

# INFORMATION TECHNOLOGY COMMITTEE

North Dakota Century Code Section 54-35-15.1 requires the Legislative Management during each biennium to appoint an Information Technology Committee in the same manner as the Legislative Management appoints other interim committees. The committee consists of six members of the House of Representatives and five members of the Senate. The Chief Information Officer (CIO) of the state serves as an ex officio nonvoting member of the committee.

Pursuant to Section 54-35-15.2, the committee's responsibilities include:

1. Meet at least once each calendar quarter.
2. Receive reports from the CIO.
3. Review the activities of the Information Technology Department (ITD).
4. Review the ITD business plan and statewide information technology (IT) policies, standards, and guidelines.
5. Receive and review information related to IT projects with a total cost of \$500,000 or more, including startup and closeout reports.
6. Receive and review information regarding any IT project of an executive branch agency with a total cost of between \$100,000 and \$500,000 as determined necessary by ITD.
7. Receive a report from the CIO regarding the prioritization of proposed major IT projects and other IT issues.
8. Receive information from the State Board of Higher Education (SBHE) regarding higher education IT planning, services, and major projects.

Section 54-35-15.3 authorizes the Information Technology Committee to review any IT project or IT plan. If the committee determines a project or plan is at risk of failing to achieve its intended results, the committee may recommend the Office of Management and Budget (OMB) suspend the expenditure or funding appropriated for a project or plan. This duty did not require action by the Information Technology Committee during the 2023-24 interim.

Section 54-35-15.4 provides the Information Technology Committee may request the State Auditor to conduct an IT compliance review, including an agency's IT management and planning as well as compliance with IT plans and standards. Similar provisions are included in Section 54-10-28. This duty did not require action by the Information Technology Committee during the 2023-24 interim.

The committee is responsible for receiving various reports, including:

- A report from the SBHE regarding higher education IT planning, services, and major projects, pursuant to Sections 15-10-44 and 54-35-15.2.
- A report from the CIO regarding the prioritization of proposed major IT projects and other IT issues, pursuant to Section 54-35-15.2.
- The department annual report from ITD, pursuant to Section 54-59-19.
- A report from any agency with a major IT project that has exceeded planned budget costs by 20 percent or exceeded the planned schedule by 20 percent, which requires a report to ITD, pursuant to Section 54-59-23(2), if the agency has not taken adequate corrective measures within 90 days of the report to ITD, pursuant to Section 54-59-23(3).

In addition to its statutory responsibilities, the Legislative Management assigned the committee the following responsibilities:

- Receive a report from the CIO, before June 1 of each even-numbered year, regarding the implementation of distributed ledger technologies, pursuant to Section 54-59-02.2.
- Receive a report from the CIO regarding the coordination of services with political subdivisions and a report from the CIO and the CIO of the North Dakota University System regarding coordination of IT between ITD and higher education, pursuant to Section 54-59-12.
- Receive a report from the Statewide Longitudinal Data System Committee on the status of the statewide longitudinal data system (SLDS), including recommendations for further development, cost proposals, proposals for legislation, and data sharing governance, pursuant to Section 54-59-36.

- Receive a report from the CIO regarding all disclosed cybersecurity incidents as required by 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.
- Receive a report from the Emergency Services Communications Coordinating Committee (ESC3) before November 1 of each even-numbered year, regarding the use of assessed communications services fee revenue and recommendations for changes to the operating standards for emergency services communications, pursuant to Section 57-40.6-12.
- Study the emergence of artificial intelligence (AI) and the potential impacts on the state's institutions, agencies, businesses, citizens, and youth, pursuant to Section 44 of House Bill No. 1003 (2023).
- Study emergency and interoperable public safety communications system governance needs and options, pursuant to Section 5 of House Bill No. 1242 (2023).

Committee members were Representatives Glenn Bosch (Chairman), Josh Christy, Corey Mock, Nathan Toman, Jonathan Warrey, and Robin Weisz; Senators Keith Boehm, Randy A. Burckhard, Kyle Davison, Greg Kessel, Jonathan Sickler; and Citizen Member Greg Hoffman.

## **STUDY OF ARTIFICIAL INTELLIGENCE**

### **Background**

Pursuant to Section 44 of House Bill No. 1003 (2023), the committee studied the emergence of AI and the potential impacts on the state's institutions, agencies, businesses, citizens, and youth. Study requirements included a review of the effect of AI on the provision of health care, effects on student learning, potential opportunities or threats to the integrity of state services, the potential impact on electoral processes, including mitigating action to be taken leading up to the 2024 state elections, opportunities for state investment or policy changes to promote AI businesses, and cybersecurity implications across all state institutions.

The committee was informed AI is a field that combines computer science and large or complex datasets to enable problem solving. Artificial intelligence uses machine and deep learning and algorithms to:

1. Create new technologies and systems to make predictions or classifications based on input data;
2. Increase the productivity and efficiency of work-based or daily tasks;
3. Solve complex problems;
4. Provide for quicker decisionmaking; and
5. Automate mundane or repetitive processes, allowing individuals to focus time and resources on other topics or products.

The committee was informed of the types of AI, including:

- Artificial narrow intelligence, also known as weak AI, is AI trained and focused on performing specific tasks. Common uses of artificial narrow intelligence technologies include speech recognition, online virtual customer service agents, computer vision that collects information from images, videos, and text, recommendation engines for advertisements and commerce, and automated stock trading. Common examples of artificial narrow intelligence include Apple's Siri, Amazon's Alexa, IBM Watson, and autonomous vehicles.
- Machine learning is a subfield of artificial narrow intelligence that requires human intervention to learn differences between data inputs, which then allows the device or system to imitate intelligent human behavior to perform complex tasks or solve human problems. A machine learning algorithm includes data that uses statistical techniques to help it "learn" how to get progressively better at a task, without being specifically programmed for that task. Instead, machine learning algorithms use historical data as inputs to predict new output values.
- Deep learning is a subfield of artificial narrow intelligence and a form of machine learning that refers to a neural network comprised of more than three input, output, and hidden program layers to create an advanced algorithm to perform AI processes. Deep learning eliminates a portion of manual human intervention and is used often when working with large or complex datasets.
- Artificial general intelligence, also known as artificial super intelligence or strong AI, is a theoretical form of AI in which a machine has human-equivalent intelligence and is capable of problem solving and planning for future work or concerns. Artificial general intelligence has been theorized by AI researchers and scientists, but no artificial general intelligence devices or systems have been developed.

## **Generally Positive Artificial Intelligence Testimony**

### **Information Technology Department**

The committee received testimony from representatives of ITD regarding AI benefits and threats, including AI used by state agencies, future AI usage plans, and the effect of AI on cybersecurity of North Dakota state and local government. Testimony indicated:

- ITD has formed an AI team to bring together specialists in data science and robotic process automation.
- ITD has developed AI policies and guidelines to address future AI needs of state agencies and has developed data and cybersecurity policies and guidelines to address how the state can use AI while protecting against any potential AI misuse.
- AI is being used in ITD cybersecurity operations to respond to phishing incidents, build confidence for automatically closing or forwarding alerts to analysts, finding duplicate phishing emails, and allowing staff to focus time and resources on more important tasks.
- Dangers of AI for cybersecurity operations include increases in automated attacks, adaptive malware, intelligence botnets, and vulnerabilities in AI-generated code.
- AI risk mitigation efforts include training staff for AI enabled attacks and ensuring AI risks are considered as part of a defense strategy to prevent, detect, and respond to cybersecurity threats.
- ITD is maintaining an inventory of AI projects and state government systems that use AI but because there are multiple definitions of AI, evaluating whether a project or system is using AI, and determining if the project or system should be added to the list, is challenging.

### **Department of Public Instruction**

The committee received testimony from representatives of the Department of Public Instruction (DPI) regarding AI benefits and threats for students and teachers, including AI used by North Dakota schools, plans for the use of AI technologies, legislative suggestions related to AI, and national education AI opportunities and concerns, including education AI guidance and examples used in other states. Testimony indicated:

- Teaching K-12 students about computer science and AI will be critical for student success.
- 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.
- School districts are not required to have an AI policy, but DPI provides guidance on best practices if a school district elects to adopt an AI policy.
- 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.
- DPI has partnered with other states to collaborate in AI guidance workgroups and with ITD and TeachAI to coordinate a North Dakota workgroup of teachers and leaders to draft North Dakota's school AI guidance and toolkit documents.
- DPI has partnered with the Department of Career and Technical Education (CTE) and EduTech to update cybersecurity education standards to include AI concepts.

### **North Dakota University System**

The committee received testimony from representatives of the University System regarding AI benefits and threats for students, professors, and higher education IT, including AI used by the University System, plans for the use of AI technologies, and legislative suggestions related to AI. Testimony indicated:

- The University System is examining the benefits of AI for higher education students, as well as risks, which include data privacy, security, bias, copyright and intellectual concerns, cheating and plagiarism, and unproven third-party AI tools.
- Multiple University System campuses have hosted AI related events for students, and in May 2023, SBHE launched an Envision 2035 strategic planning exercise to determine what higher education faculty should teach students about AI and digital sciences and how faculty can utilize AI for operations.
- North Dakota higher education students have used AI for research in various fields, including computer science, medicine, agriculture, biology, energy, and cybersecurity.
- North Dakota has an opportunity to take advantage of growing demand for AI and data centers due to the state's energy and infrastructure capabilities.

- Data centers utilizing AI can provide economic development and workforce value to state agencies, the University System, local government entities, K-12 schools, and the private sector.
- SBHE suggests the Legislative Assembly recognize AI as an opportunity for economic growth; study the policy actions of other states, the federal government, and other countries; cultivate a system that attracts individuals to the state to pursue AI opportunities; and recognize the importance of AI infrastructure for state agencies, including data storage and computation.

### **Governor's Office**

The committee received testimony from representatives of the Governor's office regarding the executive branch's AI workgroup activities and proposed uses of AI for state agencies. Testimony indicated:

- 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 may assist government agencies and the private sector in addressing workforce challenges.

### **Department of Health and Human Services**

The committee received testimony from representatives of the Department of Health and Human Services (DHHS) regarding AI benefits and threats for the health care industry, including AI used by North Dakota health care providers and future plans for the use of AI technologies. Testimony indicated:

- 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 ITD and other agencies to ensure proper security measures are in place before integrating new AI functions.

### **Department of Transportation**

The committee received testimony from representatives of the Department of Transportation (DOT) regarding AI benefits and threats for the transportation infrastructure in the state, including AI used for transportation purposes and future plans for the use of AI technologies. Testimony indicated DOT is:

- Engaged in multiple AI research projects with the University System, including a project to study the use of machine learning and digital imagery for roadway and transportation infrastructure drone surveillance.
- Testing adaptive signal controllers that use AI to adjust traffic signal timings, based on real time traffic conditions, to manage traffic congestion.
- Analyzing other potential AI uses, including the benefits of using AI to identify trends and preventative measures to reduce traffic accidents, identifying adverse road conditions to assist department staff in knowing when to deploy road safety materials, and utilizing AI for citizen calls and information inquiries.

### **Greater North Dakota Chamber**

The committee received testimony from representatives of the Greater North Dakota Chamber regarding AI benefits and threats for public and private sector entities and any legislative suggestions related to AI. Testimony indicated every sector is using AI, including manufacturing, construction, technology, hospitality, finance, transportation, health care, energy, and communications. The committee was informed 23 percent of small businesses use AI, primarily for marketing, customer outreach, inventory management, attracting new customers, limiting cost increases, addressing supply chain challenges, and addressing staffing issues.

## **Microsoft**

The committee received testimony from representatives of Microsoft regarding AI benefits, threats, and capabilities, including how Microsoft is using AI and future potential uses of AI technologies. Testimony indicated AI can provide opportunities for agriculture technology, transportation, infrastructure, supply chain management, health care, life sciences, citizen services, and climate change adaptation and mitigation.

## **Generally Negative or Neutral Artificial Intelligence Testimony**

### **Attorney General**

The committee received testimony from representatives of the Attorney General's office regarding AI benefits and threats for children and any legislative suggestions related to AI. Testimony indicated:

- AI has created challenges for law enforcement agencies, including the Bureau of Criminal Investigation cybercrime unit.
- AI has made it easier to alter images of individuals, which has resulted in a significant increase in AI generated pornographic images and videos of children. This has increased the number of sextortion cases and tips and reports received by the Bureau of Criminal Investigation cybercrime unit and has raised legal questions regarding whether an individual can possess and distribute AI-generated photos depicting children in a sexual manner.
- The Attorney General's office is not aware of model legislation examples in other states at this time, but will continue to work with law enforcement on concerns and challenges with AI and may present proposed legislation for the Legislative Assembly to consider regarding the use of AI and the protection of adults and children.

### **Children's Advocacy Centers of North Dakota**

The committee received testimony from representatives of the Children's Advocacy Centers of North Dakota regarding AI benefits and threats for children and any legislative suggestions related to AI. Testimony indicated:

- Child sexual abuse material has increased due to the availability of AI-generating software.
- In September 2023, the National Association of Attorneys General sent a letter to congressional leaders requesting an expert commission be established to study how AI is used to generate child sexual abuse material, to propose solutions, and for federal laws related to possession and distribution of child sexual abuse material to be expanded to cover AI-generated material.
- Potential benefits of AI include having an ability to refine forensic interviews of children and to prevent child abuse through predictive analytics.

### **Secretary of State**

The committee received testimony from representatives of the Secretary of State's office regarding AI benefits and threats for North Dakota's election processes, including AI 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. Testimony indicated:

- 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 concerning public office candidates seeking election.

### **National Conference of State Legislatures**

The committee received testimony from representatives of the National Conference of State Legislatures regarding AI legislation proposed or enacted in other states. Testimony indicated:

- During 2023 legislative sessions, 28 states enacted AI-related legislation and, of the 46 states holding a 2024 legislative session, 43 states have enacted or are considering AI-related legislation.
- Common AI topics in other states include AI taxes, cybersecurity, oversight and governance, health use, elections, auditing requirements, child pornography, education, government use, private sector use, and criminal use.
- Colorado and Utah have approved legislation related to AI consumer protections which require online disclosure to consumers if a website or source is using AI.
- Multiple states have proposed or enacted legislation to regulate the use of AI and deep fakes for child pornography.

## **Conclusion**

Although the committee concluded there may be a need for AI legislation in the future as AI technology and uses continue to develop, the committee makes no recommendation regarding the study of AI.

# **STUDY OF EMERGENCY AND INTEROPERABLE PUBLIC SAFETY COMMUNICATION SYSTEM GOVERNANCE**

## **Background**

Pursuant to Section 5 of House Bill No. 1242 (2023), the committee studied emergency and interoperable public safety communications system governance needs and options. Study requirements included:

1. Analyzing of options to manage and operate state and local emergency and interoperable public safety systems, including the statewide interoperable radio network (SIRN).
2. Evaluating the current and most appropriate governance roles for each state and local emergency and interoperable public safety government entity.
3. Determining the most appropriate state or local emergency and interoperable public safety government entity to have responsibility for the ongoing administrative and operational maintenance cost of SIRN.
4. Considering input from ITD, the Department of Emergency Services (DES) Division of State Radio, the Statewide Interoperability Executive Committee (SIEC), ESC3, the North Dakota Association of Counties (NDACo), and local public safety entities.

## **Statewide radio systems assessment and evolution study**

The committee was informed that during the 2013-14 interim, SIEC coordinated funding from various public safety entities to conduct a study of North Dakota mission-critical radio communication systems used by public safety responders and public safety entities. The Statewide Interoperability Executive Committee selected Televate, LLC, to assess the status of mission-critical land mobile radio networks statewide and to develop a strategic plan to combine communications into an expansive network that enhances public safety response statewide. In January 2015, Televate, LLC, released a report regarding the study of mission-critical radio communication systems and provided recommendations related to evolving fragmented legacy radio technologies, improving radio system coverage and capacity, enhancing state and local interoperability, conducting effective training and exercises, improving funding allocations, engaging local stakeholders in the development of state initiatives, and centralizing state systems while providing local autonomy.

## **Information Technology Department**

Section 37-17.3-02 provides the CIO of ITD is charged with the operation and maintenance of SIRN as directed by SIEC and allows the CIO to purchase the necessary apparatus and equipment to construct or establish SIRN within North Dakota to enable seamless interoperable communications from local, state, and federal levels. However, the CIO may not use state funds, including resources from the SIRN fund for dispatch consoles, connectivity, and associated necessary software, equipment, or services to support a public safety answering point (PSAP) unless these items are intended for use by a state agency or state department.

Section 37-17.3-12 establishes the SIRN fund in the state treasury, which, subject to legislative approval and SIEC approval, must be used for providing the required state share of funding for expenses associated with the purchase, installation, operation, and maintenance of SIRN. The fund consists of money transferred into the fund, interest earned on money in the fund, payments to the fund, and other fund earnings. The Chief Information Officer may apply for and accept funds, grants, gifts, or services made available for SIRN by an agency or department of the federal government or any other person. Any funds, grants, or gifts, or money received from services received related to SIRN must be deposited in the SIRN fund.

Section 57-40.6-02 provides a governing body of a county or city may impose a fee on all assessed communications services, provided the fee does not exceed \$1.50 per month per communication connection. The fee must be applied equally upon all assessed communication services and does not apply to prepaid wireless services. Political subdivisions are required to add an additional fee of \$0.50 to the original fee assessed on communication services and remit the additional \$0.50 to the State Treasurer for deposit in the SIRN fund for the implementation of SIRN.

## **Division of State Radio**

Section 37-17.1-02.1 establishes State Radio as a division of DES. The Adjutant General is the Director of DES. Chapter 37-17.3 relates to the State Radio broadcasting system, which consists of the State Radio network and North Dakota telecommunications system that is used to enhance interoperable communications that promotes officer and citizen safety.

Section 37-17.3-04 requires the Director of the Division of State Radio to broadcast all dispatches and reports submitted which have a reasonable relation to or connection with the apprehension of criminals, the prevention of crimes, or the maintenance of peace and order in the state, including disaster emergency services.

### **Statewide Interoperability Executive Committee**

The Statewide Interoperability Executive Committee includes representatives of state agencies, public safety entities, and legislators. The committee was informed SIEC is responsible for oversight of public safety interoperable communications, is required to prepare recommendations regarding SIRN, and may adopt rules governing the connection or integration of PSAPs to SIRN.

A subcommittee of SIEC is responsible for management and implementation of public safety interoperable communication policies and includes four state agency representatives, four local urban representatives, and four local rural representatives. Each regional board aligns with emergency management regions and has one representative for each 911 jurisdiction. Each regional board includes a tribal representative and one member from each 911 jurisdiction or county in the region. The regional boards are responsible for addressing local and regional interoperability issues while receiving local input to statewide initiatives.

The committee was informed SIEC includes workgroups comprised of volunteers who focus on simulcast, public information, fleet mapping, encryption, radio, fire, law enforcement, education and training, security, PSAP users, and emergency medical services and hospitals.

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

Section 57-40.6-12 establishes ESC3. The governing body of a city or county which adopted a fee on assessed communication services is required to submit a report of income, expenditures, and the status of its emergency services communication system to ESC3. The members of ESC3 include four members appointed by the North Dakota 911 Association, NDACo, CIO of ITD, and Adjutant General. The Emergency Services Communications Coordinating Committee provides Next Generation 9-1-1 services to North Dakota, which is a nationwide initiative to improve 911 services between the public and PSAPs.

The committee was informed ESC3 is responsible for implementing new Next Generation 9-1-1 services to efficiently and cost-effectively deliver 911 calls to a PSAP while SIEC is responsible for developing a statewide integrated public safety radio system like SIRN that PSAPs and all emergency response agencies will utilize for public safety communications. Next Generation 9-1-1 services receive incoming 911 calls and routes the calls to PSAPs. Next Generation 9-1-1 services and SIRN provide information to PSAP dispatchers to relay emergency messages to dispatch responders. The Emergency Services Communications Coordinating Committee and SIEC work together as new technologies are implemented.

### **Public Safety Answering Points**

Chapter 57-40.6 relates to emergency services communications systems and defines a PSAP as a communications facility or combination of facilities which first receives 911 calls from persons in a 911 service area and which, as appropriate, may directly dispatch public safety services or extend, transfer, or relay 911 calls to appropriate public safety agencies. Section 57-40.6-10 requires the governing body of local governmental units with jurisdiction over an emergency services communication system to designate a governing committee to operate or contract for the operation of at least one PSAP to manage emergency services communications and to maintain the law enforcement, fire, and emergency medical service response boundaries for the PSAP service area.

### **2019-20 Government Administration Committee**

Pursuant to Section 10 of House Bill No. 1021 (2019), the 2019-20 interim Government Administration Committee studied consolidated emergency and interoperable public safety communications system governance and funding options. Testimony was provided from representatives of the Division of State Radio, ITD, SIEC, ESC3, and NDACo regarding the SIRN governance, opportunities to improve emergency services communications, future statewide emergency services radio communication coverage as a result of SIRN, each organization's role related to SIRN, suggestions regarding the consolidation of SIRN governance and public safety communications, suggestions for consolidating PSAPs, any concerns or challenges related to SIRN and the consolidation of public safety communications, and other organizational duties not related to SIRN.

The 2019-20 interim Government Administration Committee was informed local PSAP partners have concerns PSAPs will be forced to consolidate. State Radio and local partners stated PSAP consolidation should occur only if PSAP operations and emergency communications would benefit from the consolidation, rather than mandating the dissolution of PSAPs. Other than State Radio, all PSAPs are funded by local sources. Testimony suggested as the new radio frequency trunking system is implemented as part of the SIRN project and there are fewer geographic location

issues, consolidation of PSAPs may occur at the local level due to cost-savings and available resources. Local agencies recommended delaying any governance changes until SIRN is complete and is operating statewide.

The 2019-20 interim Government Administration Committee received testimony from a representative of ESC3 that indicated ESC3 would not support a merger with SIEC at that time because ESC3 is focused on the development of Next Generation 9-1-1 services while ITD and SIEC are focused on the SIRN project. The Emergency Services Communications Coordinating Committee provided testimony indicating SIEC should focus on the completion of the SIRN project before considering a potential merger with ESC3. Testimony suggested ESC3 believes any proposal to merge ESC3 and SIEC must be done at the appropriate time, will require changes in governance structure and responsibilities, must not harm the work already achieved by the organizations, and must consider how the newly formed organization will be funded.

The 2019-20 interim committee recommended emergency and interoperable public safety communications system governance not be modified from the current governance model until the SIRN project is complete and providing statewide interoperability for public safety communications, at which time additional analysis of governance consolidation may be necessary.

### Funding

The Legislative Assembly has appropriated a total of \$295 million to ITD for SIRN since the 2015-17 biennium, as follows:

	2015-17 Biennium	2017-19 Biennium	2019-21 Biennium	2021-23 Biennium <sup>1</sup>	2023-25 Biennium <sup>1</sup>	Total
General fund	\$1,401,750			\$1,858,240	\$1,858,240	\$5,118,230
SIRN fund <sup>2</sup>		\$13,700,000	\$12,330,000	12,335,556	16,543,229	54,908,785
Strategic investment and improvements fund			20,000,000			20,000,000
Bank of North Dakota loan <sup>3</sup>		15,000,000				15,000,000
Bank of North Dakota profits <sup>4,5</sup>			20,000,000		20,000,000	40,000,000
Bank of North Dakota line of credit <sup>4,5</sup>			80,000,000			80,000,000
State Fiscal Recovery Fund <sup>5</sup>					80,000,000	80,000,000
<b>Total</b>	<b>\$1,401,750</b>	<b>\$28,700,000</b>	<b>\$132,330,000</b>	<b>\$14,193,796</b>	<b>\$118,401,469</b>	<b>\$295,027,015</b>

<sup>1</sup>Funding from the general fund for SIRN during the 2021-23 and 2023-25 bienniums is for tower maintenance operating expenses, which was transferred by the 2021 Legislative Assembly from the DES Division of State Radio to ITD.

<sup>2</sup>Funding deposited in the SIRN fund is derived from a \$0.50 fee on assessed communication services. Actual revenues deposited in the SIRN fund is approximately \$9 million per biennium. Additional appropriation has been provided in the event additional revenue is generated from the \$0.50 fee.

<sup>3</sup>The Information Technology Department did not borrow funding from the Bank of North Dakota for SIRN during the 2017-19 biennium.

<sup>4</sup>Of the \$132.33 million appropriated to ITD for SIRN for the 2019-21 biennium, ITD was required to spend \$25 million of the \$80 million Bank of North Dakota line of credit before the \$20 million transfer of Bank profits could occur. The department did not spend funding from the line of credit during the 2019-21 biennium, resulting in no transfer of Bank profits for the SIRN project during the 2019-21 biennium.

<sup>5</sup>In House Bill No. 1242, the Legislative Assembly appropriated \$100 million of one-time funding for the SIRN project, of which \$20 million is transferred from Bank of North Dakota profits to the SIRN fund to repay funding utilized by ITD from the Bank line of credit authorized by the 2019 Legislative Assembly and \$80 million is from the federal State Fiscal Recovery Fund.

### Information Technology Department

The committee received testimony from representatives of ITD regarding SIRN governance, an overview of the SIRN trunk systems, memorandums of understanding with local entities, participation in SIRN, the status of the SIRN project, including plans for the use of funding appropriated for the project for the 2023-25 biennium, the status of radios purchased by local entities utilizing the state's cost-share program, current and future projected ongoing operations and maintenance costs of SIRN, potential revenue sources available, and future concerns and needs of interoperable public safety communication system governance in the state.

### Statewide Interoperable Radio Network Project

Testimony indicated:

- Through March 2024, 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.
- Through March 2024, ITD reimbursed local public safety entities \$12.9 million for the purchase of 8,695 personal and vehicular radios.



- Through March 2024, 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.
- The SIRN project is anticipated to be complete in 2026. Items to consider as the SIRN project nears completion and as the process transitions to an operational phase include which agency should have the obligation for maintenance and operation of the SIRN system, which agencies need to be included in the process to ensure ongoing success of SIRN, how to ensure stakeholders have a continued voice in SIRN operations, and how to fund ongoing maintenance and operations.

### **Statewide Interoperable Radio Network Governance**

Testimony indicated:

- A proposed new governance model could include an executive group that makes decisions on emergency communications topics and issues, an advisory group that provides guidance and input to the executive group, and workgroups comprised of the coordinated regional interoperability boards (CRIBs) and ITD staff.
- 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.
- Future needs of interoperable public safety communication system governance includes continued partnership between ITD, DOT, DES, and the Highway Patrol to minimize contract duplication, reduce financial burden between agencies, and ensure active engagement and support with all stakeholders.

### **Statewide Interoperability Executive Committee**

The committee received testimony from representatives of the SIEC regarding the SIEC's role in public safety communication systems, any challenges with public safety network and equipment, governance consolidation needed, and suggestions to improve public safety and emergency services communications. Testimony indicated:

- SIEC is considering entering a memorandum of understanding with the Northern Plains Uncrewed Aircraft Systems Test Site to collaborate the SIRN project with the beyond visual line of sight uncrewed aircraft systems program, also known as Vantis, to increase reliability and coverage between flight crewmembers to ensure the safe operation of uncrewed flight operations.
- SIEC established a subcommittee to focus on SIRN and the CRIBs to provide for a comprehensive emergency communications governance model in the state.
- CRIBs believe the emergency communications governance model is working well and are not in favor of governance changes before the SIRN system is fully operational.

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

The committee received testimony from representatives of ESC3 and NDACo regarding ESC3's role in public safety communication systems, any challenges with public safety network and equipment, governance consolidation needed, and suggestions to improve public safety and emergency services communications. Testimony indicated ESC3:

- Focuses on 911 emergency communications and defers any radio-related emergency communication issues to SIEC.
- Provides guidance to NDACo and the North Dakota 911 Association's strategic technology and planning subcommittee, which includes providing direction to NDACo regarding contracts for services and administration of the Next Generation 9-1-1 program.
- Has concerns regarding the increasing pressure on the general fund of local governments to pay for emergency communications network and equipment expenses as 911 fees have remained relatively unchanged in recent years.
- 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 NDACo and emergency services communications entities to determine the feasibility of changing the governance structure.

### **Division of State Radio**

The committee received testimony from representatives of the DES Division of State Radio regarding State Radio's role in public safety communication systems, challenges with public safety network and equipment, governance

consolidation needed, and suggestions to improve public safety and emergency services communications. Testimony indicated:

- State Radio provides 911 dispatch services for 25 of North Dakota's 53 counties and will be the last PSAP to transition to the SIRN system.
- Challenges will include annual maintenance costs of the SIRN system, clarifying which entity owns SIRN data, and hardware replacement costs and availability.
- DES recommends the SIEC be phased out to allow the ESC3 to manage the SIRN system, but to continue with the current CRIB and SIRN workgroups to allow for local feedback and guidance.

### **Department of Transportation**

The committee received testimony from representatives of DOT regarding the department's role in public safety communication systems, any challenges with public safety network and equipment, governance consolidation needed, suggestions to improve public safety and emergency services communications, and any leases entered with private entities for radio tower space, pursuant to Section 24-02-45.2. Testimony indicated:

- DOT's primary responsibility in the public safety system is to ensure and maintain continuous operation of the 45 state-owned towers used for the current very high frequency radio network.
- 37 of the 45 state-owned towers will be used as part of the SIRN system.
- During the 2021-23 biennium, DOT spent approximately \$2.6 million on utilities, network fees, lease payments, and service contracts to operate and maintain state-owned towers and the very high frequency radio network.
- Transportation funding may be used for maintenance and operation of the state-owned tower network only if the towers are used for transportation-related purposes.
- The SIRN system will be used for a broad range of public safety purposes, some of which are not transportation related, meaning a new funding source will be needed for SIRN-related expenses.
- DOT anticipates transitioning to the SIRN network by the 4<sup>th</sup> quarter of 2024.
- DOT has entered lease agreements with federal and state agencies on 14 towers, but not with any private entities. The department anticipates continuing to manage tower lease contracts and either provide or manage maintenance services for each tower location in the SIRN system.

### **Local Public Safety Entities**

The committee received testimony from a representative of Grand Forks County regarding emergency communications and SIRN. Testimony indicated a desire for the Legislative Assembly to make no changes to SIRN system governance.

### **Conclusion**

After review of stakeholder testimony and the proposed new SIRN governance model from ITD, the committee concluded a consensus has not been reached among public safety entities regarding the need for governance changes for public safety communication services in the state. The committee makes no recommendation related to the study of emergency and interoperable public safety communications system governance needs and options.

## **MAJOR INFORMATION TECHNOLOGY PROJECTS**

The committee is authorized to review any IT project or IT plan. If the committee determines a project or plan is at risk of failing to achieve its intended results, the committee may recommend OMB suspend the expenditure of money appropriated for the project or plan. In addition, the committee may review a project startup and project closeout report for any major IT project. A major IT project is defined in Section 54-35-15.2 to be an executive, judicial, or legislative branch project with a cost of \$500,000 or more or a higher education project that impacts the statewide wide area network, impacts the statewide library system, or is an administrative project.

### **Review of Large Information Technology Projects**

For major IT projects in progress during the 2023-24 interim, the committee received and reviewed quarterly status reports compiled by ITD, project startup and project closeout reports, and other information regarding specific IT projects. Testimony submitted by ITD indicated of the 100 projects in an initiating, planning, executing, transitioning, or closing project stage during the 2<sup>nd</sup> quarter of 2024:

- The total budgeted costs for all projects is \$468.7 million and the combined budget variance for all projects was \$4.4 million less than budgeted.

- There are 2 projects with a schedule variance of more than 20 percent, which are the ITD SIRN project and the Department of Environmental Quality laboratory information system replacement project.
- No projects exceeded the 20 percent budget variance threshold.
- DPI's child nutrition and food distribution system project, also known as NDFoods, has been delayed due to difficulties with the project vendor, LINQ. The committee was informed the system is used to administer 11 DPI programs, including sponsor applications, claim reimbursement, and managing school food inventory. Testimony provided by a representative of DPI indicated because it has become difficult to support the NDFoods system, DPI entered a contract with LINQ to replace NDFoods with a new system. In June 2024, DPI terminated the LINQ contract. Through September 10, 2024, DPI spent \$548,737 of the \$3.8 million of federal funds received for the project and intends to use the remaining funding to work with ITD and contract with a new vendor to modernize the current system.

**Prioritization of Proposed Major Information Technology Projects**

Section 54-35-15.2(13) requires the Information Technology Committee receive information from ITD regarding proposed major IT projects with an estimated cost more than \$500,000 for executive branch state agencies, excluding institutions under the control of the SBHE and agencies of the judicial and legislative branches. The CIO is required to submit a report to the committee by October 1<sup>st</sup> of each even-numbered year regarding the proposed major IT projects for the next biennium. Through September 30, 2024, ITD reported the following information is known about 33 potential requests from state agencies for funding for major IT projects during the 2025-27 biennium:

Agency	Project Name	Estimated Project Cost
108 - Secretary of State	Central indexing system upgrade	\$910,000
112 - ITD	Statewide data strategy	16,086,762
112 - ITD	Digital experience/business gateway	16,227,923
112 - ITD	Vulnerability management	4,771,963
112 - ITD	IT modernization and innovation fund	45,573,956
112 - ITD	North Dakota Health Information Network (NDHIN) data lake	1,716,105
112 - ITD	Data center infrastructure upgrade	1,719,061
125 - Attorney General	Victim notification system replacement	Unknown
180 - Judicial branch	AI for clerks	1,250,000
180 - Judicial branch	Problem-solving court case management system	780,000
180 - Judicial branch	Digital evidence management	980,000
180 - Judicial branch	Secure access to court records	960,000
303 - Department of Environmental Quality	Solid waste environmental data system upgrade	585,000
325 - DHHS	Vocational rehabilitation system replacement	Unknown
325 - DHHS	Food and lodging management system	Unknown
325 - DHHS	Health facilities emergency management services licensure system	Unknown
325 - DHHS	State Hospital network redundancy	Unknown
325 - DHHS	Electronic health record pharmacy system redundancy	Unknown
325 - DHHS	Technical debt remediation	Unknown
485 - Workforce Safety and Insurance	Claims and policy system, release 13	2,452,357
485 - Workforce Safety and Insurance	Claims and policy system, release 14	2,706,443
485 - Workforce Safety and Insurance	myWSI, release 9	675,740
530 - Department of Corrections and Rehabilitation	Offender management system	58,500,000
530 - Department of Corrections and Rehabilitation	Timekeeper system	2,599,600
530 - Department of Corrections and Rehabilitation	IT data management and enhancements	1,549,552
530 - Department of Corrections and Rehabilitation	Facility case management system	2,961,000
530 - Department of Corrections and Rehabilitation	College technology solution	675,000
770 - Department of Water Resources	Migration of big data	2,171,284
801 - DOT	Modernized appointment system	2,500,000
801 - DOT	Chatbot	750,000
801 - DOT	AI search for DOT manuals	1,000,000
801 - DOT	Spring load restriction technology	1,700,000
801 - DOT	Grants management system	1,000,000
Total		\$172,801,746

The committee was informed ITD plans to prioritize major IT project requests based on strategic alignment, operational alignment, feasibility, financial considerations, and technology capabilities.

## **EDUCATION INFORMATION TECHNOLOGY**

### **University System**

The committee received testimony from representatives of the SBHE regarding higher education IT activities, pursuant to Sections 15-10-44 and 54-35-15.2. Testimony indicated:

- During the fall 2023, the University System initiated an enterprise resource planning (ERP) market analysis to identify a product to replace the current ERP software to better meet the financial, human resources, and student information system needs of the 11 higher education institutions. The University System intends to request funding from the 2025 Legislative Assembly for the ERP360 project to replace the PeopleSoft financial and human resources ERP software during the 2025-27 biennium.
- The University System intends to transition IT systems to cloud-based platforms and will request \$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 the University of North Dakota (UND) and North Dakota State University during the 2025-27 biennium.
- The UND NetX campus network project is in the planning phase and a vendor, Apogee, has been selected to provide network services at UND.

### **Elementary and Secondary Education**

The committee received testimony from a representative of EduTech regarding IT initiatives for elementary and secondary education, including accomplishments, future initiatives, and computer and cybersecurity standards and credentials. EduTech provides IT services and professional development to North Dakota elementary and secondary schools, manages PowerSchool application upgrades, and assists faculty and staff with the implementation of Microsoft Office 365 in schools. Through May 2024, 52 of the state's 168 school districts are using the ClassLink education and data system, 20 districts are in the implementation phase, and 10 districts are in the planning phase.

## **INFORMATION TECHNOLOGY STATUTORY REPORTS**

### **Distributed Ledger Technology Report**

Pursuant to Section 54-59-02.2, the committee received a report regarding the implementation of distributed ledger technologies. The Information Technology Department indicated there are no major distributed ledger technology projects in state government.

### **Information Technology Department Strategic Plan**

Section 54-59-06 requires ITD to develop and maintain a business plan and Section 54-35-15.2 requires the committee to review the plan. The committee received a report from representatives of ITD stating the 2023-25 biennium business plan primarily is focused 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.

### **Information Technology Policies, Standards, and Guidelines**

Section 54-59-09 requires ITD to develop statewide IT policies, standards, and guidelines based upon information received from state agencies and institutions. Except institutions under the control of the SBHE, each executive branch agency and institution is required to comply with the policies and standards developed by ITD. The committee was informed ITD has adopted policies, standards, and guidelines in several areas and continues to update and adopt new policies, standards, and guidelines as necessary.

### **Statewide Information Technology Plan**

Section 54-59-11 requires every executive branch agency, except institutions under the control of the SBHE, to prepare an IT plan unless the CIO grants an exemption. Section 54-35-15.2 requires the committee to review the plan. The plan must be prepared based on guidelines developed by ITD and must be submitted to ITD by August 15 of each even-numbered year unless the CIO grants an extension. The Information Technology Department is required to review each entity's plan for compliance with statewide IT policies and standards or to resolve conflicting directions among plans. Agencies of the judicial and legislative branches are required to file IT plans with ITD by August 15 of each even-numbered year. Based on the IT plans, ITD must prepare a statewide IT plan. The statewide IT plan must be developed with emphasis on long-term strategic goals, objectives, and accomplishments.

The committee was informed although the deadline for each agency to submit its IT plan to ITD for inclusion in the statewide IT plan is August 15 of each even-numbered year, some agencies were granted extensions by ITD through September 2024. The department anticipates the statewide IT plan will be published in November or December 2024. The Information Technology Department may request the Legislative Assembly to make changes to statewide IT plan statutes during the 2025 legislative session; however, the specific changes are not yet known.

### **Information Technology Coordination of Services**

Section 54-59-12 provides for the review and coordination of IT among ITD, higher education, and political subdivisions. In addition, Sections 15-10-44 and 54-35-15.2 provide the Information Technology Committee is to receive information from the SBHE regarding higher education IT planning, services, and major projects. The committee received testimony from representatives of ITD and the University System regarding coordination of services.

Testimony indicated ITD coordinates 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 and with the University System on network, cybersecurity, distance education, PeopleSoft, and co-location services. Testimony from a representative of the University System indicated 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.

### **Information Technology Department Annual Report**

Section 54-59-19 requires ITD to prepare an annual report on IT projects, services, plans, and benefits and to provide the report to the committee. The department prepared and presented a report for fiscal year 2023, which included an executive summary, accomplishments, financial metrics and financial statements, and performance measures. The report addressed performance management, records management, financial measures, rate comparisons, and project highlights.

The fiscal year 2024 report was not available when the committee completed its interim responsibilities.

### **Statewide Longitudinal Data System**

Pursuant to Section 54-59-36, the committee received a report from the Statewide Longitudinal Data System Committee on the status of SLDS. The Information Technology Department indicated during the 2023-24 interim, the Statewide Longitudinal Data System Committee expanded SLDS to include career and technical education data. The committee was informed SLDS also receives data from DPI, the University System, Job Service North Dakota, and the North Dakota Education Standards and Practices Board.

### **Disclosed Cybersecurity Incidents**

Pursuant to Section 54-59.1-07, the committee received a report regarding all disclosed cybersecurity incidents, including the status of the cybersecurity incidents and any response or remediation to mitigate the cybersecurity incidents. Testimony indicated:

- 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.

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

Pursuant to Section 57-40.6-12, the committee received a report from ESC3 regarding changes to the operating standards for emergency services communications. The Emergency Services Communications Coordinating Committee was established in 2001 and is composed of two state and two local government representatives. The primary responsibility of ESC3 is to implement technologies that will efficiently and cost-effectively deliver 911 calls to 1 of the 21 North Dakota PSAPs. The primary funding source to provide 911-related services is through an emergency services communications system fee levied on telecommunication services in the state. All 53 counties and 1 city impose this fee. The Emergency Services Communications Coordinating Committee recommends the 2025 Legislative Assembly amend the definition of "public safety telecommunicator" in Section 57-40.6-01 to replace "an individual" with "a first responder."

## **OTHER INFORMATION**

### **Information Technology Security Audits**

#### **2021-23 Biennium**

House Bill No. 1004 (2021) included funding of \$450,000 for the State Auditor's office to contract with consultants to test IT system security of ITD and the University System. The committee received testimony from the State Auditor's office and its third-party vendor, Secure Yeti, regarding the status of the IT security audits. Testimony indicated:

- ITD, the University System's Core Technology Services, and the 11 higher education institutions were included in the audit.
- Physical locations tested during the audit included the ITD building, State Capitol, UND, Williston State College, Minot State University, Lake Region State College, and Dakota College at Bottineau.
- The audit revealed 130 vulnerabilities throughout ITD and the University System, of which 1 is considered critical risk, 36 high risk, 54 medium risk, and 39 low risk.
- The key findings of the audit include an insufficient number of University System analysts to effectively monitor the network (critical risk), an insecure ITD firewall configuration (high risk), excessive permissions for ITD and University System workstation users (high risk), digital verification of network traffic was not always enforced by ITD and the University System (high risk), and insecure University System legacy protocols.
- Positive results of the 2021-23 biennium audit include an improvement in the number of critical and high risks compared to the 2019-21 biennium audit, establishing the vulnerability management program, reducing the number of externally exposed assets, and transitioning to a zero trust network model since the 2019-21 biennium audit.

#### **2023-25 Biennium**

Senate Bill No. 2004 (2023) included funding of \$450,000 for the State Auditor's office to contract with consultants to test IT system security of ITD and the University System. The committee received testimony from the State Auditor's office and the third-party vendor, Secure Yeti, regarding the status of the IT security audits. Testimony indicated:

- The purpose of the IT 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 IT security audits included external penetration testing, internal vulnerability scanning, internal penetration testing, and onsite social engineering.
- Security Yeti identified 51 vulnerabilities, including 12 critical risk, 18 high risk, 8 medium risk, and 12 low risk vulnerabilities, and 1 informational finding.
- 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.

### **Information Technology Department Budget**

#### **Broadband Infrastructure Grants**

During the November 2021 special legislative session, in House Bill No. 1505 (2021), the Legislative Assembly appropriated \$45 million from the federal Coronavirus Capital Projects Fund to ITD for broadband infrastructure grants during the 2021-23 biennium. The program is to provide funding to telecommunication carriers for the purpose of building infrastructure capable of providing high-speed broadband services to unserved and underserved areas in the state. In Section 9 of House Bill No. 1021 (2023), the Legislative Assembly authorized ITD an exemption to continue the \$45 million for broadband infrastructure grants into the 2023-25 biennium. The department is required to approve any grant application that includes the use or implementation of fiber optic cable in the proposed service area unless fiber optic cable currently serves the proposed service area.

In Section 10 of House Bill No. 1021, the Legislative Assembly required OMB to transfer any uncommitted Coronavirus Capital Projects Fund appropriation authority from ITD to CTE for career academy inflationary costs during the 2023-25 biennium. The funding may be spent by CTE only if the federal government approves a state plan amendment on the planned use of money in the fund. If the state plan amendment is not approved, OMB is required to transfer the uncommitted funding to ITD for broadband infrastructure grants.

The committee received testimony from representatives of ITD regarding funding spent and expected to be spent from the Coronavirus Capital Projects Fund for broadband infrastructure grants and funding transferred to CTE for career academy inflationary costs. Testimony indicated of the \$45,000,000 appropriated from the Coronavirus Capital Projects Fund, ITD retained \$38,680,527 for the broadband infrastructure grant program, including \$37,251,986 for 11 grant projects to 7 telecommunication companies to serve approximately 2,165 underserved and unserved locations and \$1,428,541 for administrative costs, while the remaining \$6,319,473 was transferred to CTE for career academy costs.

The committee was informed in March 2024, the United States Department of the Treasury approved North Dakota's state grant plan amendment to allow additional funding from the Coronavirus Capital Projects Fund to be used for career academies rather than broadband infrastructure grants.

### **Broadband, Equity, Access, and Deployment Grant Program**

In House Bill No. 1021, the Legislative Assembly appropriated \$147,762,480 of federal funds to ITD for broadband and cybersecurity programs available as a result of the federal Infrastructure Investment and Jobs Act, primarily related to the broadband equity, access, and deployment (BEAD) grant program and digital equity program during the 2023-25 biennium. The BEAD program is intended to expand high-speed broadband infrastructure in unserved and underserved areas of the state. The digital equity program is intended to ensure all citizens in the state have the technology and capacity to utilize high-speed broadband services.

The committee received testimony from representatives of ITD regarding the BEAD program and digital equity program. The committee was informed the federal government awarded ITD \$130.2 million for the BEAD and digital equity programs, of which \$5 million is for a BEAD planning program and \$516,800 is for a digital equity planning program. The BEAD planning funding has been used to hire a management consulting company, Guidehouse, and for staff salaries to develop a 5-year plan for the BEAD program.

The committee was informed ITD's initial BEAD program plan was approved by the United States Department of Commerce National Telecommunications and Information Administration (NTIA). The department and Guidehouse have worked with telecommunication companies to determine there are approximately 4,500 to 6,000 unserved or underserved locations in the state that may be eligible for funding through the BEAD program. Once approval is provided from NTIA, ITD will have 1 year to complete the subgrantee selection process for work to be performed by telecommunication companies. It is unknown if bids will be received from telecommunication companies to provide services to all identified unserved and underserved locations in the state. Therefore, it is unknown how much funding will be spent during the 2023-25 biennium. The Information Technology Department will select grant recipients in fall 2024 or winter 2025, and anticipates submitting a final proposal for NTIA approval in late 2024 or early 2025.

Testimony indicated the \$516,800 for the digital equity planning program was available through March 2024, of which ITD spent approximately \$515,000 on staff salaries and consulting costs to Guidehouse. Of the \$130.2 million awarded for the BEAD and digital equity programs, ITD anticipates receiving a total of \$6 million to \$7 million from NTIA in three annual payments for digital equity capacity grants. Additional funding for the digital equity program may become available on a competitive basis but program information has not yet been released by NTIA.

Testimony from representatives of ITD indicated unused funding from the BEAD grant program may be used for the digital equity program, but any amount of remaining BEAD grant funding will not be known until late 2024 or early 2025. The department anticipates requesting an exemption to continue funding for the BEAD program and digital equity program into the 2025-27 biennium.

### **State and Local Cybersecurity Grant Program**

In House Bill No. 1021, the Legislative Assembly appropriated \$487,520 to ITD for a state and local cybersecurity grant program during the 2023-25 biennium. The program is primarily a federal funds passthrough grant to be provided to political subdivisions for cybersecurity costs. The committee was informed ITD has partnered with DES to administer the program. Both departments are using funds appropriated from the general fund to match federal funds used by local government entities for cybersecurity projects. Both departments participate in a local government task force to address cybersecurity concerns.

The committee was informed North Dakota was one of a limited number of states that successfully applied for the state and local cybersecurity grant through the Infrastructure Investment and Jobs Act. Total federal funding awarded for federal fiscal years 2022 and 2023 was \$6,953,348, which will be provided to political subdivisions for cybersecurity modernization expenses.

### **2025-27 Biennium Budget Request**

The committee received testimony from representatives of ITD regarding the department's 2025-27 biennium budget request, including optional adjustment requests and funding options to address state government technical debt. Testimony indicated ITD anticipates requesting funding for the statewide data strategy, the universal vulnerability management project, and a myfIND citizen digital experience portal project and may propose 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.

The committee was informed that due to increased demand from state agencies for additional IT services and projects not budgeted for in previous legislative sessions, ITD may request the 2025 Legislative Assembly establish a continuing

appropriation allowing ITD to expend funds received from agencies without specific legislative approval and provide ITD budget flexibility when providing services. The Information Technology Department may request licensing, end user collaboration, network connection, hosting, certified network defender, support and service desk, telephone, mainframe, and agency-specific services be paid pursuant to the continuing appropriation. Costs that would be funded with biennial appropriations under this proposal include ITD staff salaries and benefits, capital assets, and nondirect overhead services.

According to testimony, the 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.

### **Health Information Technology**

The committee received testimony from representatives of ITD regarding the continued development of NDHIN. The North Dakota Health Information Network is a public-private partnership for the secure exchange of health information that enables clinical users, such as providers, nurses, and clerical staff to easily and efficiently view information relating to a patient's electronic medical record. The North Dakota Health Information Network expansion project includes establishing health information network infrastructure, providing medication information and registry connections, and allowing for administrative process automation and simplification.

In Section 1 of Senate Bill No. 2021 (2017), the Legislative Assembly appropriated \$43.6 million for the NDHIN expansion project. Of the amount appropriated to ITD, \$40.5 million was from federal Health Information Technology for Economic and Clinical Health funds distributed by the federal Centers for Medicare and Medicaid Services (CMS) to DHHS. Federal funds were available through a Medicaid advanced planning document, and required a 10 or 15 percent match. The matching funds were generated from billings to providers, payers, and from the electronic health information exchange fund.

Funding was projected to be available for the project through the 2021-23 biennium with an anticipated completion date of September 2021; however, due to funding changes made by the federal government, the full amount for the project will not be received.

In House Bill No. 1021, the Legislative Assembly appropriated \$2 million of ongoing funding from the general fund, \$3.7 million of ongoing funding from the electronic health information exchange fund, and \$3 million of one-time funding from the health information technology planning loan fund, which the Bank of North Dakota was required to transfer, at the request of the CIO, to the electronic health information exchange fund for the purpose of defraying the expenses of the Health Information Technology Office and NDHIN during the 2023-25 biennium.

The committee received information from representatives of ITD regarding the activities of the Health Information Technology Advisory Committee and NDHIN, other health IT initiatives, and transfers from the health information technology planning loan fund, pursuant to Section 3 of House Bill No. 1021. Testimony indicated:

- CMS approved the Health Information Technology Office Medicaid cost allocation methodology in December 2023, resulting in a \$4 million reimbursement to the state for NDHIN expenses incurred between October 2021 through December 2023, and allowing ITD to submit new expenses to CMS for reimbursement.
- ITD does not anticipate spending the \$2 million general fund appropriation provided for health IT 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 receiving prior approval from CMS for the use of federal funds for the project.
- ITD does not anticipate a transfer from the health information technology planning loan fund to the electronic health information exchange fund will be needed during the 2023-25 biennium.