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## INFORMATION TECHNOLOGY COMMITTEE

Wednesday, August 25, 2021  
Harvest Room, State Capitol  
Bismarck, North Dakota

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

**Members present:** Representatives Glenn Bosch, Sebastian Ertelt, Keith Kempenich, Corey Mock\*, Nathan Toman, Robin Weisz; Senators Cole Conley, Kyle Davison, Richard Marcellais, Dave Oehlke, Kristin Roers; Citizen Member Shawn Riley

**Members absent:** None.

**Others present:** Representative Kim Koppelman, West Fargo, and Senator Donald Schaible, Mott, members of the Legislative Management  
Senator Jay R. Elkin, Taylor  
See [Appendix A](#) for additional persons present.  
*\*Attended remotely*

**It was moved by Senator Davison, seconded by Representative Weisz, and carried on a voice vote that the minutes of the March 4, 2021, meeting be approved as distributed.**

### BACKGROUND INFORMATION

Mr. Levi Kinnischtzke, Senior Fiscal Analyst, North Dakota Legislative Council, presented a memorandum entitled [Information Technology Committee - Background Memorandum](#). He reviewed responsibilities of the committee, committee recommendations from previous interims, related legislation from the 2021 legislative session, Information Technology Department (ITD) budgeting information, and background information regarding information technology (IT) unification, cybersecurity, and health IT initiatives.

Mr. Kinnischtzke presented a memorandum entitled [Information Technology-Related Statutory Provisions](#). He reviewed statutory changes made by the 2021 Legislative Assembly related to the Information Technology Committee and ITD.

### REPORT FROM THE CHIEF INFORMATION OFFICER Information Technology Department Divisions and Services

Mr. Shawn Riley, Chief Information Officer, Information Technology Department, presented information ([Appendix B](#)) regarding an overview of ITD divisions and services. He noted ITD:

- Is authorized 479 full-time equivalent (FTE) positions for the 2021-23 biennium and is either unified with or fully manages IT services for 20 executive branch state agencies.
- Collaborates with 18 executive branch state agencies that have a combined 73 FTE IT positions not unified with ITD.
- Is involved in more than 90 percent of state government IT projects.

### Information Technology Department Budget and Coronavirus (COVID-19) Pandemic Federal Funding

Mr. Greg Hoffman, Director of Administrative Services, Information Technology Department, presented information ([Appendix C](#)) regarding ITD's budget for the 2021-23 biennium, including funding spent from and expected to be spent from the federal Coronavirus Relief Fund and any ongoing costs from IT initiatives related to the COVID-19 pandemic. He noted ITD:

- Was appropriated \$275.1 million for the 2021-23 biennium, of which \$29 million is from the general fund, \$232.1 million is from special funds, and \$14.1 million is from federal funds.
- Has spent \$65.3 million of the \$68.3 million appropriated to ITD from the federal Coronavirus Relief Fund, of which \$13.2 million was for digital government, \$28.1 million was for cybersecurity, and \$24 million was for telework expenditures.
- Will have an ongoing cost of \$5.6 million as a result of cybersecurity initiatives undertaken during the COVID-19 pandemic.

In response to a question from a committee member, Mr. Hoffman noted:

- Because ITD is considered an internal service fund agency, there are federal regulations that require ITD to have no more than the equivalent of 60 days worth of operating funds in the ITD operating service fund at the end of each fiscal year.
- The current 60-day funding maximum amount is approximately \$15 million.
- Federal regulations require ITD to charge state agencies the same rate for services provided regardless if the state agency is funded with general, federal, or special funds.

### **Federal COVID-19 Pandemic Funds - Information Technology Project Requests**

Mr. Hoffman presented information ([Appendix D](#)) regarding potential large IT project requests using funding available from the federal State Fiscal Recovery Fund for the 2021-23 and 2023-25 bienniums. He noted five projects are being considered for requests for funding related to acceleration of ITD services, comprehensive broadband coverage for serviceable addresses in the state, cybersecurity concerns in the state, expansion of 5G Internet services to core areas of the state, and the creation of two programs to transform citizen experiences and lower government operation costs, including a business gateway application that would combine services offered by multiple state agencies into one application and an enterprise content management system to transition paper processes to digital processes.

In response to question from a committee member, Mr. Riley noted the total cost of these requests could be between \$42 million and \$65 million, but will vary depending on when the projects are approved because the scope of the projects may change due to timing constraints.

### **Statewide Interoperable Radio Network**

Mr. Hoffman presented information regarding the statewide interoperable radio network (SIRN). He noted:

- ITD was appropriated \$132.3 million for the SIRN project for the 2019-21 biennium, of which \$12.3 million was ongoing funding from the SIRN fund, \$20 million was from the strategic investment and improvements fund, \$80 million was from a Bank of North Dakota line of credit, and \$20 million from Bank of North Dakota profits.
- The Bank profits transfer could not be made until ITD spends \$25 million of the line of credit.
- The line of credit was authorized for 6 years, but the transfer of Bank profits could only be completed during the 2019-21 biennium.
- ITD was unaware the Bank profits transfer was limited to the 2019-21 biennium and did not spend funding from the line of credit during the 2019-21 biennium.
- When the Legislative Assembly meets in special session, ITD may request an extension to allow the Bank to transfer profits to ITD for the SIRN project during the 2021-23 biennium.

## **EDUCATION-RELATED INFORMATION TECHNOLOGY UPDATES**

### **Higher Education**

Mr. Darin King, Vice Chancellor for IT/Chief Information Officer, North Dakota University System, presented information ([Appendix E](#)) regarding the most recent quarterly status report on large IT projects ([Appendix F](#)), IT initiatives completed and paid for with federal funds, potential North Dakota University System large IT project requests using funding available from the federal State Fiscal Recovery Fund for the 2021-23 and 2023-25 bienniums, and higher education IT initiatives and projects for the 2021-23 biennium. He noted:

- The University System spent \$561,371 of COVID-19 federal funds on higher education IT projects, of which \$341,371 was spent on an online system storage project and \$220,000 was spent on online delivery simulation software.

- The University System Core Technology Services may request federal COVID-19 funding for additional software licensing at a cost of \$1 million. This does not include funding requests that may be submitted by higher education institutions.

## LARGE INFORMATION TECHNOLOGY PROJECT REPORTING

Mr. Kinnischtzke presented a memorandum entitled [Major Information Technology Project Life Cycle](#), which provides a summary of the project management life cycle process, executive and legislative branch activities, and statutory provisions related to planning and executing major IT projects.

Mr. Justin Data, Director, Project Management Office, Information Technology Department, presented information ([Appendix G](#)) regarding large IT project reporting, including quarterly summary status reports ([Appendix H](#)), and project startup reports and closeout reports completed between October 2020 and July 2021 ([Appendix I](#)). He also reviewed the large IT project active project dashboard.

## STUDY OF INFORMATION TECHNOLOGY UNIFICATION

Mr. Kinnischtzke presented a memorandum entitled [Information Technology Unification Initiative - Background Memorandum](#). He reviewed information obtained by the Information Technology Committee during the 2017-18 and 2019-20 interims. He noted the 2019 Legislative Assembly approved a transfer of 96 FTE IT positions from five agencies to ITD beginning in the 2019-21 biennium and the 2021 Legislative Assembly approved the transfer of 53 FTE positions from 10 agencies to ITD beginning in the 2021-23 biennium, providing for a total of 149 FTE positions transferred to ITD for the IT unification initiative.

Mr. Kinnischtzke noted:

- Section 10 of Senate Bill No. 2021 requires ITD to charge a state agency selected to participate in the 2021-23 biennium IT unification initiative a rate for the labor of any FTE position transferred to ITD during the 2021-23 biennium that may not exceed the salaries and wages and related operating expenses of the FTE positions for services the respective state agency was performing prior to the 2021-23 biennium.
- Legislative intent is provided that any FTE position transferred to ITD for the 2021-23 biennium IT unification initiative be transferred to the agency employing the position during the 2019-21 biennium, unless the 68<sup>th</sup> Legislative Assembly is presented with sufficient evidence of efficiencies gained and cost-savings realized by the state as a result of the 2021-23 biennium IT unification initiative.

Mr. Riley presented information ([Appendix J](#)) regarding IT unification, including any cost-savings realized or expected to be realized, updates regarding FTE positions transferred to ITD for IT unification during the 2019-21 and 2021-23 bienniums, and how IT unification affected ITD and the state's ability to respond to the COVID-19 pandemic. He noted:

- ITD evaluates the success of the IT unification initiatives based on the ability to save time, save money, and reduce redundant processes ("red tape").
- ITD believes IT unification increases IT cost transparency, quality of IT services provided, and the efficiency of processes, tools, contracts, FTE, and volume purchasing.
- Of the 96 FTE positions transferred to ITD for the 2019-21 biennium, 3 FTE positions were removed by budget reductions, 21 FTE positions are dedicated to operations and customer success roles, 61 FTE positions are dedicated to technology roles, 9 FTE positions are dedicated to data roles, and 2 FTE positions are dedicated to security roles.
- Of the 53 FTE positions transferred to ITD for the 2021-23 biennium, 8 FTE positions are dedicated to operations and customer success, 41 FTE positions are dedicated to technology roles, and 4 FTE positions are dedicated to data roles.
- The transition of state employees to remote working at the beginning of the COVID-19 pandemic was streamlined with unified agencies, as less time and effort was needed to activate and leverage unified tools and devices.
- Benefits of IT unification include technology that is able to interconnect between agencies, a centralized strategic direction, increased collaboration, reduced security vulnerabilities, less wasted work, better usage and availability of data, and leveraging and reassignment of resources to higher value work.

Ms. Pamela Anderson, Project Manager III, Information Technology Department, presented information ([Appendix K](#)) regarding benefits and challenges of IT unification. She noted IT unification has resulted in the following benefits:

- Lowering the average cost of IT labor and the ratio of IT devices managed per FTE position compared to when unified FTE positions were in their original agencies.
- Receiving a 16 percent discount on Microsoft productivity suite licensing, saving approximately \$1.6 million per biennium, and a 12 percent discount on desktop hardware, saving approximately \$504,000 per biennium.
- Replacing IT devices every 3 to 4 years in unified agencies rather than every 5 to 6 years.
- Reducing the time needed for device deployments, application updates, remote support of devices, and application user account creation, which is approximately equivalent to 1.28 FTE positions.
- Negotiating lower-cost enterprise contract agreements for Adobe Acrobat Pro licenses and Granicus short message services, saving approximately \$340,000 per biennium.
- Reducing duplicated work by IT staff working in separate agencies by using an enterprise demand management system, sharing best practices, templates, and tools, and deploying demand management dashboards.
- Having FTE positions cross-trained in multiple areas of IT, reducing the risk of lost data or knowledge if only 1 FTE position is knowledgeable in an area and that person is on vacation or terminates employment.
- Consolidating ITD and the Bank of North Dakota project management offices, allowing the Bank to reallocate 1 FTE position to other work.

Ms. Anderson noted IT unification has resulted in the following challenges:

- Additional effort has been needed to integrate unified devices and provide support for applications.
- IT unification was designed to be a 4-year process starting at the time each agency was unified in July 2019 and July 2021. The COVID-19 pandemic delayed nearly a year of planned IT unification work for agencies unified in July 2019.
- Hesitation of some unified agencies to use service desk services rather than the FTE positions that no longer work for their agency.
- Concerns reported by some unified agencies of lack of personalized services when experiencing IT issues, the timeliness of responses from ITD, and a lack of desire to use ITD's customer success service.

In response to a question from a committee member, Mr. Riley noted providing individuals and agencies incentives has been more effective than issuing mandates when trying to unify IT personnel and resources.

### **STUDY OF GOVERNMENT CYBERSECURITY**

Mr. Kinnischtzke presented a memorandum entitled [State and Local Government Cybersecurity - Background Memorandum](#). He noted:

- The 2021 Legislative Assembly added \$19,486,225 for ITD cybersecurity initiatives for the 2021-23 biennium, of which \$6,500,000 is considered one-time funding from the federal Coronavirus Relief Fund and \$12,986,225 is considered ongoing funding from the general fund and ITD operating service fund.
- The Legislative Assembly also authorized the addition of 29 FTE cybersecurity positions, 17 of which relate to state cybersecurity and 12 FTE positions to local cybersecurity. Of the total, 23 FTE cybersecurity positions are funded from the general fund and 6 of the local FTE cybersecurity positions are funded from the ITD operating fund.

Mr. Kevin Ford, Chief Information Security Officer, Information Technology Department, presented information ([Appendix L](#)) regarding government cybersecurity, including ITD cybersecurity services provided to state agencies and political subdivisions, the cost and percentage share of cybersecurity services provided to state agencies and political subdivisions, and information regarding cybersecurity targets, threats, concerns, and breaches in state agency and political subdivisions systems. He reviewed cybersecurity network, data center and platform, endpoint, administrative, and informative cybersecurity services provided by ITD. He noted:

- ITD provides network, data center, endpoint, administrative, and informative cybersecurity services to unified agencies. ITD provides most network, data center, endpoint, administrative, and informative cybersecurity services to nonunified agencies but does not provide administrative risk assessment services, and partially provides data center zero trust services, vulnerability management endpoint services, and endpoint detection and response services.

- ITD provides network services to cities, counties, school districts, and higher education institutions, some endpoint and administrative services, and no data center and informative cybersecurity services.
- ITD's desired cybersecurity status is to unify all state agencies and to provide network, endpoint, and administrative cybersecurity services to state agencies, cities, counties, school districts, and higher education institutions; except administrative risk assessment services and data loss prevention informative services would continue to be provided only to state agencies. Data center services would continue to be provided only to state agencies.
- Other cybersecurity services provided by ITD include cybersecurity training, threat hunting services, system risk assessments, dark web monitoring, and cyber governance policies for the secure implementation of systems.
- On a 5-point scale, cybersecurity capabilities and maturity are measured at 1.91 for state agencies, 1.05 for counties, 0.97 for schools, and 0.76 for cities, compared to a goal of 3.7 for all entities.
- ITD's projected cybersecurity expenses for the 2021-23 biennium is \$27.1 million, of which \$8.4 million is for endpoint detection and response, \$4.1 million is for vulnerability management, \$1.4 million is for cybersecurity awareness and training, \$9.2 million is for cybersecurity monitoring, and \$4 million is for cybersecurity risk management.
- The metric to use to differentiate the cost of cybersecurity between state agencies and political subdivisions has not been determined. Potential options are to compare the number of endpoints, total data hosted, third-party risk, network connections, or cybersecurity policy and training needs of each entity, or a combination of these metrics.
- ITD is implementing a third-party risk management system to evaluate cybersecurity vendors, which is expected to be implemented in July 2022.

In response to questions from committee members, Mr. Ford noted:

- The state chose not to renew its cybersecurity insurance policy beginning in July 2021, due to significantly increased premium costs.
- ITD is providing a variety of services to schools to help secure K-12 data to the extent possible, including endpoint detection and response services, cybersecurity awareness training for staff, and vulnerability management services to allow staff to scan devices and identify concerns.

In response to a question from a committee member, Mr. Riley noted ITD has statutory authority to regulate state agency and political subdivision activity on the statewide technology access for government and education network (STAGEnet), but that authority has rarely been used due to complaints from political subdivisions, leading to difficulties regulating political subdivision activity on STAGEnet.

No further business appearing, Chairman Bosch adjourned the meeting at 3:46 p.m.

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Levi Kinnischtzke  
Senior Fiscal Analyst

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