management Office, Information Technology Department, presented information ([Appendix C](#)) regarding major information technology (IT) projects, including the most recent quarterly summary status report ([Appendix D](#)), and project startup and closeout reports completed since June 2024 ([Appendix E](#)). He noted:

- Two projects have a schedule variance of more than 20 percent--the Information Technology Department (ITD) statewide interoperable radio network project and the Department of Environmental Quality laboratory information system replacement project.
- There are no projects with a budget variance of more than 20 percent.

Department of Public Instruction

Ms. Linda Schloer, Director, Child Nutrition Programs, Department of Public Instruction, presented information ([Appendix F](#)) regarding the status of the child nutrition and food distribution system project. She noted:

- The child nutrition and food distribution system, also known as NDFoods, was developed by ITD in 2012 and is used to administer 11 DPI programs, including to sponsor applications, claim reimbursement, and managing school food inventory. Because it has become difficult to support the NDFoods system, DPI entered a contract with a third-party vendor, LINQ, to replace NDFoods with a new system.
- DPI has experienced issues with LINQ, including agreed upon terms of the contract not being completed by the vendor, resulting in a reduction of functionality for the new system. In June 2024, DPI terminated the contract with LINQ.
- DPI received \$3.8 million from the United States Department of Agriculture for the project. As of September 10, 2024, DPI spent \$548,737 on the project. The Department of Public Instruction intends to use the remaining funding to work with ITD and contract with a new vendor to modernize the current system.

EDUCATION INFORMATION TECHNOLOGY UPDATES

Mr. Thomas Danford, Vice Chancellor for Information Technology and Chief Information Officer, North Dakota University System, presented information ([Appendix G](#)) regarding the most recent quarterly summary status report ([Appendix H](#)) and the status of major IT projects. He noted:

- No projects were completed between June and September 2024.
- The University of North Dakota's (UND) NetX campus network project is in the planning phase and a vendor, Apogee, has been selected to provide network services at UND.

Mr. Corey Quirk, Deputy Chief Information Officer, North Dakota University System, presented higher education IT initiatives planned for the 2025 legislative session and 2025-27 biennium. He noted:

- The University System intends to request funding for an ERP360 project to replace the PeopleSoft financial and human resources software.
- The University System intends to transition IT systems to cloud-based platforms which will include a request of \$10 million for a cloud readiness assessment during the 2025-27 biennium and additional funding for the cloud transition project during the 2027-29 biennium, with the goal of being fully transitioned to cloud platforms by 2035.
- The two vendors being considered to work on the cloud transition project are Oracle Corporation, which owns the PeopleSoft software, and Workday, Inc.
- The University System intends to request \$3 million for AI and machine learning enhancements to higher education systems, \$2.6 million to replace obsolete technical infrastructure, \$3 million for technical workforce development, \$8 million for high-performance computing upgrades, and \$8 million for research computing needs at UND and North Dakota State University during the 2025-27 biennium.

Dr. Ryan Adams, Associate Dean for National Security, University of North Dakota, and Mr. Marc Wallman, Vice President for IT, North Dakota State University, provided information regarding research computing needs at UND and North Dakota State University.

EMERGENCY SERVICES COMMUNICATIONS COORDINATING COMMITTEE

Ms. Karen Kempert, Chairperson, Emergency Services Communications Coordinating Committee, presented information ([Appendix I](#)) regarding a report pursuant to North Dakota Century Code Section 57-40.6-12.

INFORMATION TECHNOLOGY SECURITY AUDITS

Mr. Joshua C. Gallion, State Auditor, presented information regarding IT security audits of ITD ([Appendix J](#)) and the University System ([Appendix K](#)) pursuant to Section 54-35-15.4. He noted the State Auditor's office contracted with a third-party vendor, Secure Yeti, to conduct the audit.

In response to a question from a committee member, Mr. Gallion noted ITD and the University System are the entities responsible for implementing changes to mitigate or eliminate the system vulnerabilities identified in the audit reports.

Mr. Casey Bourbonnais, Co-Founder/Chief Executive Officer, Secure Yeti, presented information ([Appendix L](#)) regarding IT security audits of ITD and the University System. He noted:

- The purpose of the security audits is to evaluate the security posture of state networks by testing network systems using techniques commonly used by individuals with malicious intent.
- The security audits included external penetration testing, internal vulnerability scanning, internal penetration testing, and onsite social engineering.
- Secure Yeti identified 51 vulnerabilities, including 12 critical risk, 18 high risk, 8 medium risk, 12 low risk, and 1 informational finding.

Mr. Michael Gregg, Chief Information Security Officer, Information Technology Department, presented information regarding the IT security audit of ITD. He noted ITD is addressing vulnerabilities identified in the audit report but some of the vulnerabilities will be difficult to remediate unless updates are made to state systems.

REPORT FROM THE CHIEF INFORMATION OFFICER

Statutory Reports

Mr. Greg Hoffman, Chief Information Officer, Information Technology Department, presented information regarding the ITD business plan pursuant to Section 54-35-15.2(3) ([Appendix M](#)), the statewide IT plan pursuant to Section 54-35-15.2(7) ([Appendix N](#)), and ITD's annual report pursuant to Section 54-59-19 ([Appendix O](#)). He noted:

- The 2023-25 biennium ITD business plan is focused primarily on closing workforce gaps, enabling decisionmaking, managing risk, and enhancing citizen and business engagement. The 2025-27 biennium ITD business plan will not be finalized until after the 2025 legislative session when the next biennium funding authorization is known.
- ITD anticipates finalizing the statewide IT plan in December 2024, which will include an analysis of how ITD prioritizes major IT projects, how to increase transparency and awareness between state agencies, and evaluating new and unplanned IT projects.
- ITD is finalizing its fiscal year 2024 annual report. The fiscal year 2023 annual report is focused primarily on eliminating barriers for partners, providing business insights, ensuring operations are proactive, optimizing financial and process discipline, and fostering collaborative relationships.

After the meeting was adjourned Mr. Hoffman distributed to the committee a report ([Appendix P](#)) regarding prioritization of proposed major IT projects for the 2025-27 biennium pursuant to Section 54-35-15.2(13), which provides:

- 10 state agencies have notified ITD of their intent to request \$167.6 million for 33 major IT projects for the 2025-27 biennium, which does not include additional projects anticipated to be requested from the Attorney General and the Department of Health and Human Services.
- In October 2022, state agencies notified ITD of their intent to request \$206.4 million for 24 major IT projects for the 2023-25 biennium.
- ITD will prioritize major IT project requests based on strategic alignment, operational alignment, feasibility, financial considerations, and technology capabilities.

Mr. Gregg presented information ([Appendix Q](#)) regarding disclosed cybersecurity incidents reported to ITD pursuant to Chapter 54-59.1, including the status of the cybersecurity incident and any response or remediation to mitigate the cybersecurity incident pursuant to Section 54-59.1-07. He noted:

- Through July 2024, ITD identified 28,598 cybersecurity incidents for calendar year 2024, compared to 53,700 cybersecurity incidents identified during calendar year 2023.
- Since the passage of Section 54-59.1-07 in 2021, ITD has been notified of 39 reportable cybersecurity incidents, which are most often a result of phishing efforts.

Budget Information

2023-25 Biennium

Ms. Evonne Amundson, Chief Business Application Officer, Information Technology Department, presented an update ([Appendix R](#)) regarding the business gateway project and the enterprise customer relationship management program. She noted the enterprise customer relationship management program is on hold until a new Governor is elected.

Mr. Gregg presented an update ([Appendix S](#)) regarding the universal vulnerability management project.

Mr. Craig Felchle, Chief Technology Officer, Information Technology Department, presented updates regarding the enterprise digitization project ([Appendix T](#)), the call center software upgrade project ([Appendix U](#)), the Capitol security software upgrade and fiber replacement project ([Appendix V](#)), and the statewide interoperable radio network project ([Appendix W](#)).

Ms. Kimberly Weis, Chief Data and Analytics Officer, Information Technology Department, presented an update ([Appendix X](#)) regarding the DPI lighthouse project; governance, risk, and compliance costs; and statewide data strategy.

Ms. Tracey Miller, Deputy Director, Economic Development and Finance Division, Department of Commerce, presented information regarding how ITD's statewide data strategy initiative has helped the Department of Commerce share information with the United States Census Bureau through a shared census data hub.

Dr. Nigel Haarstad, Economic Research Analyst, Department of Commerce, presented information ([Appendix Y](#)) regarding the state data center and census data hub, and provided a demonstration of the state data center dashboard.

Mr. Hoffman presented information ([Appendix Z](#)) regarding broadband infrastructure grants; the broadband, equity, access, and deployment program; and the state and local cybersecurity grant program.

2025-27 Biennium

Mr. Hoffman presented information ([Appendix AA](#)) regarding ITD's 2025-27 biennium budget request and any optional adjustment requests, including funding solutions and options to address state government technical debt, and an update of any legislation ITD may request during the 2025 legislative session. He noted ITD anticipates:

- Requesting funding for the statewide data strategy, the universal vulnerability management project, and a myfiND citizen digital experience portal project.
- Proposing the Legislative Assembly create a modernization and innovation fund to provide ongoing funding for IT projects and improve the prioritization, governance, and oversight of IT projects.
- Requesting a portion of the ITD budget related to providing common services to state agencies be authorized through a continuing appropriation rather than receiving appropriation authority from the Legislative Assembly each session.

Mr. Hoffman noted there may be a need for legislative changes related to the statewide IT plan.

OTHER

It was moved by Senator Davison, seconded by Representative Toman, and carried on a voice vote that the Chairman and the Legislative Council staff be requested to prepare a report and to present the report to the Legislative Management.

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

Levi Kinnischtzke
Senior Fiscal Analyst

ATTACH:27