

Department 112 - Information Technology Department
House Bill No. 1021

Executive Budget Comparison to Base Level

	General Fund	Other Funds	Total
2023-25 Executive Budget	\$61,469,821	\$513,670,072	\$575,139,893
2023-25 Base Level	28,975,953	233,670,105	262,646,058
Increase (Decrease)	\$32,493,868	\$279,999,967	\$312,493,835

Selected Budget Changes Recommended in the Executive Budget

	General Fund	Other Funds	Total
1. Adds funding for state employee salary and benefit increases of which \$8,238,285 is for salary increases and \$2,371,014 is for health insurance increases	\$1,672,741	\$8,936,558	\$10,609,299
2. Adds funding for 2 FTE customer success management program positions (\$518,816) and adjusts funding for 6 existing FTE customer success management program positions from the Information Technology Department's (ITD's) operating service fund to the general fund (\$2,050,884)	\$2,569,700	(\$2,050,884)	\$518,816
3. Adds funding for an enterprise digitization project to modernize state government technology, of which \$981,138 is from the ITD operating service fund for salaries and wages of 5 FTE positions and \$28,560,000 is for operating expenses. Of the total for operating expenses, \$3,360,000 is ongoing funding, of which \$3,245,000 is from the general fund and \$115,000 is from the ITD operating service fund and \$25,200,000 is one-time funding , of which \$24,250,000 is from the strategic investment and improvements fund and \$950,000 is from the ITD service fund.	\$3,245,000	\$26,296,138	\$29,541,138
4. Adds funding for the Department of Public Instruction's (DPI's) lighthouse project, of which \$1,099,544 is for salaries and wages of 4 FTE positions, including \$298,868 for 1 FTE position from the general fund and \$800,676 for 3 FTE positions from the ITD operating service fund, and \$11,350,000 is one-time funding for operating expenses, of which \$1,350,000 is from the general fund and \$10,000,000 is from the ITD operating service fund	\$1,648,868	\$10,800,676	\$12,449,544
5. Adds funding for an enterprise customer relationship management program, of which \$1,965,638 is for salaries and wages of 8 FTE positions, including \$1,463,830 for 6 FTE positions from the general fund and \$501,808 for 2 FTE positions from the ITD operating service fund, and \$10,064,000 is for operating expenses. Of the total for operating expenses, \$1,364,000 is ongoing funding from the general fund and \$8,700,000 is one-time funding from the strategic investment and improvements fund.	\$2,827,830	\$9,201,808	\$12,029,638
6. Adds funding for a universal vulnerability management project, of which \$765,000 is ongoing funding and \$7,132,500 is one-time funding	\$7,897,500	\$0	\$7,897,500
7. Adds funding for 17 FTE positions for additional support of state agency information technology (IT) systems, of which \$2,941,618 is for salaries and wages and \$402,082 is for operating expenses. Of the total, \$444,258 is for 2 FTE positions from the general fund and \$2,899,442 is for 15 FTE positions from the ITD operating service fund.	\$444,258	\$2,899,442	\$3,343,700
8. Transfers funding for 3 FTE positions for the IT unification initiative, including 2 FTE positions from the Department of Corrections and Rehabilitation and 1 FTE position from the Insurance Commissioner. Funding is added for salaries and wages (\$488,920) and operating expenses (\$70,956) from the ITD operating service fund.	\$0	\$559,876	\$559,876
9. Adds funding for the statewide longitudinal data system, of which \$3,000,000 is ongoing funding and \$1,075,000 is one-time funding , to provide a total of \$8,715,381	\$4,075,000	\$0	\$4,075,000

10. Adds funding for 2 FTE positions for the K-12 ClassLink project, including \$405,888 for salaries and wages and \$1.5 million for IT software and supplies	\$1,905,888	\$0	\$1,905,888
11. Adjusts funding for the North Dakota Health Information Network by reducing federal funds (\$6 million) and increasing the general fund (\$3 million) and funding from the electronic health information exchange fund (\$3 million)	\$3,000,000	(\$3,000,000)	\$0
12. Adds funding for the statewide interoperable radio network (SIRN) project, of which \$4.2 million is ongoing funding from the SIRN fund and \$20 million is one-time funding from Bank of North Dakota profits transferred to the SIRN fund	\$0	\$24,200,000	\$24,200,000
13. Adds one-time funding for inflationary IT increases, of which \$500,000 is from the EduTech fund, \$525,000 is from the PowerSchool fund, and \$4.65 million is from the ITD operating service fund	\$2,850,000	\$5,675,000	\$8,525,000
14. Adds funding for the Capitol security software upgrade and fiber replacement project, of which \$226,900 is ongoing funding from the general fund and \$2,499,467 is one-time funding , including \$1,401,650 from the strategic investment and improvements fund and \$1,097,817 from the ITD operating service fund	\$226,900	\$2,499,467	\$2,726,367
15. Adds one-time funding to continue broadband infrastructure grants appropriated from the federal Coronavirus Capital Projects Fund during the November 2021 special legislative session	\$0	\$45,000,000	\$45,000,000
16. Adds one-time funding from federal funds for the broadband, equity, access, and deployment program	\$0	\$148,250,000	\$148,250,000

A summary of the executive budget changes to the agency's base level appropriations is attached as an appendix.

A copy of the draft appropriations bill containing the executive budget recommendations is attached as an appendix.

Selected Bill Sections Recommended in the Executive Budget

Additional appropriation authority - Section 4 would appropriate additional income available from federal or other funds in excess of funding appropriated in Section 1 to ITD during the 2023-25 biennium.

Exemption - American Rescue Plan Act - Section 6 would provide ITD an exemption to continue the \$401,000 appropriated from the federal State Fiscal Recovery Fund during the November 2021 special legislative session to convert a North Dakota Stockmen's Association paper-based branding system to an electronic system into the 2023-25 biennium.

Continuing Appropriations

There are no continuing appropriations for this agency.

Deficiency Appropriations

There are no deficiency 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, 2020, contained no audit findings.

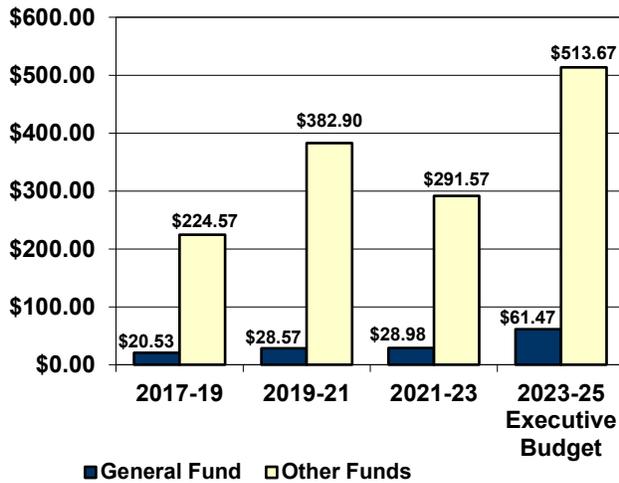
Major Related Legislation

House Bill No. 1159 - This bill repeals the State Information Technology Advisory Committee.

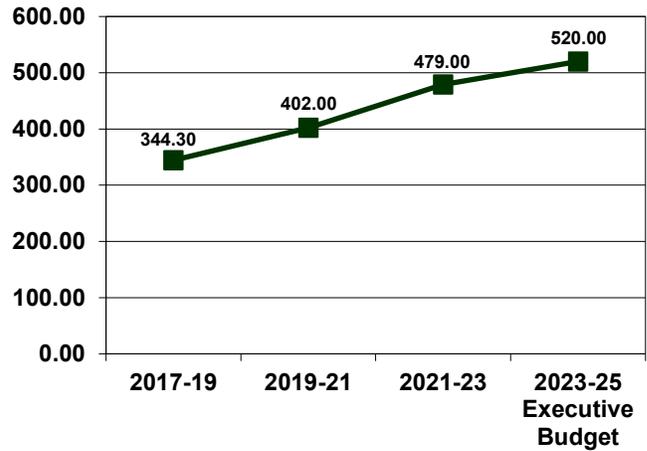
Historical Appropriations Information

Agency Appropriations and FTE Positions

Agency Funding (Millions)



FTE Positions



Ongoing General Fund Appropriations

	2015-17	2017-19	2019-21	2021-23	2023-25 Executive Budget
Ongoing general fund appropriations	\$23,406,055	\$20,532,334	\$17,165,311	\$28,975,953	\$49,062,321
Increase (decrease) from previous biennium	N/A	(\$2,873,721)	(\$3,367,023)	\$11,810,642	\$20,086,368
Percentage increase (decrease) from previous biennium	N/A	(12.3%)	(16.4%)	68.8%	69.3%
Cumulative percentage increase (decrease) from 2015-17 biennium	N/A	(12.3%)	(26.7%)	23.8%	109.6%

Major Increases (Decreases) in Ongoing General Fund Appropriations

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 IT 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 IT contract costs (\$490,345)

2019-21 Biennium

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

- 1. Added funding for 29 FTE cybersecurity positions and related operating expenses and capital assets, including \$11,222,710 from the general fund and \$1,763,515 from the department's service fund \$11,222,710
- 2. Reduced funding for statewide longitudinal data system operating expenses to provide total statewide longitudinal data system funding of \$4,486,278, of which \$3,986,278 is from the general fund and \$500,000 is from federal funds (\$456,277)
- 3. Reduced funding for EduTech operating expenses to provide total EduTech funding of \$9,691,939, of which \$2,824,878 is from the general fund and \$6,867,062 is from other funds (\$424,409)
- 4. Reduced funding for K-12 wide area network operating expenses (\$223,661) and capital assets (\$200,000) to provide total K-12 wide area network funding of \$4,679,718, of which \$4,589,718 is from the general fund and \$90,000 is from the department's service fund (\$423,661)
- 5. Transferred funding from the Department of Emergency Services Division of State Radio for SIRN tower maintenance operating expenses \$1,858,240

2023-25 Biennium (Executive Budget Recommendation)

- 1. Adds funding for 2 FTE customer success management program positions (\$518,816) and adjusts funding for 6 existing FTE customer success management program positions from the ITD operating service fund to the general fund (\$2,050,884) \$2,569,700
- 2. Adds funding for operating expenses of an enterprise digitization project to modernize state government technology \$3,245,000
- 3. Adds funding for 6 FTE positions (\$1,463,830) and operating expenses (\$1,364,000) for an enterprise customer relationship management program \$2,827,830
- 4. Adds funding for the statewide longitudinal data system to provide total ongoing funding of \$7,140,381 from the general fund \$3,000,000
- 5. Adds funding for 2 FTE positions for the K-12 ClassLink project, including \$405,888 for salaries and wages and \$1.5 million for IT software and supplies \$1,905,888
- 6. Adjusts funding for the North Dakota Health Information Network by reducing federal funds (\$6 million) and increasing the general fund (\$3 million) and funding from the electronic health information exchange fund (\$3 million) \$3,000,000

One-Time General Fund Appropriations

	2015-17	2017-19	2019-21	2021-23	2023-25 Executive Budget
One-time general fund appropriations	\$2,672,090	\$0	\$11,400,000	\$0	\$12,407,500

Major One-Time General Fund Appropriations

2017-19 Biennium

None \$0

2019-21 Biennium

- 1. Cybersecurity operating expenses \$11,400,000

2021-23 Biennium

None \$0

2023-25 Biennium (Executive Budget Recommendation)

- 1. DPI's lighthouse project \$1,350,000
- 2. Universal vulnerability management project \$7,132,500
- 3. Inflationary IT increases \$2,850,000
- 4. Statewide longitudinal data system \$1,075,000

Information Technology Department - Budget No. 112
House Bill No. 1021
Base Level Funding Changes

	Executive Budget Recommendation			
	FTE Positions	General Fund	Other Funds	Total
2023-25 Biennium Base Level	479.00	\$28,975,953	\$233,670,105	\$262,646,058
2023-25 Ongoing Funding Changes				
Adds funding for the cost to continue salary increases		\$120,798	\$726,602	\$847,400
Salary increase		1,356,859	6,881,426	8,238,285
Health insurance increase		315,882	2,055,132	2,371,014
Transfers \$41,791 from operating expenses to salaries for a 0.50 FTE position				0
Adjusts funding for the customer success management program		2,050,884	(2,050,884)	0
Adds funding for FTE customer success management program positions	2.00	518,816		518,816
Adds funding for an enterprise digitization project to modernize state technology	5.00	3,245,000	1,096,138	4,341,138
Adds funding for the DPI's lighthouse project	4.00	298,868	800,676	1,099,544
Adds funding for an enterprise customer relationship management (CRM) program	8.00	2,827,830	501,808	3,329,638
Adds funding for a universal vulnerability management project		765,000		765,000
Adds funding for additional support of state agency IT systems	17.00	444,258	2,899,442	3,343,700
Transfers FTE IT unification positions	3.00		559,876	559,876
Adds funding for building security software upgrades and fiber replacement		226,900		226,900
Adds funding for IT rate increases		9,385	5,284	14,669
Adds funding for the statewide longitudinal data system		3,000,000		3,000,000
Adds funding for the K-12 ClassLink project	2.00	1,905,888		1,905,888
Adjusts funding for the North Dakota Health Information Network		3,000,000	(3,000,000)	0
Adds funding for SIRN			4,200,000	4,200,000
Total ongoing funding changes	41.00	\$20,086,368	\$14,675,500	\$34,761,868
One-time funding items				
Adds one-time funding for an enterprise digitization project			\$25,200,000	\$25,200,000
Adds one-time funding for DPI's lighthouse project		\$1,350,000	10,000,000	11,350,000
Adds one-time funding for an enterprise CRM program			8,700,000	8,700,000
Adds one-time funding for a universal vulnerability management project		7,132,500		7,132,500
Adds one-time funding for inflationary IT increases		2,850,000	5,675,000	8,525,000
Adds one-time funding for the building security software upgrade and fiber replacement project			2,499,467	2,499,467
Adds one-time funding for the statewide longitudinal data system		1,075,000		1,075,000
Adds one-time funding for SIRN			20,000,000	20,000,000
Adds federal funding to continue broadband infrastructure grants			45,000,000	45,000,000
Adds federal funding for the broadband, equity, access, and deployment program			148,250,000	148,250,000
Total one-time funding changes	0.00	\$12,407,500	\$265,324,467	\$277,731,967
Total Changes to Base Level Funding	41.00	\$32,493,868	\$279,999,967	\$312,493,835
2023-25 Total Funding	520.00	\$61,469,821	\$513,670,072	\$575,139,893
<i>Federal funds included in other funds</i>			\$194,828,179	
<i>Total ongoing changes as a percentage of base level</i>	8.6%	69.3%	6.3%	13.2%
<i>Total changes as a percentage of base level</i>	8.6%	112.1%	119.8%	119.0%

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 ITD for the development and implementation of technology projects.
Additional appropriation authority	Section 4 would appropriate additional income available from federal or other funds in excess of funding appropriated in Section 1 to ITD during the 2023-25 biennium.
Transfer - Bank of North Dakota profits to statewide interoperable radio network fund - Statewide interoperable radio network project - One-time funding	Section 5 would identify \$20 million in Section 1 is from Bank of North Dakota profits and that the Bank shall transfer the funding to the SIRN fund for the SIRN project during the 2023-25 biennium. This funding would be considered a one-time funding item.
Exemption - American Rescue Plan Act	Section 6 would provide ITD an exemption to continue the \$401,000 appropriated from the federal State Fiscal Recovery Fund during the November 2021 special legislative session to convert a North Dakota Stockmen's Association paper based branding system to an electronic system into the 2023-25 biennium.

Other Sections in Information Technology Department - Budget No. 112

Estimated income - Strategic investment and improvements fund - One-time funding

Executive Budget Recommendation

Section 7 would identify \$34,351,650 in Section 1 is from the strategic investment and improvements fund, of which \$24,250,000 is for the enterprise digitization project, \$8,700,000 is for the customer relationship management program, and \$1,401,650 is for the building security and fiber replacement project.

HOUSE BILL NO. 1021
(Governor's Recommendation)

Introduced by

Appropriations Committee

(At the request of the Governor)

A bill for an act to provide an appropriation for defraying the expenses of the information technology department; to provide for an exemption; and to provide for transfers.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

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, 2023, and ending June 30, 2025, as follows:

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and wages	\$101,734,629	\$18,465,689	\$120,200,318
Operating expenses	114,588,112	66,994,121	181,582,233
Capital assets	3,443,909	466,662	3,910,571
ARPA broadband	0	45,000,000	45,000,000
IIJA Broadband BEAD program	0	148,250,000	148,250,000
Statewide longitudinal data system	4,486,278	4,229,103	8,715,381
Edutech	9,691,939	2,092,886	11,784,825
K-12 wide area network	4,679,718	2,528,460	7,208,178
Geographic information system	1,101,806	128,790	1,230,596
Health information technology office	8,725,871	93,744	8,819,615
Statewide interoperability radio network	<u>14,193,796</u>	<u>24,244,380</u>	<u>38,438,176</u>
Total all funds	\$262,646,058	\$312,493,835	\$575,139,893
Less estimated income	<u>233,670,105</u>	<u>279,999,967</u>	<u>513,670,072</u>
Total general fund	\$ 28,975,953	\$ 32,493,868	\$ 61,469,821
Full-Time equivalent positions	479.00	41.00	520.00

SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO SIXTY-EIGHTH LEGISLATIVE ASSEMBLY. The following amounts reflect the one-time funding items approved by the sixty-seventh legislative assembly for the 2021-23 biennium and the 2023-25 one-time funding items included in the appropriation in section 1 of this Act:

<u>One-Time Funding Description</u>	<u>2021-23</u>	<u>2023-25</u>
Cybersecurity	\$6,500,000	\$0
Health information technology office	6,000,000	0
Enterprise digitization	0	25,200,000
Universal vulnerability management	0	7,132,500
Governance risk & compliance	0	11,350,000
Customer relationship management	0	8,700,000
Operational inflationary increases	0	8,525,000
SLDS enhancement	0	1,075,000
Building security & fiber replacement	0	2,499,467
SIRN project BND profits	0	20,000,000
ARPA broadband capital projects	0	45,000,000
IIJA broadband BEAD program	<u>0</u>	<u>148,250,000</u>

Total All Funds	\$12,500,000	\$277,731,967
Less Estimated Income	<u>12,500,000</u>	<u>265,324,467</u>
Total General Fund	\$0	\$12,407,500

The 2023-25 one-time funding amounts are not a part of the entity's base budget for the 2025-27 biennium. The information technology department shall report to the appropriations committees of the sixty-ninth legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2023 and ending June 30, 2025.

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. APPROPRIATION. In addition to the amounts appropriated to the information technology department in section 1 of this Act, there is appropriated any additional income from federal or other funds which may become available to the agency for the biennium beginning July 1, 2023, and ending June 30, 2025.

SECTION 5. ESTIMATED INCOME – TRANSFER – BANK OF NORTH DAKOTA PROFITS-STATEWIDE INTEROPERABLE RADIO NETWORK FUND. The estimated income line item in section 1 of this Act includes the sum of \$20,000,000 which the Bank of North Dakota shall transfer from the Bank's current earnings and undivided profits to the statewide interoperable radio network fund for defraying the expenses of the statewide interoperable radio network project for the biennium beginning July 1, 2023, and ending June 30, 2025. This funding is considered a one-time funding item.

SECTION 6. EXEMPTION – AMERICAN RESCUE PLAN Act(ARPA). Section 54-44.1-11 does not apply to any amounts carried over from the American Rescue Plan Act (ARPA) pursuant to subsection 23 of section 1 of chapter 550 of the 2021 special session laws, and any unexpended funds from this appropriation may be used for the purpose of a grant to the North Dakota stockmen's association for conversion of a paper-based brand system to an electronic system during the biennium beginning July 1, 2023, and ending June 30, 2025.

SECTION 7. ESTIMATED INCOME – STRATEGIC INVESTMENT AND IMPROVEMENTS FUND – ONE TIME FUNDING. The estimated income line item in section 1 of this Act includes the sum of \$34,351,650 from the strategic investment and improvements fund, of which \$24,250,000 is for the enterprise digitization initiative, \$8,700,000 is for the customer relationship management initiative, and \$1,401,650 is for the building security and fiber replacement project. This funding is considered a one-time funding item.