



Information Technology 2013-15 Fiscal Biennium Budget Highlights

Fiscal Brief

August 5, 2013

The North Carolina General Assembly House Appropriations Subcommittee on Information Technology (IT Subcommittee) and the Senate Committee on Appropriations/Base Budget determine the budget for two State agencies: the Office of the State Chief Information Officer (CIO) and the Office of Information Technology Services (ITS). They also determine funding for enterprise, or statewide, information technology requirements. Three funds are included: the IT Fund, which funds the Office of the State CIO and statewide projects, the IT Internal Service Fund, which funds ITS using agency receipts, and the IT Reserve, which funds IT improvements.

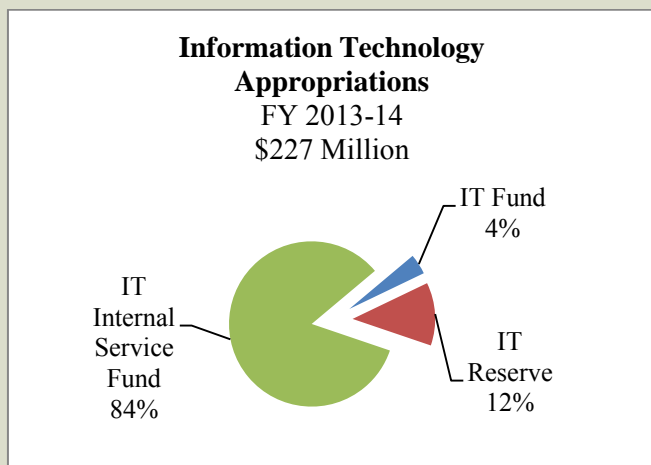
Actual and Enacted Expenditures and Receipts¹

	<u>Actual</u> <u>FY 2011-12</u>	<u>Actual</u> <u>FY 2012-13</u>	<u>Enacted</u> <u>FY 2013-14</u>	<u>Enacted</u> <u>FY 2014-15</u>
Expenditures	192,898,867	199,978,870	227,053,142	232,053,142
Less: Receipts	187,137,990	182,602,548	190,000,000	190,000,000
Net General Fund Appropriations	\$5,760,877	\$17,376,322	\$37,053,142	\$42,053,142
Positions (FTE)	562.0	540.0	581.0	592.0

¹ Budget and FTE information for each of the IT funds is provided in tables at the end of this budget brief.

Budget Overview

The enacted FY 2013-14 appropriation for statewide IT requirements is \$227 million. This is an increase of 16 percent from the FY 2012-13 Continuation Budget. The General Fund Appropriation and IT Internal Service Fund receipts fund 581 full-time equivalent positions (FTE). The chart below shows the IT budget by fund.



Information Technology Funding

S.L. 2013-360, Appropriations Act of 2013 (S.B. 402), as amended by S.L. 2013-363, Modifications/2013 Appropriations Act (H.B. 112), appropriates \$227 million for statewide information technology requirements. This includes appropriations of \$9 million for the IT Fund, \$190 million for the IT Internal Service Fund, and \$28 million for the IT Reserve. Legislative adjustments to the FY 2013-14 IT Fund increase spending by \$3 million, or 50 percent. Spending in the IT Internal Service Fund is increased by \$15 million, or 8.6 percent. This increase is based on Office of Information Technology Services historical spending. Receipts from agencies for the IT Internal Service Fund cannot exceed the \$190 million appropriated, with a 60-day balance for contingencies. The IT Reserve is a new fund, which is created to improve information technology infrastructure and security.

For FY 2013-14, S.L. 2013-360 adds a total of 33 positions to the Office of the State CIO and ITS. All of these positions are funded by the IT Reserve. The IT Fund adds eight positions to the Office of the State



Controller (OSC) to support the Government Data Analytics Center (GDAC); these positions will move to the Office of the State CIO in FY 2014-15, when the project is transferred.

The Joint Conference Committee Report focuses on statewide IT operations, enterprise-level projects, and agency requirements. Statewide operations include improving infrastructure and applications, upgrading security, encouraging innovation, and planning for future initiatives. Four enterprise, or statewide, projects are included: a Government Data Analytics Center, a grants management system, an electronic forms/digital signatures effort, and a State portal. Two individual agency requirements are also addressed: expansion of the Tax Information Management System (TIMS) for the Department of Revenue and specific authorization for the Department of Public Instruction to establish public school cooperative purchasing agreements for IT equipment. This Fiscal Brief provides a summary of the adjusted FY 2013-14 budget for IT.

Statewide Operations

Infrastructure and Applications

S.L. 2013-360 provides funding to upgrade IT infrastructure for State agencies. This includes a total of \$1.7 million over the biennium to move IT equipment from substandard facilities to State data centers; \$4.8 million to support the upgrade, simplification, and modernization of the State's internal IT infrastructure; \$30.3 million for the replacement of obsolete computers and applications; and \$4 million to update agency software licenses to meet current standards.

Security

S.L. 2013-360 provides funding to upgrade IT security within State agencies. This includes \$1.9 million to ensure agencies are meeting IT security requirements, as well as \$3.3 million to upgrade the State's identity management system to accommodate increasing federal and State security requirements for certain types of data.

S.L. 2013-370 requires the Joint Legislative Oversight Committee on Information Technology, in collaboration with the State CIO, to study establishing State requirements to safeguard the individual's

personal data that has been collected and managed by all branches of State government. Agency CIOs, selected jointly by the Committee and the State CIO, will participate in the study.

Innovation

S.L. 2013-360 gives the State CIO the authority to operate a State Information Technology Innovation Center to develop and demonstrate technology solutions with potential benefit to the State and its citizens. The Center may facilitate the piloting of potential solutions to State technology requirements. In operating the Center, the State CIO is to ensure that all State laws, rules, and policies are followed.

Planning

S.L. 2013-360 requires the State CIO to begin planning for future initiatives. These include enterprise, or statewide, vehicle management, unmanned aircraft systems, and data archiving. The vehicle management plan includes a requirement that the State CIO study the feasibility of implementing a tracking system for State vehicles. If the State CIO develops an unmanned aircraft system plan, it is to be written in coordination with the Department of Transportation (DOT). Sec. 7.16 requires State and local governments to obtain State CIO approval to procure or operate unmanned aircraft systems. The State CIO will investigate the feasibility of creating an enterprise data archiving system for State agencies.

Enterprise Projects

Government Data Analytics Center (GDAC)

Business intelligence (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 BI capability that incorporates current and future initiatives. The program, which is to include all State agencies, departments, and institutions, will initially be managed by OSC, transferring to the Office of the State CIO in FY 2014-15. S.L. 2013-360, Sec. 7.10 establishes a GDAC to continue and coordinate current and future BI 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

S.L. 2013-360 continues the Enterprise Grants Management Project, but transfers responsibility from OSC and the Office of State Budget and Management (OSBM) to the Office of the State CIO. The project is intended to consolidate agency grants management into a single system, improving data availability and consistency. The project uses an SAP-based system developed by DOT. A committee chaired by the State CIO is responsible for establishing agency priorities and reviewing and approving requirements, plans, and funding. S.L. 2013-360 establishes reporting requirements.

Electronic Forms/Digital Signatures

An electronic form (e form) is a digital version of a paper form. A digital signature is an electronic signature that can be used to authenticate the identity of the sender of a message or the signer of a document. OSC has been developing an enterprise, or statewide, Electronic Forms/Digital Signatures initiative. S.L. 2013-360 transfers the project to the Office of the State CIO, who is to continue the planning, development, and implementation of a coordinated enterprise electronic forms and digital signature capability. S.L. 2013-360 also gives the State CIO the authority to consolidate existing electronic forms and digital signature projects.

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. S.L. 2013-360 directs the Office of the State CIO to develop a plan to implement a statewide portal. Upon completion of the plan, the State CIO will report to the Joint Legislative Oversight Committee on Information Technology.

Agency Requirements

Tax Information Management System (TIMS)

Using a public-private partnership, TIMS is being developed by the Department of Revenue as a replacement for their legacy tax system. S.L. 2013-360 allows the Secretary of Revenue to enter into an additional public-private partnership to expand the

implementation of TIMS, with all arrangements to terminate June 30, 2018. The additional public-private partnership will integrate more capabilities with the ongoing TIMS initiative. Funding to support the expansion comes from additional revenue generated by TIMS, as well as cost savings. Up to \$16 million may be used for the additional public-private partnership, with an additional \$11.8 million for internal costs.

Public School Cooperative Purchasing Agreements

S.L. 2013-360 directs the State CIO to work with the North Carolina Department of Public Instruction and the Governor's Education Council to implement public school cooperative purchasing agreements for the procurement of IT goods and services to support public schools. This will allow local school administrative units, regional schools, charter schools, or combinations of all three, to collaborate on purchases of IT goods and services to achieve economies of scale and reduce costs.

For additional information, please contact:

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Actual and Enacted Expenditures and Receipts by Agency

Information Technology Fund

	Actual <u>FY 2011-12</u>	Actual <u>FY 2012-13</u>	Enacted <u>FY 2013-14</u>	Enacted <u>FY 2014-15</u>
Expenditures	5,642,728	6,436,299	9,053,142	10,470,657
Less: Receipts	651,059	430,870	0	0
Net General Fund Appropriations	\$4,991,669	\$6,005,429	\$9,053,142	\$10,470,657
Positions (FTE)	31.0	33.0	41.0	41.0

Information Technology Internal Service Fund

	Actual <u>FY 2011-12</u>	Actual <u>FY 2012-13</u>	Enacted <u>FY 2013-14</u>	Enacted <u>FY 2014-15</u>
Expenditures	187,256,139	193,542,571	190,000,000	190,000,000
Less: Receipts	186,486,931	182,171,678	190,000,000	190,000,000
Net General Fund Appropriations	\$769,208	\$11,370,893	\$0	\$0
Positions (FTE)	531.0	507.0	507.0	507.0

Information Technology Reserve

	Actual <u>FY 2011-12</u>	Actual <u>FY 2012-13</u>	Enacted <u>FY 2013-14</u>	Enacted <u>FY 2014-15</u>
Expenditures	0	0	28,000,000	31,582,485
Less: Receipts	0	0	0	0
Net General Fund Appropriations	\$0	\$0	\$28,000,000	\$31,582,485
Positions (FTE)	-	-	33.0	44.0



Change in FTE, FY 2013-14

	Vacant	Filled	Receipts	New	Transfers	Net Change
<u>Information Technology</u>						
IT Fund				8.0		8.0
IT Internal Service Fund			-	-		
IT Reserve	-	-	-	33.0		33.0
Total IT	-	-	-	41.0		41.0