

# **North Carolina General Assembly 2011 Legislative Session**

## **Summary of Selected**

## **Finance, Appropriations and Other Budget-Related Actions**

This document is a summary of selected fiscal and budgetary legislative actions on North Carolina's FY 2011-13 Biennial Budget as enacted in House Bill 200 (S.L. 2011-145) and amended by House Bill 22 (S.L. 2011-391) and House Bill 344 (S.L. 2011-395) during the Regular Session of the 2011 NC General Assembly.

This summary also includes highlights of other budget-related bills.

**July 14, 2011**

**Prepared by the  
Fiscal Research Division**

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*Note: Many of the following items will contain page numbers. Page numbers that begin with letters are referencing the [Senate Appropriations Committee Report on the Continuation, Expansion and Capital Budgets, Proposed Senate Committee Substitute for House Bill 200, dated June 16, 2011](#). Page numbers referencing special provisions are referring to the [Appropriations Act of 2011, H.B. 200, S.L. 2011-145](#), as amended by [H.B. 22, S.L. 2011-391](#).*

## Revenue Adjustments

### **Tax Relief for Small Businesses / Simplify Calculation of Income Tax**

- Amends G.S. 105-134.5 and 105-134.6 to provide tax relief for small businesses and to simplify the calculation of personal income tax. An income tax deduction of up to \$50,000 is allowed for business income received during the tax year. The deduction is not available to C-corporations. The starting point for calculating North Carolina taxable income will begin with federal adjusted gross income, eliminating the need for two adjustments that were often confusing to taxpayers. This section is effective for the tax years beginning on or after January 1, 2012. (page 339, Sec 31A.1)

### **Internal Revenue Code Update**

- Amends G.S. 105-228.90 to update the reference to the Internal Revenue Code from May 1, 2010 to January 1, 2011. By updating the reference, North Carolina conforms to most of the federal tax law changes made during 2010, including changes to the estate tax. Starting in 2011, the exclusion amount for estates was scheduled to be \$1 million and the maximum estate tax rate was scheduled to be 55%. By conforming to the federal changes, the exclusion amount for 2011 and 2012 is \$5 million (\$10 million for married couples) and the maximum tax rate is 35%. North Carolina does not conform to bonus depreciation and enhanced Section 179 expensing. These amendments reduce General Fund availability by \$57.1 million in FY 2011-12 and by \$72.2 million in fiscal year 2012-13. (S.L. 2011-5; HB 124)

### **Tax Credits for Children with Disabilities**

- Amends G.S. 105-151.33 creating a tax credit for parents of children with special needs who choose to educate those children in a non-public school or in a public school at which tuition is charged. The credit amount is up to \$3,000 per semester, for up to two semesters a year. The credit can only be used to reduce an individual's tax liability and unused portions cannot be paid to the taxpayer in the form of a tax refund. Any unused portion of the credit may be carried forward for the succeeding three years. Effective for tax years beginning on January 1, 2011 and semesters occurring on or after July 1, 2011 the legislation is expected to reduce General Fund availability by \$1.4 million in fiscal year 2011-12, and increase General Fund availability in future years. (S.L. 2011-395; HB 344)

### **Prepaid Wireless/Point of Sale Collection**

- Amends Chapter 62A of the General Statutes imposing a fee on prepaid wireless telecommunication services. The revenue generated from the \$0.60 per transaction prepaid wireless fee will be used to finance the technological improvements and administrative costs of enhancing emergency telephone services as determined by the 911 Board. The fees, effective July 1, 2013, are expected to generate \$7.3 million per year in revenue when fully implemented. (S.L. 2011-122; HB 571)

### **Combined Returns for Multistate Corporations**

- Repeals G.S. 105-130.6 and replaces it with 105-130.5A to establish criteria concerning the Secretary of Revenue's authority to adjust the income of a multistate corporation or require it to file a combined return when the Secretary determines that the corporation conducts its business in a way that fails to accurately reflect its income attributable to North Carolina. The legislation also adds a provision authorizing the Revenue Laws Study Committee to review the bill and recommend any changes needed. Unless otherwise specified, the language became effective upon enactment. The fiscal impact of this legislation is unknown. (S.L. 2011-390; HB 619)

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# Education

## **Public Schools**

### **Enrollment Growth**

- Fully funds enrollment growth (\$55.9 million FY 2011-12 and \$143.1 million in FY 2012-13). Typically costs associated with increasing public school student headcount are included in the continuation budget. The Governor did not fully fund enrollment growth in the FY 2011-13 Continuation Budget. (Page F-1, Item 1)

### **Class Size Reduction in Grades 1-3**

- Adds 1,124 teachers in FY 2011-12 and 1,144 teachers in FY 2012-13 (\$61.7 million FY 2011-12 and \$62.8 million in FY 2012-13) to reduce teacher allotment ratios in grades 1-3 to 1 teacher for every 17 students. This is the first part of plan to ultimately reduce the ratio in these grades to 1 teacher for every 15 students. (Page F-1, Item 4)

### **Classroom Teachers and Teacher Assistants Allotments**

- Preserves full funding for the primary sources of support for classroom teacher and teacher assistant positions.

### **Limits Reductions to Allotments that Support Classroom Teaching Positions**

- Focuses reductions away from those funding streams primarily used to fund teacher positions and includes related special provisions to emphasize that reductions should first be made outside of the classroom. (Page 54, Section 7.21)

### **LEA Flexibility Reduction**

- Reduces funding to school districts (LEAs) by \$124.2 million in FY 2011-12 and by \$198.2 million in FY 2012-13 via a management flexibility reduction. An LEA may reduce any of its State funding allotments to meet its share of the reduction. An additional \$304.9 million flexible reduction is already included in the FY 2011-13 Continuation Budget. (Page F-1, Item 3; Page 54, Section 7.20)

### **Expands the School Calendar to 185 Instructional days**

- Replaces five mandatory teacher workdays with instructional days in order to increase instructional time in North Carolina's public schools. The State Board of Education is authorized to waive the requirement for the five additional instructional days if it finds that waiving the days would enhance student performance. (Page 58, Section 7.29)

### **Eliminates Certain Reporting Requirements**

- Reduces paperwork at the school level by eliminating the requirements for the following plans or reports: School Technology, Local Safe Schools, At-Risk Expenditures. (Page 48, Section 7.13)

### **Reduces Teacher Burden Outside of the Classroom**

- Cuts in half the continuing education requirements for teacher licensure renewal. (Page 52, Section 7.13A)

### **LEA Budgetary Flexibility**

- Extends LEA Budgetary Flexibility, allowing LEAs to transfer funds between most allotments to manage budget reductions, but restricts transfers out of classroom teachers or teacher assistants allotments. (Page 54, Section 7.21)

## **Performance-Based Reductions in Force**

- Requires LEAs to adopt rules requiring teacher performance to be a factor when conducting reductions in force. (Page 56, Section 7.23)

## **Community Colleges**

### **Enrollment Growth**

- Fully funds enrollment growth and begins funding enrollment growth for equipment funding (\$34.1 million FY 2011-12 and \$47.7 million in FY 2012-13). (Page F-7, Item 45)

### **Management Flexibility Reduction**

- Provides flexibility to the Community College System by taking management flexibility reduction in FY 2011-12 of \$50.8 million and in FY 2012-13 of \$58.5 million. (Page F-7, Item 47)

### **Tuition**

- Increases curriculum tuition by \$10 per credit hour in FY 2011-12 and an additional \$2.50 per credit hour in FY 2012-13, taking corresponding General Fund reductions of \$47.4 million and \$60.4 million, respectively. Additionally, increases continuing education fees by \$5 per course, beginning in FY 2012-13 for a General Fund reduction of \$664,509. (Page F-8, Items 48 and 49)

### **Funding Formula**

- Eliminates categorical funding for allied health, technical education, and a Heavy Equipment program (a reduction of \$22.7 million). Additionally, Section 8.3 revises current curriculum and continuing education funding formulas, weighing higher cost programs more heavily than less expensive programs. (Page F-8, Item 50; Page 61, Section 8.3)

### **Institutional and Academic Support**

- Reduces institutional and academic support to colleges by \$8.5 million, eliminating funding for one of 5.5 general institutional positions in the funding formula. (Page F-8, Item 52)

### **Customized Training**

- Reverts \$7.6 million of accumulated Customized Training program fund balance to the General Fund, leaving sufficient fund balance for the projected program budget of \$15.9 million in each year of the biennium. (Page F-9, Item 53)

### **Tuition Waivers**

- Eliminates various tuition waivers, including for prison inmates. Directs that funds be transferred from the North Carolina Community College System to the Department of Correction to pay for tuition and fees for prisoners. (Page 63, Section 8.12)

### **Flexibility**

- Provides additional flexibility to the Community College System, including exempting the State Board of Community Colleges from the Administrative Procedures Act, increasing their cap on capital projects, and granting local boards of trustees more investment flexibility. (Pages 65 & 66, Sections 8.18, 8.19, and 8.20)

## **UNC System**

### **Enrollment Growth**

- Fully funds enrollment growth in FY 2011-12 by providing \$46.8 million. (Page F-12, Item 68)

### **Management Flexibility Reduction**

- Reduces the University budget by \$414 million in FY 2011-12 and by \$423 million in FY 2012-13 via a management flexibility reduction. A special provision limits how the reduction may be implemented. (Page F-12, Item 70; Pages 69-70, Section 9.6)

### **UNC Hospital**

- Reduces the UNC Hospital subsidy by \$26 million nonrecurring in both years, leaving \$18 million. (Page F-12, Item 71)

### **Center for Public Television**

- Places the Center for Public Television (UNC-TV) under continuation review, whereby funding is provided nonrecurring in FY 2011-12 and all funding is eliminated for FY 2012-13. The restoration of funding is contingent on the results of the continuation review, which is outlined in a related special provision. Additionally, funding for FY 2011-12 is reduced by 12%. (Page F-12, Item 72; Pages 12-13, Section 6.7; Pages 68-69, Section 9.1)

### **East Carolina University School of Dentistry**

- Provides operating funds for the East Carolina University School of Dentistry, which will enroll its first class of students in 2011. The budget adds \$3.5 million recurring in FY 2011-12 and \$1.5 million recurring in FY 2012-13; these funds are primarily for teaching, research and administrative staff and are in addition to the \$11.5 million provided in the continuation budget. (Page F-13, Item 73)

### **Building Reserves**

- Funds operating costs for new and renovated buildings opening in FY 2011-12 totaling \$18.5 million in FY 2011-12 and \$29.2 million in FY 2012-13. These funds provide for maintenance, housekeeping, and similar costs associated with the increased square footage. (Page F-13, Item 74)

### **Student Financial Aid**

- Makes multiple changes to student financial aid, including the following:
  - Replaces existing aid to private college students with a new program for needy private college students. (Pages F-14-15, Items 80-83; Pages 83-87, Section 9.18)
  - Funds the Education Lottery Scholarship for UNC and community college students only. (Page 9, Section 5.4)
  - Stabilizes the Escheat Fund and funding for the UNC Need-based Financial Aid Program (F-14, Item 76; Pages 78-79, Sections 9.8 and 9.9)

### **Increased Flexibility**

- Provides UNC additional operating flexibility, including the authority to:
  - Spend up to \$1 million of operating funds per project for capital needs (Pages 71-72, Section 9.6C);
  - Invest institutional trust fund money outside of the State Treasurer's purview (Pages 74-77, Section 9.6E);
  - Sell timber from unimproved timberlands owned/managed by NCSU (Page 78, Section 9.6H);
  - Purchase campus safety motor vehicles outside of Motor Fleet Management's purview (Page 87, Section 9.19); and
  - Self-perform energy saving projects at NCSU rather than contracting with an outside vendor (Pages 72-74, Section 9.6D).

## **Health and Human Services**

### **Overall Budget Impact**

- Changes the HHS budget by:
  - Reducing spending by \$432.6 million in FY 2011-12 and \$473 million in FY 2012-13 to achieve an annual budget of \$4.5 billion;
  - Maximizing federal receipts by swapping out state funds where possible to reduce General Fund spending by over \$30 million; and
  - Eliminating over 350 positions.

### **Division of Child Development**

#### **Consolidation of More At Four into Division of Child Development**

- Consolidates the More at Four Program into the Division of Child Development to be operated with the Star-Rated Licensure and Child Care Subsidy programs. (Page G-1, Item 1; Pages 92-94, Section 10.7)

#### **Smart Start**

- Reduces funding for Smart Start programs by \$37.6 million, a 20% reduction to the program. (Page G-1, Item 3; Pages 89-91, Section 10.5)

#### **Child Care Subsidy**

- Changes child care subsidy policies by eliminating funding for transportation, child care facilities' registration fees and the More At Four local match, and reducing the number of months a parent/guardian may be eligible to receive subsidy under the education requirement from 24 months to 20 months. These policy changes produce a savings of \$9.7 million. (Pages G-1-2, Items 6-9)

### **Division of Mental Health, Developmental Disabilities, and Substance Abuse Services (DMHDDSAS)**

#### **Community Service Funds**

- Reduces funds administered through Local Management Entities (LMEs) by \$20 million. (Page G-2, Item 12)
- Directs the DMHDDSAS to develop an approved set of standardized covered benefits for the recipients of LME Community Service Funds and to use these funds to only pay for these approved benefits. (Pages 95-96, Section 10.11)

#### **Local Management Entities' Fund Balance**

- Reduces Community Service Funds administered by Local Management Entities (LMEs) by \$25 million for FY 2011-12. (Page G-3, item 14)
- LMEs are directed to expend fund balance to replace this \$25 million reduction and not reduce services as a result of the reduction. (Page 96, Section 10.11(d))

## **Division of Central Management**

### **Management Flexibility Reduction**

- Eliminates positions and reduces operational costs throughout the Department of Health and Human Services for a savings of \$9,475,435. (Pages G-3-4, Items 21 and 26)
- Provides the Secretary of Health and Human Services with flexibility to achieve these savings through a combination of elimination of positions and reductions to other administrative and operations activities. (Page 100, Section 10.16)

## **Division of Medical Assistance (DMA)**

### **Provider Assessments**

- Permits DMA to levy an assessment of up to 5.5%, consistent with Federal Regulations, on Medicaid healthcare providers. A portion of the assessment, \$60,183,120, will be retained by the State. (Page G-6, Item 41)

### **Generic Drugs Savings**

- Revises the current generic drug dispensing rate formula to encourage pharmacists to fill an increasing number of generic prescriptions at a savings of \$15 million. (Page G-7, Item 48)

### **Community Care of North Carolina**

- Directs DHHS to work with Community Care of North Carolina to significantly enhance the current efforts to manage the care of Medicaid recipients who are aged, blind, or disabled to save \$90 million in FY 2011-12. (Page G-7, Item 50)



## **Natural and Economic Resources**

### **Department of Agriculture and Consumer Services (DACS)**

#### **Program Transfers**

- Transfers four programs and divisions from the Department of Environment & Natural Resources to the Department of Agriculture & Consumer Services, including:
  - The Division of Forest Resources (Page H-2, Item 5; Pages 181-216, Section 13.25);
  - The Division of Soil & Water Conservation (Page H-2, Item 6; Pages 171-179, Section 13.22A);
  - The Sleep Products Section of the Division of Environmental Health (Page H-2, Item 7; Pages 151-164, Section 13.3); and
  - The Grade “A” Milk program of the Division of Environmental Health (Page H-3, Item 17; Pages 151-164, Section 13.3).

#### **New Funding**

- Provides \$120,000 recurring and a total of three positions to expand the Animal Welfare Section. (Page H-5, Item 28; Page 151, Section 11.7)
- Provides non-recurring funds to replace funds used by the Governor to meet the requirements of SB 109 and to support international marketing efforts. (Page H-2, Item 8; H-4, Item 22)

### **Tobacco Trust Fund**

- Directs the annual Tobacco Master Settlement Agreement payment to the General Fund and provides \$2 million from the General Fund for the Tobacco Trust Fund. (Page H-2, Item 9; Pages 15-16, Section 6.11)

### **Department of Labor**

- Transfers \$350,000 in federal Workforce Investment Act funds from the Department of Commerce to the Department of Labor to be used for the operating costs of the Apprenticeship Program. (Page H-6, Item 35; Page H-28, Item 165)

### **Department of Environment and Natural Resources (DENR)**

#### **Department Restructuring**

- Transfers the Division of Forest Resources and the Division of Soil & Water Conservation to the Department of Agriculture & Consumer Services. (Page H-12, Item 64; Pages 181-216, Section 13.25; H-15, Item 91; Pages 171-179, Section 13.22A)
- Eliminates several programs within the Division of Environmental Health and transfers the remainder of the Division to the Department of Agriculture & Consumer Services, the Department of Health & Human Services, or other Divisions within the Department of Environment & Natural Resources. (Page H-16, Item 96; Page H-17, Items 97, 100; Page H-18, Items 102-108; Pages 151-164, Section 13.3)

- Limits the rule-making authority of DENR, DACS, and Labor so that no new rules shall be more stringent than federal law or rule, and requires cost-benefit analyses for new rules that have no federal analog. This provision shall be repealed if Senate Bill 781 becomes law. [Note: **On June 30, 2011, the Governor vetoed S.B. 781. As of the date this fiscal brief was published, the General Assembly had not voted to override the veto.**] (Pages 167-168, Section 13.11B)

### **Regional Offices**

- Directs DENR to establish at least one Customer Service Liaison position at each of the Department's seven Regional Offices. (Page H-16, Item 95)
- Eliminates three positions at each of the Regional Offices. (Page H-19, Item 110)
- Places the Regional Offices under Justification Review. (Page H-19, Item 112; Page 12, Section 6.6)

### **Parks & Recreation Trust Fund (PARTF)**

- Uses \$6 million (nonrecurring) from PARTF funds designated for the State Park System to support State Park System operation for the biennium. (Page H-14, Item 83; Pages 168-169, Section 13.11C)
- Diverts \$8.4 million from PARTF to the General Fund in FY 2011-12. (Page H-39; Page 6, Section 2.2(h))

### **Natural Heritage Trust Fund (NHTF)**

- Expands the allowable uses of NHTF to include DACS' Plant Conservation Program and all functions of DENR's Office of Conservation Planning & Community Affairs. (Page H-4, Item 24; H-11, Item 58; Page 169, Section 13.16)
- Diverts \$8.0 million from NHTF to the General Fund in FY 2011-12. (Page H-41; Page 6, Section 2.2(i))

### **Clean Water Management Trust Fund (CWMTF)**

- Provides \$11.25 million recurring for CWMTF and does not allow funds to be used for land acquisition except for military buffers. (Page H-22, Item 122; Pages 217-218, Section 13.26)

### **Department of Commerce & Commerce State-Aid**

#### **Department Downsizing**

- Eliminates 15 filled and 4 vacant positions across the Department to reduce span of control and streamline operations. (Page H-23, Item 129; Page H-24, Items 133, 134 and 135; Page H-25, Items 138, 139, and 146; Page H-26, Items 147, 148, and 149; Page H-27, Items 152, 155, and 160)
- Reduces cell phones by 30% and motor fleet by 10%. (Page H-23, Items 126 and 127)

#### **Transfers**

- Transfers the Employment Security Commission (ESC) to Commerce. (Page H-23, Item 123; Page 226, Section 14.5)
- Transfers the State Ports Authority to the Department of Transportation. (Pages 227-229, Section 14.6)

### **Funding for Job Creation**

- Provides \$10 million for One NC. (Page H-25, Item 142)
- Provides \$6 million for the Job Maintenance and Capital Development Fund (JMAC). (Page H-25, Item 141)
- [Note: See Reserves section for status of the Job Development Incentive Grants (JDIG) program.]
- Provides \$1 million to incent private businesses to increase broadband connectivity. (Page H-25, Item 144)
- Provides \$5 million in each year of the biennium to establish the Emergency Rural Jobs Infrastructure Fund at the Rural Economic Development Center. (Page H-33, Item 187; Pages 239-240, Section 14.20)

### **Wildlife Resources Commission**

- Repeals the direct transfer of sales tax to the Wildlife Resources Commission and replaces the transfer with an \$18 million General Fund appropriation. (Page H-34, Item 188; Page 218, Section 13.27)

## **Justice and Public Safety**

### **Judicial Branch**

#### **Administrative Office of the Courts**

- Reduces funding for the Administrative Office of the Courts by \$38.3 million (8%).
  - \$12.9 million savings from a voluntary reduction in force. (Page I-1, Item 1)
  - \$2.6 million District Attorney support staff reduction. (Page I-2, Item 9)
  - \$4.9 million technology reduction. (Page I-2, Item 10)
  - \$61.7 million in additional court cost revenue. (Pages 331-333, Section 31.23)

#### **Office of Indigent Defense Services (IDS)**

- Reduces funding for Indigent Defense Services by \$12.7 million (10.3%).
  - Reduces the Private Assigned Counsel (PAC) Fund by \$10.5 million. (Page I-4, Item 14)
  - Eliminates the Sentencing Services Program. (Page I-4, Item 15)
  - Allows for the creation of regional public defender districts statewide and directs IDS to issue a request for proposals (RFP) from private law firms or not-for-profit legal organizations to provide all indigent legal services in all judicial districts. (Page 243, Section 15.16)

### **Department of Justice**

- Reduces funding for the Department of Justice by \$8.9 million (10%).
  - \$2.5 million reduction in vacant positions. (Page I-5, Item 16)
  - \$1.3 million reduction in various operating accounts. (Page I-5, Item 17)

### **Department of Juvenile Justice and Delinquency Prevention**

- Reduces funding for the Department of Juvenile Justice and Delinquency Prevention by \$15.7 million (10.4%).
  - No reductions to Juvenile Crime Prevention Council (JCPC) funding and other community programs.
  - \$8.1 million reduction to close two Youth Development Centers. (Page I-10, Items 46 and 48)
  - \$3.8 million expansion for repairs and renovations at two Youth Development Centers to increase bed capacity. (Page I-10, Item 49)
  - \$2.5 million reduction in Chief Court Counselor and Court Counselor positions. (Page I-11, Items 56 and 57)

### **Department of Correction**

- Reduces funding for the Department of Correction by \$83.8 million (5.9%).
  - \$22 million reduction to make certain non-recurring reductions from FY 2010-11 recurring and to continue other non-recurring reductions for one year. (Page I-14, Item 76)
  - \$9.9 million in reductions related to the Justice Reinvestment Act. (Pages I-15 and I-16, Items 91 – 93)
  - \$10 million expansion to operate add-on facilities. (Page I-16, Item 95)
  - Additional funding for treatment for offenders to lower recidivism. (Page I-18, Item 101)

- Establishes a reimbursement rate to be paid by the Department of Correction to hospitals providing inmate medical treatment that is the lesser amount of 70% of billed charges or two times the then-current Medicaid rate for any given service. (Pages 252-253, Section 18.10)

### **Crime Control and Public Safety**

- Increases the General Fund appropriation for the Department of Crime Control and Public Safety by \$191 million. However, this includes a transfer of \$193 million to the General Fund for the Highway Patrol, which had formerly been funded through the Highway Fund. The Crime Control budget, exclusive of the transfer has been reduced by \$5.7 million (16.9%).
  - \$2.3 million reduction to reorganize State Capitol Police. (Page I-21, Item 115)
  - \$1 million reduction to Alcohol Law Enforcement. (Page I-21, Item 116)
  - Consolidation of the Departments of Crime Control and Public Safety, Juvenile Justice and Delinquency Prevention, and Correction into one agency called the Department of Public Safety (DPS). Net savings from consolidation will be \$1.1 million in FY 2011-12 with an effective date of January 1, 2012, and \$3.6 million in FY 2012-13. (Pages 254-269, Section 19.1)

## **General Government**

### **Department of Administration**

- Eliminates appropriation for 59.7 positions agency-wide, including vacant, filled, and transfers to receipt support.
- Reduces grant funds by 5% each year for Displaced Homemakers and Rape Crisis Programs. (Page J-5, Item 18 and Page J-6, Item 19)
- Maintains Youth Advocacy & Involvement Office, but reduces personnel. (Page J-6, Item 21)
- Fully funds building reserves for the Public Health Lab and Office of the Medical Examiner, due to open during FY 2010-11. (Page J-4, Item 12)
- Directs the Department to award grants in compliance with G.S. 50B-9 specifically to all grantees eligible in a county that were in operation by the preceding July 1. (Page 272, Section 20.3)
- Requires the usage of the Agency for Public Telecommunications for media placement and creation. The University of North Carolina system and the North Carolina Community College System are exempted. (Pages 271, Section 20.1)
- Requires that funds from capital project contingency reserves be placed in a reserve at the Office of State Management and Budget. A portion of the funds will be used to fund positions at the State Construction Office. (Page J-4, Item 9; Page 273, Section 20.4)
- Raises visitor parking fees by \$1 each hour. (Page 5, Section 2.2(a); Pages 337-338, Section 31.27B)

### **Office of State Personnel (OSP)**

- Eliminates 14.52 positions (8.25 vacant and 6.27 filled) and reduces budget by \$1.2 million each year. (Page J-3, Item 7)
- Directs OSP and OSBM to study to feasibility of transferring human resources management functions to OSP, and to report information to 2012 Session. (Page 273, Section 20.5)
- Authorizes the use of \$1.5 million from NCFlex FICA Funds to support the Learning Management System. (Page 273, Section 20.5A)

### **State Ethics Commission**

- Eliminates 2 positions (1 vacant and 1 filled) and reduces budget by \$219,519 each year. (Page J-7, Item 24)

### **Office of the State Auditor**

- Moves audits of the North Carolina Community College System and the University of North Carolina system to receipt support and allows the Auditor's Office to compete with private auditing firms. (Page J-9, Item 30)

- Reduces the Performance Audit Division in half and transfers funding for up to five positions to the General Assembly’s Program Evaluation Division. (Page J-9, Item 31)
- Eliminates office leases in Asheville, Charlotte, Fayetteville, Edenton, and Greensboro. (Page J-9, Item 32)

**Department of Cultural Resources**

**Positions and Other Funding**

- Reduces the budget by \$8.7 million with 97.5 positions eliminated, including vacant, filled, and transfers to receipt support in FY 2011-12; and \$10.9 million with 114 positions eliminated, including vacant, filled, and transfers to receipt support in FY 2012-13. (Page J-22)
- Reduces the NC Arts Council Basic Grants Program by \$581,000 and Grassroots Arts Program by nearly \$408,000 each year. (Page J-16, Item 43; Page J-17, Item 45)
- Eliminates non-competitive funding for the Vagabond School of Drama (\$40,957) and Shakespeare Festival (\$218,957); and reduces funding for the Lost Colony by \$50,000 each year. (Page J-17, Items 46-48)
- Reduces funding for the Museums of Art and History, including reduction to the budget of the Museum of the Cape Fear. (Pages J-16, Item 42; Page J-19, Item 52; Page J-20, Item 53)
- Reduces State-Aid to local libraries by 13% or \$1.9 million each year. (Page J-18, Item 51)

**Transportation Museum**

- Transfers the Transportation Museum to receipt support. (Pages J-12-13, Item 36)
- Establishes a special interest bearing, non-reverting enterprise fund in the Department’s budget that the museum may use to pay costs related to operation and maintenance. Places \$300,000 in an emergency reserve for use by the site. (Pages 273-274, Section 21.1)

**Tryon Palace**

- Reduces budget for Tryon Palace with transfer of maintenance program to receipt support and adjustment in operating budget of \$722,000 in FY 2011-12 and \$2 million in FY 2012-13. (Page J-13, Items 37, 38)
- Directs that no State funding will be used to support the historic site beginning in FY 2014-15, and Department will submit report by May 1, 2012 to General Assembly on how the site will become financially self-sufficient. Technical correction repealed section. (Page 275, Sec. 21.3; S.L. 2011-391, Page 25, Section 47)

**Fort Dobbs**

- Allows the Department to use appropriated funds to fully restore Historic Sites Specialist II position at Fort Dobbs. (S.L. 2011-391, Page 25, Section 21.5)

## **Roanoke Island Commission**

- Reduces operating budget by 25% each year through FY 2014-15 with the Commission directed to become self-supporting by FY 2015-16. In FY 2011-12 the reduction is nearly \$602,000 and in FY 2012-13, \$1.2 million. (Page J-23, Item 56)
- Assures the Commission will be self-supporting by allowing use of Endowment Fund, continued acceptance of gifts, donations, etc. Also directs the Friends of Elizabeth II to use unencumbered funds for operation of the Commission. Establishes a Historical Roanoke Island Fund as non-reverting enterprise. Technical correction changes subsection (a) to follow reduction in funding. (Pages 274-275, Section 21.2; S.L. 2011-391, Pages 24-25, Section 46)

## **General Assembly**

- Reduces funding by a net of \$1.4 million and eliminates 9 positions in FY 2011-12. In FY 2012-13, funding is reduced by \$4.5 million and 47.75 positions are eliminated including 31.6 positions to be considered in the Continuation Review of Facility Services. (Page J-24, Item 59; Page J-26)
- Expands staff in the Program Evaluation Division (PED) with the transfer of \$345,000 from a reduction in the State Auditor's Office. (Page J-24, Item 62)
- Provides non-recurring funds in a reserve for security upgrades of \$3 million in FY 2011-12, and for a comprehensive, two-year evaluation of information technology operations in State government with \$2 million in FY 2011-12 and \$3 million in FY 2012-13. (Pages J-25, Items 66; J-26, Item 67)
- Directs PED to study and review State operations considered attractions that include State historic Sites, Museums, State Parks, Aquariums, and the North Carolina Zoo. As part of the study, PED should review all sources of revenue, including admission fees, donations, and concession sales, and to review daily visitation trends to determine optimal operating schedules. (Pages 275-276, Section 22.1)
- Amends G.S. 120-30.9B (b) to allow the Legislative Services Commission to appoint someone other than the Attorney General to handle redistricting submissions, and someone other than the Executive Director of the State Board of Elections to handle other election law submissions. (Page 276, Section 22.3)
- Amends G.S. 147-17 to set forth the duty of a Special Counsel. (Page 276, Section 22.4)
- Exempts General Assembly from obtaining written permission from the Attorney General before hiring private counsel. (Page 276, Section 22.5)

## **Office of the Governor**

- Reduces the operating budget by \$1.4 million each year. (Page J-27, Item 68)



### **NC Housing Finance Agency (HFA)**

- Reduces the Housing Trust Fund by \$2.1 million and the Home Protection Program by \$2 million each year. (Page J-28, Items 69 & 70)

### **Department of Insurance**

- Reduces funding by \$2.9 million and eliminates 3 vacant positions each year. (Page J-30)
- Transfers the Fire Protection Grant Fund (\$3.6 million) from the Office of State Budget and Management. (Page J-30, Item 76)
- Directs that the intent of the General Assembly is to establish and operate a State-based health benefits Exchange that meets the requirements of the federal Patient Protection and Affordable Care Act. The Department of Health and Human Services and Insurance may collaborate and plan implementation of the Exchange. (S.L. 2011-391, Page 25, Section 49)

### **Department of Insurance – Volunteer Safety Workers’ Compensation Fund**

- Reduces funding by \$706,000 recurring and \$1.5 million nonrecurring in FY 2011-12 and \$1.8 million recurring in FY 2012-13. (Page J-31, Item 79)

### **Office of the Lieutenant Governor**

- Gives management flexibility reductions of \$105,000 and \$191,398 for FY 2011-12 and FY 2012-13 respectively. (Page J-32, Item 80)

### **Department of Revenue**

- Eliminates funding for 69 vacant positions. (Page J-34, Item 90; Page 35, Item 92)
- Converts 37 positions to receipt support relating to collections and local government. (Page J-36, Item 93; Page 37, Item 99; Pages 279-280, Section 27.1)
- Reduces temporary wages and benefits by approximately \$1.8 million recurring. (Page J-36, Item 95)

### **Department of Secretary of State**

- Eliminates four filled positions in the Lobbyist Registration Division. (Page J-38, Item 101)
- Lowers the investment company filing fee by \$275 per year, for a fee of \$1,725, and places a new fee of \$275 for each fund, series, and portfolio offered in North Carolina contained in an investment company filing. (Page 5, Section 2.2(a); Page 337, Section 31.27A)

## **State Board of Elections**

- Eliminates District Elections Positions, which were part of the State’s maintenance of effort to receive federal Help America Vote Act (HAVA) funds. The State Board of Elections is prohibited from drawing down HAVA funds until the General Assembly appropriates funds. (Page J-39, Item 107; Page 278, Section 26.1)
- Allows county boards of elections to employ county personnel to maintain voting systems. Originally HAVA funds were to cover maintenance costs for voting systems for the upcoming biennium. (Page 278, Section 26.3)

## **Office of State Budget and Management**

- Eliminates salaries and benefits of 6 vacant positions by \$546,454. (Page J-41, Item 111)
- Eliminates funding for the Integrated Budget Information System (IBIS), including support for software, hardware, and databases. (Page J-41, Item 114)

## **Office of State Budget and Management – Special**

- Reduces the Humanities Council grant by \$43,000 each year. (Page J-43, Item 115)
- Transfers management of Fire Protection Grant Fund (\$3.6 million) to Department of Insurance. (Page J-43, Item 116; Pages 277- 278, Section 25.1)
- Provides \$1.5 million in matching funds for the NC Symphony. (Page J-43, Item 117)
- Requires the NC Symphony to raise \$8 million to receive the matching funds. Specifically it will receive \$500,000 in matching funds for the first \$4 million raised, \$500,000 for the next \$2 million raised and \$500,000 for the final \$2 million. (Page 278, Section 25.2)

## **Office of State Controller**

- Reduces operating budget by \$1.1 million recurring and \$608,536 nonrecurring and eliminates 14 vacant positions. (Page J-44, Items 119-121)
- Reduces budget of Criminal Justice Law Enforcement Automated Data Services (CJLEADS) by \$2.3 million and eliminates 4.5 vacant positions. (Page J-45, Item 122)
- Continues language for the FY 2011-2013 biennium that authorizes tracking of inadvertent overpayments by State agencies, and allows the Office to use up to \$500,000 for data processing, debt collection, or e-commerce costs. Technical correction in HB 22 inserts the word “fiscal” to add clarity to biennium period. (Page 279, Sec. 26A.1; S.L. 2011-391, Page 25, Section 50)

## **Department of State Treasurer**

- Provides receipt supported funding for Integrated Document Management System that requires \$145,000 recurring and \$15,000 nonrecurring in FY 2011-12 and \$15,000 recurring in FY 2012-13. (Page J-46, Item 123)
- Reduces funding by converting the State and Local Government Finance Division to receipt support. (Page J-46, Item 124; Pages 279-280, Sec. 27.1)
- Reduces budget by transferring funding for 5 positions to receipt support. (Page J-46, Item 125)

# Transportation

## Department of Transportation (DOT)

### Administration

- Reduces over 425 positions through the elimination of vacant positions, internal consolidations, and increased privatization and outsourcing.
- Requires the purchase and installation of tires that possess the original sidewall and prohibits retreading or repair which results in the alteration or covering of the original sidewall. (Pages 297-298, Section 28.36)

### Construction

- Removes individual urban loops projects from the General Statutes and directs DOT to designate and prioritize urban loop projects. Increases program funding by \$131.4 million in FY 2011-12 and \$71.9 million in FY 2012-13. (Page K-11, Item 66; Pages 294-296, Section 28.34)
- Requires DOT to change the Mobility Fund formula by removing the “Congestion Relief and Intermodal Transportation 21<sup>st</sup> Century Fund” from preferential consideration. Creates a DOT Prioritization Reserve and transfers in future Mobility Fund monies. (Pages 293-294, Section 28.33)
- Increases the amount of design and preliminary engineering functions performed by outside contractors, enabling more work to be performed by small businesses. (Page 282, Section 28.9)
- Adjusts the Powell Bill disbursement of funds from once a year to twice a year; eliminates funding to and then redistributes funds from cities that have zero road miles; and enables DOT to allow small municipalities to maintain allocations for 10 years. (Page 283, Section 28.10)
- Removes cap on design-build projects in order to complete eligible projects faster and at a lower cost. (Page 281, Section 28.4)

### Division of Motor Vehicles

- Reduces funding by \$12.6 million in FY 2011-12 and \$12.7 million in FY 2012-13 by streamlining Inspection Program operations, aligning operating funds with transactions, and increasing fees for partial records downloaded by third parties. (Pages K-2-3, Items 13-17; Page 338, Section 31.29)
- Provides \$648,879 in FY 2011-12 and \$1.3 million in FY 2012-13 to implement credit and debit card payments at driver license offices. (Page K-3, Item 18)

### Maintenance

- Spends \$2.4 billion on maintenance over the course of the biennium, enabling DOT to resurface over 8,000 miles of road and repair over 900 of the 2,557 structurally deficient bridges. (Pages K-5-6, Items 37-41; Page 282, Section 28.8)

### Intermodal

- Raises tolls on three ferry routes and requires the Board of Transportation to begin tolling the Bayview/Aurora and Cherry Branch/Minnesott Beach routes no later than April 1, 2012. Raises tolls by \$2 million in FY 2011-12 and by \$2.5 million in FY 2012-13. (Page K-3, Item 24; Page 338, Section 31.30)

- Requires DOT to report all federal rail funds and consult with the Joint Legislative Transportation Oversight Committee if State matching funds or operations and maintenance costs are over \$3 million. Requires approval by the General Assembly if the amount is over \$5 million. (Pages 284-285, Section 28.15)

### **Transfers**

- Authorizes local education agencies to assess fees of up to \$45.00 for driver education and reduces transfers to the Department of Public Instruction by \$5.2 million in FY 2011-12 and by \$5.3 million in FY 2012-13. (Page K-8, Item 55; Page 327, Section 31.1)
- Transfers the State Highway Patrol budget to the General Fund and reduces funding by \$7.9 million in FY 2011-12 and \$16.6 million in FY 2012-13 through a management flexibility reserve and salary freeze. (Pages K-8-9, Items 56-61; Pages 289-291, Sections 28.27 and 28.28; HB 22, Pages 26-28, Section 53)
- Transfers \$35.2 million to the General Fund in FY 2011-12 to purchase replacement school buses for local school systems. (Page K-11, Item 69; Pages 292-293, Section 28.32)

### **Turnpike Authority**

- Reallocates \$30 million of unencumbered gap funds from the Mid-Currituck Bridge project for transfer to the General Fund for school bus replacement. Beginning in FY 2011-12, recurring gap funds total \$15 million. (Page K-12, Item 71; Pages 292-293, Section 28.32)
- Reallocates \$20 million of unencumbered gap funds from the Garden Parkway project to urban loops and reduces funding by \$35 million in FY 2011-12 and \$17.5 million in FY 2012-13, delaying gap funds for one year. (Page K-12, Item 72; Pages 292-293, Section 28.32)

## Salaries and Benefits

### Salaries

- Freezes state salaries as follows -
  - Restates the salaries normally set in the budget bill (last itemized in the 2008 Budget Bill). (Pages 301-303, Sections 29.1-29.6)
  - Continues the freeze on all salaries. (Page 303, Sections 29.7, 29.9, 29.10, 29.14 and 29.15)
  - Moves teachers and school building administrators up a step on the experienced based schedules but salaries will remain unchanged. (Pages 304-308, Sections 29.11 - 29.13)
  - Continues the freeze on automatic increases for members of the State Highway Patrol, magistrates, and assistant and deputy clerks of court. (Page 304, Section 29.8(b) and (c))
  - Prohibits compensation bonuses for employees of the Office of the Commissioner of Banks, the Lottery Commission or any other State agency, but excludes employees of UNC Health Care System and employees participating in a constituent institution's medical faculty practice plan from this prohibition. (Page 304, Section 29.8(d), (e), and (f))
  - Continues the authority to increase salaries due to promotion, reallocation, and increase in job duties; also includes authority for UNC to increase faculty salaries using funds from the Faculty Recruiting and Retention Fund, the Distinguished Professors Endowment Fund, or the University Cancer Research Fund in the case of faculty involved in cancer research and for UNC faculty, nonfaculty, and other employee adjustments, including retention adjustments, funded from non-State funding sources. In addition, permits local supplementation of certain judicial employee salaries as provided under G.S. 7A-300.1 and permits community colleges to increase employee salaries provided the increases are funded from local funding sources. Lastly, limits cumulative increases to any one employee during Fiscal Year 2011-12 to 10% unless approved in advance by the appropriate governing board or other authorized body. (Page 304, Section 29.8(a))
  
- Prohibits the furlough of public employees unless ordered by the Governor to balance the budget or ordered by the Chief Justice or the Legislative Services Officer to balance their respective budgets and holds furloughed employees harmless as to their retirement and other benefits that normally accrue as a result of employment. In addition, permits the Board of Governors of the University of North Carolina, the State Board of Community Colleges, and local public school boards of education to petition the Governor to furlough its employees in order to balance their respective budgets. (Pages 310-311, Section 29.18)
  
- Directs the Office of State Budget and Management and the Office of State Personnel to continue to monitor State agencies, departments and institutions, the judicial branch and the University of North Carolina relative to compliance with the freeze on most salary increases and requires quarterly reporting to the General Assembly. Also requires the Legislative Services Officer to report quarterly on compliance relative to employees of the General Assembly. (Page 311, Section 29.19)
  
- Directs the Legislative Services Commission to commission a comprehensive review and study of the current compensation plans of State agencies, departments, institutions, the University of North Carolina, the North Carolina Community College System, and local public schools. The review and study is to include recommendations and design of a comprehensive performance-based compensation plan for implementation by the General Assembly in FY 2012-13. (Page L-1, Item 2; Pages 312-313, Section 29.20)

- Establishes a compensation adjustment and performance pay reserve to provide funding for a performance-based compensation plan for teachers and State employees in FY 2012-13. (Page L-1, Item 3; Page 313, Section 29.20A)
- Establishes a severance expenditure reserve to fund severance salary continuation and health benefit coverage premiums for employees reduced-in-force in FY 2011-12. (Page L-1, Item 1; Pages 313-314, Section 29.21)
- Amends the State Personnel Act to modify the priority reemployment consideration for employees reduced-in-force. The modified provision requires former employees to have substantial equal qualifications as any other applicant in order to receive priority consideration. Before, the former employee just had to be determined qualified for the position. Also directs the State Personnel Commission to adopt rules providing a State employee separated from State employment as a result of a reduction in force who accepts a position in State government shall be paid a salary no higher than the maximum of the salary grade of the position accepted. (Pages 314-315, Section 29.21A as repealed and rewritten by Section 59 of S.L. 2011-391, Pages 28-29)
- Amends G.S. 120-32.01 to permit the Program Evaluation Division director and two designees to have direct access to the BEACON HR/payroll system. (Page 315, Section 29.21C)

## **Retirement**

- Increases funding to the Teachers' and State Employees' Retirement System, the Consolidated Judicial Retirement System, and the Firemen's and Rescue Squad Workers' Pension Fund to fund the annual required contributions on a 12 year liquidation period. (Page L-1, Items 4-6)
- Permanently exempts participants of the UNC phased-retirement program from the return-to-work restrictions that would normally apply. (Page 317, Section 29.24)
- Permits participants of the Optional Retirement Program to count service in the Teachers' and State Employees' Retirement System, the Local Governmental Employees' Retirement System, and the Consolidated Judicial Retirement System in addition to their service in the Optional Retirement Program to meet the five year requirement to be vested in the University's employer contributions. (Page 318, Section 29.26)
- Permits the UNC Health Care System to offer the choice between the Teachers' and State Employees' Retirement System or the Optional Retirement Program to employees subject to rules adopted by the UNC Board of Governors. (Page 318, Section 29.27)

## **State Health Plan**

- Appropriates \$7.1 million in FY 2011-12 and \$102.2 million in FY2012-13 for increased General Fund employer premium contributions to the State Health Plan (Plan). (Senate Bill 323 (S.L. 2011-85), as amended by House Bill 578 (S.L. 2011-96)) Senate Bill 323 appropriates an additional \$27.6 million over the biennium from the Highway Fund and other fund sources. Senate Bill 323 increases out-of-pocket amounts paid by Plan members, resulting in savings of \$133.7 million over the biennium, and increases premiums paid by Plan members, resulting in additional Plan revenue of \$224.6 million over the biennium. For the first time, active and retired members in the Standard 80/20 Plan will pay a premium for their own coverage. The Plan had estimated additional financial requirements from all sources of \$515.5 million over the biennium. Senate Bill 323 also repeals the Comprehensive Wellness Initiative and transfers control of administration, benefit design, and setting Plan member contributions to the State Treasurer and Board of Trustees. (Page L-1, Item 7, Pages L-3-4)



## **Other Statewide Reserves**

### **Job Development Incentive Grants Reserve (JDIG)**

- Reduces FY 2011-12 funding for JDIG to the amount needed to meet projected needs in that fiscal year (\$15.4 million), but leaves FY 2012-13 funding at \$27.4 million. (Page L-1, Item 8; Page 4, Section 2.1)

### **Continuation/Justification Review Reserve**

- Creates a reserve in FY 2012-13 to reinstate the budgets of programs under review in FY 2011-12. Programs are operated on nonrecurring funds until the General Assembly reviews the program and determines whether it should continue. (Page L-2, Item 12; Page 12, Section 6.6; Pages 12-13, Section 6.7)

### **Debt Service**

- Adjusts debt service appropriations based on updated cash flow requirements. (Page L-2, Item 13)
- Adjusts debt service appropriations due to the cancellation of projects in SB 464 (S. L. 2011-66; Page L-2, Item 14)

### **Other Items**

Please note that other Statewide Reserves items not summarized in this section such as information technology and State employee salary and benefits items may be found in a corresponding section of this document.

## **Capital**

### **Water Resources Development**

- Provides \$4,535,000 from the General Fund to match \$23,449,000 in Federal funds. (Page M-1, Item 1; Pages 318-320, Section 30.3)

### **Repair and Renovations Reserve**

- Allocates funds appropriated to the Repair and Renovations Reserve evenly to the Office of State Budget and Management for General Fund supported State agencies and the University of North Carolina system. (Page 321, Section 30.5)

### **Non-General Fund Project Authorizations**

- Authorizes and appropriates approximately \$31.3 million in capital projects across various state-agencies that will be financed with non-General Fund monies. (Page 320, Section 30.4)
- Authorizes and appropriates approximately \$558.7 million in capital projects across the University of North Carolina system to be financed from non-General Fund sources. (Pages 322-323, Section 30.7)

### **Changes to the State Budget Act regarding the University of North Carolina (G.S. 143C)**

- Allows the Board of Governors of the University of North Carolina to approve projects that will be funded entirely with non-General Fund money without approval from the Director of the Budget (Office of State Budget and Management) or consultation with the Joint Legislative Commission on Governmental Operations. The University of North Carolina will be required to report all approvals. (Page 324, Section 30.10)
- Allows the Board of Governors of the University of North Carolina to allocate or reallocate any funds allocated to the Reserve for Repair and Renovation and to report any such actions to the Joint Legislative Commission on Governmental Operations. (Pages 324-325, Section 30.11)
- Allows the University of North Carolina to request capital project funding without a feasibility determination. (Page 325, Section 30.12)

### **Study Committee**

- Requires the Joint Legislative Oversight Committee on Capital Improvements to examine capital planning, State and agency capital improvement priorities, repair and renovations needs, and priority setting by the University of North Carolina Board of Governors. (Pages 326-327, Section 30.13)

## **Information Technology**

### **Criminal Justice Law Enforcement Automated Data Services (CJLEADS)**

- Continues the implementation of the Criminal Justice Law Enforcement Automated Data Services (CJLEADS), providing criminal justice and law enforcement professionals with the capability to quickly and accurately determine an individual's criminal history. (Page 23, Section 6A.4)

### **Automated Fraud Detection**

- Initiates an enterprise-level automated fraud detection system that will allow the State to identify fraud, waste, and improper payments by integrating data from multiple sources and agencies. (Pages 35-37, Section 6A.20)
- Provides funding of \$1 million in FY 2011-12 and \$7 million in FY 2012-13 to the Office of the State Controller to plan, develop, and implement the fraud detection system. (Page L-2, Item 10)
- Ensures that the State receives a share of any intellectual property developed as a result of the automated fraud detection system development and implementation. (Page 37, Section 6A.20(f))

### **Electronic Forms and Digital Signatures**

- Moves responsibility for electronic forms and digital signatures to the Office of the State Controller. Directs the Office of the State Controller to plan, develop, and implement a coordinated enterprise electronic forms and digital signatures capability. (Page 34, Section 6A.18)

### **Replacement of the State Titling and Registration System (STARS) and the State Automated Driver License System (SADLS)**

- Identifies funding for and directs the Department of Transportation Division of Motor Vehicles to begin replacement of the State Titling and Registration System (STARS) and the State Automated Driver License System (SADLS). (Pages 33-34, Section 6A.15 and Section 6A.17)

### **Tax Information Management System**

- Continues the implementation of a new Tax Information Management System through a public-private partnership. (Pages 23-25, Section 6A.5)

### **State Portal**

- Establishes planning and funding requirements for any State Portal implementation. (Pages 29-31, Section 6A.10)

### **Evaluation of State Information Technology Operations**

- Directs the General Assembly to conduct a detailed, comprehensive, evaluation of information technology operations, infrastructure, systems, ongoing projects, and applications within State government. (Pages 34-35, Section 6A.19)

### **Consolidation**

- Direct the State Chief Information Officer to develop a plan for consolidating information technology infrastructure and applications. (Pages 27-28, Section 6A.7)

- Directs the State Chief Information Officer to plan and implement an enterprise-level grants management system. (Page 27, Section 6A.7(b))
- Directs the Department of Health and Human Services, in coordination with the State Chief Information Officer, to develop a plan to implement a single case management system. (Page 27, Section 6A.7(b))

### **Information Technology Privatization**

- Requires an appropriation by the General Assembly for privatization of any grouping of information technology services, or “towers,” identified in the Infrastructure Study and Assessment. (Pages 28, Section 6A.9(a))
- Requires the State Chief Information Officer to develop detailed plans for any outsourcing initiative and to provide the plans to the General Assembly. (Pages 28-29, Section 6A.9(b))

### **Information Technology Funding**

- Provides funding for State-level information technology projects and operations, providing \$5,275,142 in FY 2011-12 and \$6,183,142 in FY 2012-13. Eliminates five positions from the Fund and adds the Criminal Justice Information Network, with two positions, to the Fund. (Page L-2, Item 11; Pages 19-20, Sec. 6A.1)
- Limits the Information Technology Internal Service Fund to \$190,000,000 in both State fiscal years and requires that rates support the specific service for which an agency is being charged. Allows the Office of Information Technology Services to implement rate reductions immediately following notification of the Office of State Budget and Management, instead of waiting for their approval. (Page 28, Section 6A.8)