



Information Technology FY 2012-13 Budget Highlights

Fiscal Brief

October 2012

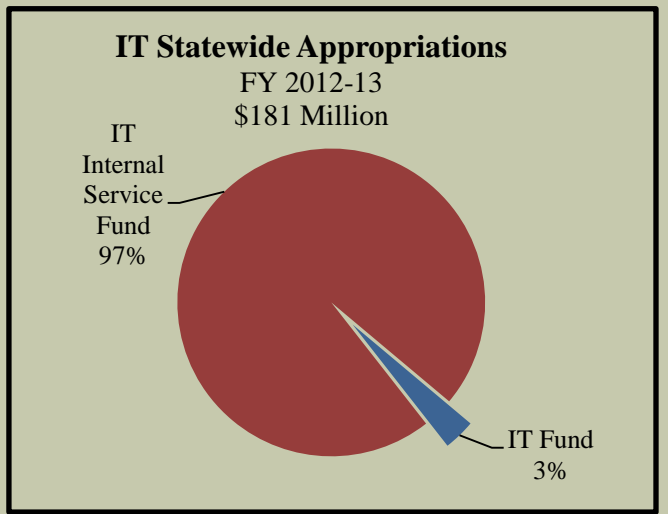
The North Carolina General Assembly House Appropriations Committee and Senate Appropriations/Base Budget Committee determine the budget for Statewide, or enterprise, information technology funding. This includes funding for the Office of the State Chief Information Officer (CIO), the Office of Information Technology Services (ITS), and projects or other requirements that are considered enterprise efforts.

	<u>Actual FY 2009-10</u>	<u>Actual FY 2010-11</u>	<u>Actual FY 2011-12</u>	<u>Enacted FY 2012-13</u>
Expenditures	203,095,063	200,156,149	192,898,868	181,007,117
Less: Receipts	199,205,701	206,774,308	191,478,601	180,424,142
Net General Fund Appropriations	\$3,889,362	(\$6,618,159)	\$1,420,267	\$582,975
Positions (FTE)	627.0	628.0	562.0	540.0

¹ Specific fund budget and FTE information is provided in tables at the end of this budget brief.

Budget Overview

The FY 2012-13 enacted budget for Statewide information technology is \$181 million. This includes \$175 million for the Information Technology (IT) Internal Service Fund, which funds the Office of Information Technology Services through receipts from agencies. Another \$6 million is appropriated for the IT Fund, which is intended to support Statewide IT Operations and projects. The IT Fund funds 33 full-time equivalent positions; the IT Internal Service Fund funds 507.



Information Technology Funding

S.L. 2012-142, Modify 2011 Appropriations Act (H.B. 950), as amended by S.L. 2012-145, Modifications/2012 Appropriations Act (S.B. 187), appropriates \$181 million for Statewide information technology requirements. This includes appropriations for both the Information Technology (IT) Fund and the IT Internal Service Fund. Legislative adjustments to the FY 2012-13 budget for the IT Fund reduced spending by \$750,000, or 12%. Spending in the IT Internal Service Fund was reduced by \$15 million, or 7.9%. Receipts from agencies for the IT Internal Service Fund cannot exceed \$175 million, with a 40-day balance for contingencies. This reduction is based on Office of Information Technology Services budget estimates for FY 2012-2013 and previous year's actual expenditures.

A total of 24 out of 562 positions in the Office of the State CIO and ITS are eliminated. All of these positions were funded by the IT Internal Service Fund. Two new positions were added to the IT Fund to support Architecture and Engineering requirements.

The Joint Conference Committee Report focused on Statewide operations, enterprise-level projects, and agency requirements. Statewide operations include IT privatization, continuation of development of a State portal, and planning for a State private cloud. Two enterprise, or Statewide, projects were included: a comprehensive business intelligence effort and a grants management system. Two individual agency requirements were addressed: expansion of the Tax Information Management System (TIMS) for the Department of Revenue, and specific authorization for the Center for Geographic Information and Analysis to operate on a cost-recovery basis. This Fiscal Brief provides a summary of the adjusted FY 2012-13 budget for Information Technology.

Statewide Operations

Information Technology Privatization

“Privatization” is a term used to refer to State efforts to outsource IT functions, whereby the State can potentially save money, increase efficiencies, and mitigate risk. The process for privatizing information technology functions is expanded from last year’s bill. Prior to any privatization initiative, the State Chief Information Officer and the Office of Information Technology Services are required to first develop a budget with services rates that accurately reflect costs and an asset management system. Any privatization efforts require a request for proposal and approval from the State Treasurer. Participation in privatization is to be voluntary, and a range of options are available to State agencies in the event the State CIO decides to privatize a service.

State Private Cloud

Cloud computing involves using a network of remote servers to store, manage, and process data, rather than a local server. A private cloud is operated for a specific organization inside a firewall. The Office of Information Technology Services has been investigating the feasibility of establishing a private cloud for State agencies. As a follow-on, the State Chief Information Officer is directed to develop a plan for a State private cloud. This plan is to be reported to the Joint Legislative Oversight Committee on Information Technology by January 1, 2013.

State Portal

An electronic portal is a web site or service that offers a variety of services and other resources, including email, search engines, and electronic services and

forms. To facilitate the development of a portal for North Carolina, the Office of the State Chief Information Officer is directed to continue to plan, develop, implement, and operate a Statewide portal. By February 1, 2013, the State Chief Information Officer is to report to the Joint Legislative Oversight Committee on Information Technology on a plan for the development and implementation, as well as a financial model. Any implementation would follow presentation of a plan to the Committee.

Enterprise Projects

Enterprise-Level Business Intelligence

Business intelligence or BI, is an umbrella term that refers to a variety of software applications used to analyze an organization’s raw data. The State has been engaged in a number of data integration projects and is now expanding the effort to develop an enterprise business intelligence capability that incorporates current and future initiatives. The Office of the State Controller (OSC) is given overall responsibility for the effort, which is to include all State agencies, departments, and institutions. A Government Business Intelligence Competency Center (GBICC) is established to continue and coordinate current and future business intelligence efforts. This includes two major ongoing OSC BI projects, the Criminal Justice Law Enforcement Automated Data Services (CJLEADS), a project that integrates law enforcement and criminal justice data, and the North Carolina Financial Accountability and Compliance Technology System, or NCFACETS, a fraud detection effort currently under development.

Enterprise Grants Management

The Enterprise Grants Management Project, a State Chief Information Officer requirement that was included in last year’s budget, is continued, with the addition of a governance structure. The project is intended to consolidate agency grants management into a single system, improving data availability and consistency. The Office of State Budget and Management is expanding an SAP-based system developed by the Department of Transportation to implement this effort. A committee chaired by the State Controller is responsible for establishing agency priorities and reviewing and approving requirements, plans, and funding. Reporting requirements are also established, including preparation of a detailed development and implementation plan, as well as monthly reports.



Agency Projects

Tax Information Management System

The Secretary of Revenue is given the authority to enter into an additional public-private partnership to expand the implementation of the Tax Information Management System (TIMS), with all arrangements to terminate June 30, 2018. The project is to develop additional capabilities to be integrated with the ongoing TIMS initiative. Funding to support the expansion is to come from additional revenue generated or cost savings. Up to \$16 million may be used for the additional public-private partnerships, with an additional \$10,228,000 for internal costs. Also, \$6 million is allocated to develop additional electronic services, to include payments and returns. A one-time payment of \$2 million is authorized, if the TIMS vendor meets certain conditions.

Center for Geographic Information and Analysis

The Center for Geographic Information and Analysis is given the authority to operate on a cost-recovery basis. This includes any federal funding sources. Over time, this should allow the Center to work toward becoming fee-supported, instead of relying on the IT Fund.

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Actual and Certified Expenditures and Receipts by Agency

Information Technology Fund

	Actual <u>FY 2009-10</u>	Actual <u>FY 2010-11</u>	Actual <u>FY 2011-12</u>	Enacted <u>FY 2012-13</u>
Expenditures	10,351,616	9,487,382	5,642,728	6,007,117
Transfers				750,000
Less: Receipts	7,154,923	9,911,847	4,991,669	5,424,142
Net	\$3,196,693	(\$424,465)	\$651,059	\$1,332,975
Positions (FTE)	41.0	36.0	31.0	33.0

Information Technology Internal Service Fund

	Actual <u>FY 2009-10</u>	Actual <u>FY 2010-11</u>	Actual <u>FY 2011-12</u>	Enacted <u>FY 2012-13</u>
Expenditures	192,743,447	190,668,767	187,256,140	190,140,622
Less: Receipts	192,050,778	196,862,461	186,486,932	175,000,000
Net	\$692,669	(\$6,193,694)	\$769,208	\$15,140,622
Positions (FTE)	586.0	592.0	531.0	507.0

Change in FTE, FY 2012-13

	Vacant	Filled	Receipts	New	Transfers	Net Change
Information Technology						
IT Fund				2.0		2.0
IT Internal Service Fund	(24.0)		-	-		(24.0)
Total IT	(24.0)	-	-	2.0		(22.0)