

DEPARTMENT 112 - INFORMATION TECHNOLOGY DEPARTMENT 2027-29 BASE-LEVEL BUDGET

Base Budget - Summary

	<u>Base Level</u>
Salaries and wages	\$128,981,318
New and vacant FTE pool	8,403,424
Operating expenses	16,627,323
Capital assets	131,035
Statewide longitudinal data system (SLDS)	4,120,757
EduTech	7,516,386
K-12 wide area network	6,702,024
Geographic information system	1,157,943
Health Information Technology Office	7,751,242
Statewide interoperable radio network (SIRN)	<u>15,604,610</u>
Total all funds	\$196,996,062
Less other funds	<u>148,954,926</u>
Total General Fund	\$48,041,136
FTE positions	509.00

Selected Base Budget Information

	General Fund	Other Funds	Total
1. Includes funding for salaries and wages, including temporary salaries of \$887,033. Of the total FTE positions, 152 FTE positions were transferred from 11 state agencies to the department as part of the information technology (IT) unification initiative during the 2019-21, 2021-23, and 2023-25 bienniums. Other funds are derived from funding received from state agencies paying for IT services, which is deposited in the IT Operating Fund.	\$16,593,638	\$112,387,680	\$128,981,318
2. Includes a portion of the funding removed from the salaries and wages line item and other line items with salaries and wages funding for estimated savings from new and vacant FTE positions. This line item includes \$476,995 related to 2 new positions and \$7,926,429 related to vacant positions. Funding may be transferred from this line if needed for filling new positions or if savings from vacant positions is less than estimated.	\$1,218,576	\$7,184,848	\$8,403,424
3. Includes funding for operating expenses, primarily related to IT software supplies, IT contractual services and repairs, professional fees and services, and IT data processing. Other funds are from the SIRN Fund.	\$12,993,851	\$3,633,472	\$16,627,323
4. Includes funding for capital assets	\$131,035	\$0	\$131,035
5. Includes funding for SLDS, including funding for salaries and wages and operating expenses primarily related to IT data processing and IT contractual services and repairs.	\$4,120,757	\$0	\$4,120,757
<p>The SLDS Program is a data resource to support the Research and Evaluation of Education and Workforce Employment and Training Programs. Information in SLDS includes K-12 student demographics, attendance and enrollment, state assessment, historical grades, graduation and dropout information, college and career readiness, postsecondary, and workforce data.</p>			
6. Includes funding for the EduTech Program, including funding for salaries and wages and operating expenses, primarily related to IT software and IT data processing. Other funds are derived from the EduTech Fund and PowerSchool Fund. The EduTech Program provides IT services and training for K-12 schools and teachers.	\$3,055,552	\$4,460,834	\$7,516,386
7. Includes funding for the K-12 wide area network, including funding for salaries and wages and operating expenses, primarily related to IT contractual services and repairs, rent, IT software, and IT data processing. Funding for the K-12 wide area network supports elementary and secondary education IT systems at the state level.	\$6,702,024	\$0	6,702,024

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| 8. Includes funding for the Geographic Information System (GIS) Program, including funding for salaries and wages and operating expenses, primarily related to IT data processing, IT contractual services and repairs, and IT software. Funding for the program supports the GIS hub, which is an IT infrastructure system consisting of geospatial data storage, web services, and application interfaces that supports state agencies utilizing GIS technology. | \$1,157,943 | \$0 | \$1,157,943 |
| 9. Includes funding for the Health Information Technology Office, including funding for salaries and wages and operating expenses, primarily related to IT software, IT contractual services and repairs, and IT data processing. | \$0 | \$7,751,242 | \$7,751,242 |

Other funds are derived from fee revenue collected from providers participating in the North Dakota Health Information Network (NDHIN) and federal Centers for Medicare and Medicaid Services funding deposited in the Electronic Health Information Exchange Fund. The Health Information Technology Office supports state health IT systems, including NDHIN, which is a public-private partnership health system that provides for the secure exchange of health information to enable providers to view patient electronic medical records.

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|--|-------------|--------------|--------------|
| 10. Includes ongoing funding for SIRN, including funding for salaries and wages and operating expenses, primarily related to rent, repairs, IT data processing, and IT contractual services to support operations and maintenance of SIRN. | \$2,067,760 | \$13,536,850 | \$15,604,610 |
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Other funds are derived from a \$0.50 fee imposed by political subdivisions on assessed communication services that is remitted to the State Treasurer for deposit in the SIRN Fund. Funding from the General Fund is for SIRN tower maintenance. The department anticipates the SIRN project will be completed in 2027, after which time the system will provide for a central radio communication system for first responders and public safety organizations in the state.

Continuing Appropriations

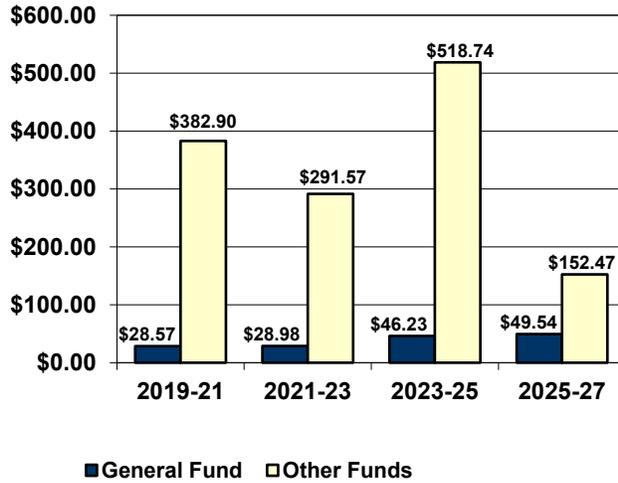
Information Technology Operating Fund - North Dakota Century Code Section 54-59-14 - Also referred to as the department's service fund, this fund allows the Information Technology Department (ITD) to provide IT and network services to state agencies and state network users without receiving appropriation authority from the Legislative Assembly. The department may not use continuing appropriation authority from the IT Operating Fund for salaries and wages expenses. Salaries and wages expenses from the IT Operating Fund are included as part of ITD's biennial budget.

The Legislative Assembly transferred \$99,168,477 of special fund authority from the IT Operating Fund for operating expenses and capital assets to continuing appropriation authority beginning in the 2025-27 biennium. The department is required to provide a report at each meeting of the Budget Section and to the appropriations committees each legislative session regarding the status of the IT Operating Fund and the balance of the fund.

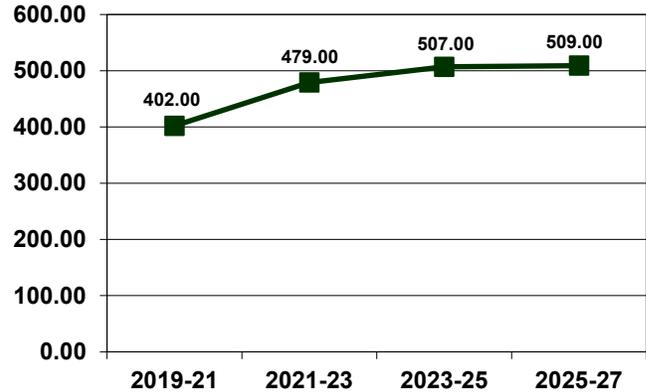
Historical Appropriations Information

Agency Appropriations and FTE Positions

Agency Funding (Millions)



FTE Positions



Ongoing General Fund Appropriations

	2017-19	2019-21	2021-23	2023-25	2025-27
Ongoing General Fund appropriations	\$20,532,334	\$17,165,311	\$28,975,953	\$41,418,305	\$48,041,136
Increase (decrease) from previous biennium	N/A	(\$3,367,023)	\$11,810,642	\$12,442,352	\$6,622,831
Percentage increase (decrease) from previous biennium	N/A	(16.4%)	68.8%	42.9%	16.0%
Cumulative percentage increase (decrease) from 2017-19 biennium	N/A	(16.4%)	41.1%	101.7%	134.0%

Major Increases (Decreases) in Ongoing General Fund Appropriations

2019-21 Biennium

- Added 8 FTE cybersecurity positions \$2,322,680
- 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 for operating expenses. (\$6,029,116)
- Removed funding for the Educational Technology Council, including a 0.50 FTE administrative assistant position (\$180,122)
- Reduced funding for EduTech IT software supplies (\$295,980)
- Adjusted funding for the K-12 wide area network to provide total funding of \$5,167,970, of which \$5,094,453 was from the General Fund and \$90,000 was from the IT Operating Fund \$600,000

2021-23 Biennium

- 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 IT Operating Fund \$11,222,710
- Reduced funding for SLDS operating expenses to provide total SLDS funding of \$4,486,278, of which \$3,986,278 was from the General Fund and \$500,000 was from federal funds (\$456,277)
- Reduced funding for EduTech operating expenses to provide total EduTech funding of \$9,691,939, of which \$2,824,878 was from the General Fund and \$6,867,062 was from other funds (\$424,409)
- 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 was from the General Fund and \$90,000 was from the IT Operating Fund (\$423,661)
- Transferred funding from the Department of Emergency Services Division of State Radio for SIRN tower maintenance operating expenses \$1,858,240

2023-25 Biennium

1. Added funding for 2 FTE Customer Success Management Program positions (\$518,816) and adjusted funding for 6 existing FTE Customer Success Management Program positions from the IT Operating Fund to the General Fund (\$2,050,884)	\$2,569,700
2. Added funding for operating expenses of an enterprise digitization project to modernize state government technology	\$2,000,000
3. Added funding of \$298,868 for salaries and wages of 1 FTE position and \$600,000 for software licensing fees for governance, risk, and compliance costs and the Department of Public Instruction (DPI) lighthouse project	\$898,868
4. Added funding for a Business Gateway Enterprise Customer Relationship Manager Program, including \$975,886 for 4 FTE positions and \$1,364,000 for operating expenses, primarily software licensing fees	\$2,339,886
5. Added funding for a universal vulnerability management project to address the backlog of cybersecurity risks and concerns in state IT systems	\$500,000
6. Added funding for the K-12 ClassLink project for IT software and supplies to provide a single signon system for participating school districts	\$1,200,000
7. Added funding for NDHIN	\$2,000,000
2025-27 Biennium	
1. Reduced funding for operating expenses, primarily professional services	(\$599,999)
2. Added funding for IT inflationary costs	\$3,181,664
3. Added funding for cybersecurity contractual service increases	\$942,554
4. Reduced funding for SLDS	(\$394,839)
5. Added funding for the K-12 wide area network	\$512,501
6. Removed funding from the General Fund for NDHIN	(\$2,000,000)
7. Added funding for SIRN for circuits	\$209,520

One-Time General Fund Appropriations

	2017-19	2019-21	2021-23	2023-25	2025-27
One-time General Fund appropriations	\$0	\$11,400,000	\$0	\$4,812,520	\$1,500,000

Major One-Time General Fund Appropriations

2019-21 Biennium	
Cybersecurity operating expenses	\$11,400,000
2021-23 Biennium	
None	\$0
2023-25 Biennium	
1. Governance, risk, and compliance costs and the DPI lighthouse project	\$600,000
2. IT inflationary costs	\$2,350,000
3. SLDS	\$1,075,000
4. State and local Cybersecurity Grant Program matching funds	\$487,520
5. Grants to counties for an online property tax information portal	\$300,000
2025-27 Biennium	
Digital accessibility compliance	\$1,500,000

Other Funds

Major sources of special funds include:

- **IT Operating Fund** - The department's primary operating fund which is used to provide IT and network services to state agencies and state network users. Revenue in the fund is derived from general, federal, and special funds appropriated to state agencies, which is used to pay ITD for IT services and projects. The department has continuing appropriation authority from this fund for operating expenses and capital asset costs. Money from the fund for salaries and wages expenses are reflected in the ITD biennial appropriation.
- **PowerSchool Fund** - The operating fund for the K-12 wide area network. Revenues in the fund are derived primarily from miscellaneous program revenue and transfers from the General Fund for operations of the K-12 wide area network, including salaries and wages and operating expenses of ITD staff.
- **EduTech Fund** - The operating fund for the EduTech division. Revenue in the fund is derived from fees charged to users of EduTech services, including school districts, which is used to pay for staff salaries and wages and operating expenses.

- **SIRN Fund** - The operating fund for SIRN and public safety programs. Revenue in the fund is derived primarily from a \$0.50 fee imposed on assessed communication services, which is used in the SIRN line item to pay for the maintenance and operations of SIRN. The fund also consists of funding collected from public safety answer points for public safety equipment usage, which is deposited in the fund and budgeted in the operating expenses line item.
- **Electronic Health Information Exchange Fund** - The operating fund for the Health Information Technology Office and NDHIN. The fund consists of federal funds reimbursed from the Centers for Medicare and Medicaid Services and from fees collected by providers participating in NDHIN, which is used to facilitate and expand access and the capabilities of NDHIN.
- **Health Information Technology Planning Loan Fund** - A revolving loan fund held at the Bank of North Dakota for providing low-interest loans to health care entities to assist those entities in improving health IT infrastructure. Loans have not been issued since the 2017-19 biennium. No money from this fund is included in the ITD base budget, however, funding has been transferred from this fund to the Electronic Health Information Exchange Fund to support NDHIN in previous bienniums.

Major sources of federal funds include:

None

Other Funds Appropriations

	2017-19	2019-21	2021-23	2023-25	2025-27
Other funds appropriations	\$224,566,988	\$382,900,560	\$291,571,105	\$518,740,327	\$152,467,596
Increase (decrease) from previous biennium	N/A	\$158,333,572	(\$91,329,455)	\$227,169,222	(\$366,272,731)
Percentage increase (decrease) from previous biennium	N/A	70.5%	(23.9%)	77.9%	(70.6%)
Cumulative percentage increase (decrease) from 2017-19 biennium	N/A	70.5%	29.8%	131.0%	(32.1%)

Major Increases (Decreases) in Other Funds Appropriations

2019-21 Biennium

Ongoing

1. Transferred 96 FTE positions from other agencies for the IT unification initiative \$18,266,327
2. Added funding for temporary salaries for the IT unification initiative \$544,896
3. Added funding for operating expenses for the IT unification initiative \$8,835,127
4. Adjusted funding for operating expenses, including increases in IT data processing and IT software supplies and decreases in IT equipment under \$5,000, IT contractual services and repairs, and operating fees and services \$2,883,700
5. Added funding for Microsoft Office 365 licensing expenses \$4,209,893
6. Added funding for IT projects, including an IT service management project (\$2,000,000), application as a service platform (\$1,325,000), and automation and orchestration platforms (\$900,000) \$4,225,000
7. Reduced funding for capital assets (\$4,041,883)
8. 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 \$6,029,116 from the General Fund for salaries and wages. (\$3,050,000)
9. Removed funding for the Educational Technology Council, including a 0.50 FTE administrative assistant position (\$595,000)
10. Reduced funding for SIRN (\$1,370,000)

One-time

1. Cybersecurity operating expenses (Strategic Investment and Improvements Fund (SIIF)) \$4,000,000
2. GIS statewide land parcel project (SIIF) \$1,150,000
3. SIRN project (\$80 million from a Bank of North Dakota line of credit, \$20 million from Bank profits, and \$20 million from SIIF) \$120,000,000

2021-23 Biennium

Ongoing

1. Reduced funding for salaries and wages to reflect anticipated savings from vacant positions and employee turnover (\$250,000)
2. Added funding for the IT unification initiative, including the transfer of 53 FTE positions from 10 agencies. Of the total, \$11,128,805 is for salaries and wages and \$17,515,243 was for operating expenses. \$28,644,048

3. Removed 5 undesignated FTE positions	(\$1,055,737)
4. Reduced funding for mainframe technology (\$825,000) and hardware hosting (\$3,075,000)	(\$3,900,000)
5. Added funding for cloud-based systems (\$825,000) and platform as a service expenses (\$3,075,000)	\$3,900,000
6. Reduced funding for capital assets	(\$940,242)
7. Added funding for the Health Information Technology Office and NDHIN, including \$5,500,000 from federal funds and \$920,991 from the Electronic Health Information Exchange Fund. Total federal funding provided for NDHIN for the biennium was \$6,000,000, of which \$500,000 was included in the ITD base budget.	\$6,420,991

One-time

1. NDHIN (transfer from the Health Information Planning Loan Fund to the Electronic Health Information Exchange Fund)	\$6,000,000
2. Cybersecurity operating expenses (federal Coronavirus Relief Fund)	\$6,500,000
3. Broadband infrastructure grants (federal Coronavirus Capital Projects Fund)	\$45,000,000
4. Grant to the North Dakota Stockmen's Association to convert a paper-based Brand Inspection Program to an electronic system (federal State Fiscal Recovery Fund)	\$401,000

2023-25 Biennium

Ongoing

1. Adjusted funding for 6 existing FTE Customer Success Management Program positions from the IT Operating Fund to the General Fund	(\$2,050,884)
2. Added funding from the IT Operating Fund for an enterprise digitization project, including \$981,138 for 5 FTE positions and \$115,000 for operating expenses	\$1,096,138
3. Added funding from the IT Operating Fund for 2 FTE positions related to the Business Gateway Enterprise Customer Relationship Manager Program	\$501,808
4. Added funding from the IT Operating Fund for 10 FTE positions for additional support of state agency IT systems	\$1,745,213
5. Transferred 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 was added for salaries and wages (\$488,920) and operating expenses (\$70,956) from the IT Operating Fund.	\$559,876
6. Adjusted funding for NDHIN by reducing ongoing federal funds (\$6 million) and adding special fund spending authority from fees collected from NDHIN users and providers deposited in the Electronic Health Information Exchange Fund (\$1 million)	(\$5,000,000)
7. Added ongoing funding from the SIRN Fund for the SIRN project, including \$500,000 for IT equipment, \$2,700,000 for tower lease agreements, and \$1,000,000 for network connectivity and IT data processing costs	\$4,200,000

One-time

1. Enterprise digitization project (SIIF)	\$7,000,000
2. IT contractual services and repairs for governance, risk, and compliance costs, the DPI lighthouse project, and \$300,000 designated for a choice ready dashboard expansion project (IT Operating Fund)	\$4,856,876
3. Business Gateway Enterprise Customer Relationship Manager Program (SIIF)	\$5,000,000
4. Universal vulnerability management project (State Fiscal Recovery Fund)	\$1,000,000
5. Capitol security software upgrade and fiber replacement project (State Fiscal Recovery Fund)	\$2,499,467
6. NDHIN (transfer from the Health Information Planning Loan Fund to the Electronic Health Information Exchange Fund)	\$3,000,000
7. IT inflationary increases (\$325,000 from the PowerSchool Fund and \$4,650,000 from the IT Operating Fund)	\$4,975,000
8. Broadband, Equity, Access, and Deployment Program and Digital Equity Program (federal funds)	\$147,762,480
9. SIRN project (\$20 million transferred from Bank of North Dakota profits to the SIRN Fund to repay a 2019-21 biennium Bank of North Dakota line of credit and \$80 million from the State Fiscal Recovery Fund)	\$100,000,000

2025-27 Biennium

Ongoing

1. Added funding from the IT Operating Fund for 2 FTE SIRN positions, including \$529,994 for salaries and wages and \$78,933 for operating expenses	\$608,927
2. Reduced funding for operating expenses, primarily professional services, including federal funds (\$744,345) and special funds (\$9,595,013)	(\$10,339,358)
3. Transferred special fund authority from the IT Operating Fund to continuing appropriation authority	(\$99,168,477)

4. Reduced funding from the PowerSchool Fund for license costs (\$1,472,653) and for salaries and wages of 8 FTE EduTech positions (\$993,138) for the 2 nd year of the biennium related to the student information system transition from PowerSchool Holdings, Inc., to Infinite Campus, Inc. This resulted in 8 FTE EduTech positions being underfunded for the 2025-27 biennium as it was anticipated DPI would require less support from ITD under the new system.	(\$2,465,791)
5. Adjusted funding for NDHIN by eliminating funding from the General Fund and increasing funding from other funds to provide a total of \$7,751,242 for NDHIN derived from participant fee revenue and Centers for Medicare and Medicaid Services funding deposited in the Electronic Health Information Exchange Fund	\$3,885,166
6. Reduced funding from the SIRN Fund for SIRN equipment	(\$2,854,082)
One-time	
1. State data center migration project (SIIF)	\$1,719,061
2. Automation of IT services project (SIIF)	\$1,793,609