



# Information Technology 2014-15 Fiscal Year Budget Highlights

Fiscal Brief

October 9, 2014

The North Carolina General Assembly House Appropriations Subcommittee on Information Technology (IT Subcommittee) and the Senate Committee on Appropriations/Base Budget develop and recommend 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 develop and recommend 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 Receipts<sup>1</sup>

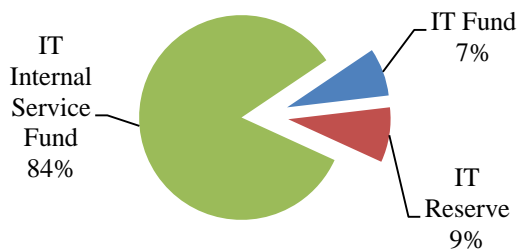
	<b>Actual FY 2011-12</b>	<b>Actual FY 2012-13</b>	<b>Actual FY 2013-14</b>	<b>Certified FY 2014-15</b>
<b>Beginning Fund Balance</b>	\$33,458,990	\$33,249,888	\$21,692,177	\$48,283,530
<b>Requirements</b>	\$192,898,868	\$199,978,870	\$214,766,347	\$232,895,212
<b>Receipts</b>	\$192,689,766	\$188,421,159	\$221,357,700	\$232,899,612
<b>Ending Fund Balances</b>	\$33,249,888	\$21,692,177	\$28,283,530	\$48,287,930
<b>Positions (FTE)</b>	562.0	540.0	548.0	592.0

<sup>1</sup> Fund level budget and FTE information is provided at the end of this brief.

### Budget Overview

The enacted FY 2014-15 budget for statewide IT requirements is \$233 million. This is an increase of 2.7 percent from the FY 2013-14 Certified Budget. The IT budget funds 571 full-time equivalent positions (FTE). The chart below shows the IT budget by fund.

#### Information Technology Appropriations FY 2014-2015 \$233 Million



### Information Technology Funding

S.L. 2014-100, Appropriations Act of 2014 (S.B. 744) appropriates \$233 million for statewide information technology. This includes \$18 million for the IT Fund, \$195 million for the IT Internal Service Fund, and \$20 million for the IT Reserve. Legislative adjustments to the FY 2014-15 IT Fund increase spending by \$7 million, or 68.6 percent. Spending in the IT Internal Service Fund is increased by \$5 million, or 2.6 percent. This increase is based on ITS historical spending and the addition of a requirement to establish rates for agencies using the Government Data Analytics Center. To ensure that payments to ITS do not exceed the amount agencies have budgeted, receipts from agencies for the IT Internal Service Fund cannot exceed the \$195 million appropriated, with a 60-day balance for contingencies. Spending in the IT Reserve Fund, which is used to improve information technology infrastructure and security, is decreased by \$11 million, or 36 percent.

For FY 2014-15, S.L. 2014-100 does not add any positions to the Office of the State CIO and ITS.



The Joint Conference Committee Report includes statewide IT operations, enterprise-level projects, agency requirements, and personnel management. Statewide operations include improving infrastructure and applications, upgrading security, planning for future initiatives, and continuing consolidation. Six enterprise, or statewide, projects are included: a Government Data Analytics Center (GDAC), an Enterprise Resource Planning (ERP) system requirement, an electronic forms/digital signatures effort, a State portal, a Geographic Information Systems (GIS) consolidation effort, and unmanned aircraft system (UAS) management. 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 Transportation to continue its effort to modernize its IT applications and operations. This Fiscal Brief provides a summary of the adjusted FY 2014-15 budget for IT.

## **Statewide Operations**

### *Infrastructure and Applications*

S.L. 2014-100 provides funding to upgrade IT infrastructure for State agencies. This includes a total of \$600,000 to move IT equipment from substandard facilities to State data centers; \$4.3 million to support the upgrade, simplification, and modernization of the State's internal IT infrastructure; \$6.3 million for the replacement of obsolete computers and applications; and \$2.3 million to update agency software licenses to meet current standards.

### *Security*

S.L. 2014-100 provides funding to upgrade IT security within State agencies. This includes \$392,788 to ensure agencies are meeting IT security requirements, as well as \$2.2 million to upgrade the State's identity management system to accommodate increasing federal and State security requirements for certain types of data.

### *Planning*

S.L. 2014-100 requires the State CIO to begin planning for future initiatives. These include an ERP system strategic implementation plan, an update of the

State's IT restructuring plan, a plan to create a career path for IT

contracting professionals, a plan for a State portal, and a plan for the sale of GIS data. The State CIO is also made responsible for coordinating mobile communications requirements.

### *Consolidation*

Consolidation of State IT infrastructure is a process that has continued since 2004. Funding of \$1 million is provided to continue the State's effort to consolidate IT resources. An additional \$1.8 million is provided for equipment relocation, which will be used to upgrade and move equipment located in substandard facilities. S.L. 2014-100 also provides \$4.3 million for Network Simplification, which includes eliminating duplicative capabilities. New equipment purchased by State agencies must be installed in ITS data centers unless an exception is granted by the State CIO. All State agency business intelligence efforts are to be implemented through the GDAC.

## **Enterprise Projects**

### *Government Data Analytics Center*

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 includes all State agencies, departments, and institutions, is implemented through the GDAC. The GDAC is to be transferred from the Office of the State Controller (OSC) to the Office of the State CIO in FY 2014-15. S.L. 2014-100, Sec. 7.6 continues the operation of the GDAC to implement current and future BI efforts. Increased funding is provided for two major ongoing BI projects: \$1.1 million for the Criminal Justice Law Enforcement Automated Data Services (CJLEADS), a project that integrates law enforcement and criminal justice data, and \$9.4 million for the GDAC itself, which includes the North Carolina Financial Accountability and Compliance Technology System (NCFACS), a fraud detection effort currently under development. The State CIO is also required to



establish rates for agencies using the GDAC, as well as for non-State entities using CJLEADS.

### *Enterprise Resource Planning System*

An Enterprise Resource Planning (ERP) System is intended to integrate all of the business functions of an organization in one software system. The State CIO, in conjunction with the North Carolina Government Efficiency and Reform Initiative (NC GEAR) and OSC, is to develop a strategic implementation plan for a statewide ERP. Funding of \$1.5 million is provided to support the effort.

### *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. For FY 2014-2015, funding for electronic forms and digital signatures was reduced by 50 percent to \$450,000 to cover the minimum requirements of the current contract.

### *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. 2014-100 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 prior to implementation of the plan. The State CIO is responsible for determining what resources are required to implement the portal.

### *Geographic Information Systems*

The State CIO is required to document Geographic Information System (GIS) capabilities in State agencies and provide recommendations for consolidating functions to the Joint Legislative Oversight Committee on Information Technology and Fiscal Research Division by December 1, 2014. The State CIO is also to determine the feasibility of selling State GIS data.

### *Unmanned Aircraft Systems*

Section 7.11 of S.L. 2014-100 extends the requirement that the State CIO approve State and local government procurement and operation of unmanned aircraft systems (UAS) from July 1, 2014 to December 31, 2014. The State CIO is also required to approve any disclosure of personal information acquired through the operation of unmanned aircraft systems.

### **Agency Requirements**

#### *Tax Information Management System*

S.L. 2014-100 eliminates public-private partnerships for the development and implementation of the Department of Revenue's Tax Information Management System (TIMS). Section 7.5 requires that funding for the project be specifically appropriated by the General Assembly. The Secretary of Revenue is required to establish a measurement process to determine increased revenue or cost savings attributable to the new system. Oversight of the project is increased, with the establishment of an Oversight Committee with responsibility for reviewing and approving project requirements.

#### *Department of Transportation Information Technology Modernization*

For the 2014-2015 fiscal year, \$23 million is appropriated for IT modernization projects within the Department of Transportation. The projects are to support Division of Motor Vehicle operations and include replacing the State's driver license system, improving customer service, and upgrading IT operations within the DMV. Priority for funding is the replacement of the driver license system.

#### *Budget and Reporting Information Technology Expenditures*

The Office of the State CIO is required to complete implementation of its Budget and Reporting Information Technology Expenditures (BRITE) system, which is to improve financial management within the Office of the State CIO and ITS. The State CIO is to report to the Joint Legislative Oversight Committee on Information Technology and Fiscal Research Division on the system implementation by December 15, 2014.



**Personnel Management**

*Exemption from State Human Resources Act*

S.L. 2014-100 allows State IT employees to voluntarily become exempt from certain classification and compensation rules.

*Career Path for IT Contracting Professionals*

The State CIO is required to work with the Office of State Human Resources and State institutions of higher education to develop a career path for IT contracting professional. This path is to include defined qualifications, career progression, training, and compensation. A plan is to be submitted to the Joint Legislative Oversight Committee on Information Technology and Fiscal Research Division by December 1, 2014. The intent is to improve the quality of contracts for IT projects, equipment, and services by developing and retaining personnel with IT contracting expertise.

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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>	Actual <u>FY 2013-14</u>	Certified <u>FY 2014-15</u>
Beginning Fund Balance	\$1,481,928	\$589,951	\$159,681	\$2,209,965
Requirements	\$5,642,728	\$6,436,299	\$16,731,384	\$17,655,145
Receipts	\$4,750,751	\$6,006,029	\$18,781,668	\$17,659,545
Ending Fund Balance	\$589,951	\$159,681	\$2,209,965	\$2,214,365
Positions (FTE)	31.0	33.0	31.75	41.0

**Information Technology Internal Service Fund**

	Actual <u>FY 2011-12</u>	Actual <u>FY 2012-13</u>	Actual <u>FY 2013-14</u>	Certified <u>FY 2014-15</u>
Beginning Fund Balance	\$31,977,062	\$32,659,937	\$21,532,496	\$26,495,549
Requirements	\$187,256,140	\$193,542,571	\$172,532,645	\$195,000,000
Receipts	\$187,939,015	\$182,415,129	\$177,495,698	\$195,000,000
Ending Fund Balance	\$32,659,937	\$21,532,495	\$26,495,549	\$26,495,549
Positions (FTE)	531.0	507.0	487.25	507.0

**Information Technology Reserve**

	Actual <u>FY 2011-12</u>	Actual <u>FY 2012-13</u>	Actual <u>FY 2013-14</u>	Certified <u>FY 2014-15</u>
Beginning Fund Balance	\$0	\$0	\$0	\$19,578,016
Requirements	\$0	\$0	\$5,502,318	\$20,240,067
Receipts	\$0	\$0	\$25,080,334	\$20,240,067
Ending Fund Balance	\$0	\$0	\$19,578,016	\$19,578,016
Positions (FTE)	-	-	29.0	44.0