

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019**

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**HOUSE BILL 398
Committee Substitute Favorable 4/9/19
PROPOSED COMMITTEE SUBSTITUTE H398-CSMQa-10 [v.10]
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Short Title: Info. Tech. Budget/2019-2021 Fiscal Biennium.

(Public)

Sponsors:

Referred to:

March 21, 2019

A BILL TO BE ENTITLED
AN ACT, CONSISTENT WITH HOUSE BILL 966, 2019 REGULAR SESSION, TO MAKE
APPROPRIATIONS FOR THE DEPARTMENT OF INFORMATION TECHNOLOGY
AND INFORMATION TECHNOLOGY PROJECTS.

The General Assembly of North Carolina enacts:

**PART I. APPROPRIATIONS FOR THE DEPARTMENT OF INFORMATION
TECHNOLOGY**

INTRODUCTION

SECTION 1.1. The appropriations made in this act, S.L. 2019-230, and any other legislation enacted during the 2019 Regular Session expressly appropriating funds to the Department of Information Technology (DIT) are for maximum amounts necessary to provide the services and accomplish the purposes described in the budget for the DIT in accordance with the State Budget Act. Savings shall be effected where the total amounts appropriated are not required to perform these services and accomplish these purposes, and the savings shall revert to the appropriate fund at the end of each fiscal year, except as otherwise provided by law.

CURRENT OPERATIONS AND EXPANSION

SECTION 1.2. In addition to the appropriations set forth in S.L. 2019-230 for the Department of Information Technology and any other legislation enacted during the 2019 Regular Session expressly appropriating funds to the DIT, appropriations from the General Fund for the budget of the Department of Information Technology are made for the fiscal biennium ending June 30, 2021, as follows:

Current Operations – General Fund	FY 2019-2020	FY 2020-2021
Department of Information Technology		
Requirements	\$67,818,037	\$69,342,683
Less: Receipts	395,579	395,579
Net Appropriation	67,422,458	68,947,104

DEPARTMENT OF INFORMATION TECHNOLOGY BUDGET APPROPRIATIONS

SECTION 1.3.(a) State funds, as defined in G.S. 143C-1-1(d)(25), are appropriated for each fiscal year of the 2019-2021 fiscal biennium, as follows:



- (1) All budget codes listed in the Governor's Recommended Budget Support Document for the Department of Information Technology for the 2019-2021 fiscal biennium submitted pursuant to G.S. 143C-3-5 are appropriated up to the amounts specified, as adjusted by the General Assembly in this act.
- (2) Departmental receipts up to the amounts needed to implement the legislatively mandated salary increases and employee benefit increases provided in this act for each fiscal year of the 2019-2021 fiscal biennium.

SECTION 1.3.(b) Receipts collected in a fiscal year in excess of the amounts appropriated by this section shall remain unexpended and unencumbered until appropriated by the General Assembly, unless the expenditure of overrealized receipts in the fiscal year in which the receipts were collected is authorized by G.S. 143C-6-4. Overrealized receipts are appropriated in the amounts necessary to implement this subsection.

SECTION 1.3.(c) Funds may be expended only for the specified programs, purposes, objects, and line items or as otherwise authorized by the General Assembly.

DIRECTED GRANTS

SECTION 1.4.(a) Directed Grants; Definitions. – For purposes of this act, the following definitions apply:

- (1) Directed grant. – Nonrecurring funds allocated by a State agency to a non-State entity as directed by an act of the General Assembly.
- (2) Non-State entity. – As defined in G.S. 143C-1-1.

SECTION 1.4.(b) Directed Grants; Requirements. – Nonrecurring funds appropriated in this act as directed grants are subject to all of the following requirements:

- (1) Directed grants are subject to the provisions of subsections (b) through (k) of G.S. 143C-6-23.
- (2) Directed grants of one hundred thousand dollars (\$100,000) or less may be made in a single annual payment in the discretion of the Director of the Budget. Directed grants of more than one hundred thousand dollars (\$100,000) shall be made in quarterly or monthly payments in the discretion of the Director of the Budget. The Department of Information Technology shall administer a directed grant to begin disbursement of funds to a non-State entity that meets all applicable requirements as soon as practicable, but no later than 100 days after the date this act becomes law.
- (3) Beginning on the first day of a quarter following the deadline provided in subdivision (2) of this subsection and quarterly thereafter, the Department of Information Technology shall report to the Fiscal Research Division on the status of funds disbursed for each directed grant until all funds are fully disbursed. At a minimum, the report required under this subdivision shall include updates on (i) the date of the initial contract, (ii) the date the contract was sent to the entity receiving the funds, (iii) the date the Department of Information Technology received the fully executed contract back from the entity, (iv) the contract execution date, and (v) the payment date.
- (4) Notwithstanding any provision of G.S. 143C-1-2(b) to the contrary, nonrecurring funds appropriated in this act as directed grants shall not revert until June 30, 2021.
- (5) Directed grants are for nonsectarian, nonreligious purposes only.

SECTION 1.4.(c) Directed Grants; Sunset. – This section expires on June 30, 2021.

PART II. ADJUSTMENTS TO GENERAL FUND APPROPRIATIONS

USE OF GENERAL FUND APPROPRIATIONS FOR THE DEPARTMENT OF INFORMATION TECHNOLOGY

SECTION 2.1. Of the funds appropriated in this act to the Department of Information Technology from the General Fund, the sum of three million nine hundred three thousand nine hundred twelve dollars in recurring funds (\$3,903,912) and ten million dollars (\$10,000,000) in nonrecurring funds for the 2019-2020 fiscal year and the sum of five million four hundred twenty-eight thousand five hundred fifty-eight dollars (\$5,428,558) in recurring funds and ten million dollars (\$10,000,000) in nonrecurring funds for the 2020-2021 fiscal year shall be used as follows:

- (1) NC HealthConnex (Fund Code: 1245) – Two million five hundred thousand dollars (\$2,500,000) in recurring funds for each fiscal year of the 2019-2021 fiscal biennium to provide additional funding to NC HealthConnex.
- (2) Additional Funding for Criminal Justice Information Network (Fund Code: 1705) – Ninety-six thousand six hundred thirty-five dollars (\$96,635) in recurring funds for each fiscal year of the 2019-2021 fiscal biennium to provide additional funding for personnel and three thousand three hundred sixty-five dollars (\$3,365) in recurring funds for each fiscal year of the 2019-2021 fiscal biennium for travel costs.
- (3) Cybersecurity Upgrades (Fund Code: 1720) – One million forty-four thousand six hundred seventy-nine dollars (\$1,044,679) in recurring funds for each fiscal year of the 2019-2021 fiscal biennium to provide funds for the continuing upgrade of statewide cybersecurity capabilities.
- (4) Office of Administrative Hearings Information Technology Support (Fund Code: 1725) – Forty-nine thousand two hundred ninety-one dollars (\$49,291) in recurring funds for the 2019-2020 fiscal year and seventy-three thousand nine hundred thirty-seven dollars (\$73,937) in recurring funds for the 2020-2021 fiscal year to provide funding for a User Support Technician to provide IT support and assistance to all divisions and commissions within the Office of Administrative Hearings. The position is effective November 1, 2019.
- (5) Data Analytics Positions (Fund Code: 1795) – Three hundred fifty-four thousand six hundred twenty-one dollars (\$354,621) in recurring funds for both fiscal years of the 2019-2021 fiscal biennium to provide funds for the creation of three new data analytics positions to provide analytic support to State agencies.
- (6) CJLEADS Enhancements (Fund Code: 1795) – One million five hundred thousand dollars (\$1,500,000) in recurring funds for the 2020-2021 fiscal year to provide funds for the expansion and improvement of the State's integrated criminal justice data system.
- (7) Montreat College Grant (Fund Code: 1990) – Ten million dollars (\$10,000,000) in nonrecurring funds for each fiscal year of the 2019-2021 fiscal biennium for the Department to provide a directed grant to Montreat College for the Cybersecurity Regional Training Center.

DIT GENERAL FUND REDUCTION

SECTION 2.2. For each fiscal year of the 2019-2021 fiscal biennium, the total requirements for the Department of Information Technology (Fund Code: 1740) is reduced by the sum of one hundred forty-four thousand six hundred seventy-nine dollars (\$144,679) in recurring funds and an IT Project Manager II position (60087263) is eliminated effective July 1, 2019.

DIT SPECIAL FUND APPROPRIATION

SECTION 2.3. The total requirements in the IT Reserve Fund (Budget Code 24667), Government Data Analytics Center (Fund Code: 2207) are increased by the sum of \$750,000 in nonrecurring funds in each fiscal year of the 2019-2021 fiscal biennium for the NC Outcomes Longitudinal Data System.

PART III. INFORMATION TECHNOLOGY STATUTORY CHANGES

CJLEADS REPORT CHANGE

SECTION 3.1. Section 6A.4 of S.L. 2011-145, as amended by S.L. 2011-391, reads as rewritten:

~~"SECTION 6A.4.(a) The Office of the State Controller, in cooperation with the State Chief Information Officer, Officer shall:~~

...

~~"SECTION 6A.4.(b) The Office of the State Controller~~ State Chief Information Officer shall administer CJLEADS with the assistance of a Leadership Council consisting of:

...

~~"SECTION 6A.4.(e) Agencies shall use existing resources and shall not charge the Office of the State Controller~~ Department of Information Technology to provide required support for CJLEADS.

...."

CYBERSECURITY PROCUREMENT BIDDING REQUIREMENTS

SECTION 3.2.(a) G.S. 143B-1350(i) reads as rewritten:

"(i) Exceptions. – In addition to permitted waivers of competition, the requirements of competitive bidding shall not apply to information technology contracts and procurements:

(1) In cases of pressing need or emergency arising from a security incident.

(2) In the use of master licensing or purchasing agreements governing the Department's acquisition of proprietary intellectual property.

(3) In the procurement of cybersecurity and infrastructure security products, consistent with Best Value procurement principles as provided in G.S. 143-135.9."

SECTION 4.2.(b) This section is effective when it becomes law and applies to product procurement occurring on or after that date.

EXEMPT CERTAIN TRANSACTIONS FROM ACCOUNTS RECEIVABLE PROGRAM

SECTION 3.3. G.S. 66-58.12 reads as rewritten:

"§ 66-58.12. Agencies may provide access to services through electronic and digital transactions; fees authorized.

(a) Public agencies are encouraged to maximize citizen and business access to their services through the use of electronic and digital transactions. A public agency may determine, through program and transaction analysis, which of its services may be made available to the public through electronic means, including the Internet. Any electronic payments established pursuant to this section are exempt from G.S. 147-86.22. The agency shall identify any inhibitors to electronic transactions between the agency and the public, including legal, policy, financial, or privacy concerns and specific inhibitors unique to the agency or type of transaction. An agency shall not provide a transaction through the Internet that is impractical, unreasonable, or not permitted by laws pertaining to privacy or security.

(b) An agency may charge a fee to cover its costs of permitting a person to complete a transaction through the World Wide Web or other means of electronic access. The fee may be applied on a per transaction basis and may be calculated either as a flat fee or a percentage fee,

as determined under an agreement between a person and a public agency. The fee may be collected by the agency or by its third party agent.

(c) The fee imposed under subsection (b) of this section must be approved by ~~the Office of State Budget and Management, in consultation with~~ the State Chief Information Officer ~~and in consultation with~~ the Joint Legislative Commission on Governmental Operations. The revenue derived from the fee must be credited to a nonreverting agency reserve account. The funds in the account may be expended only for e-commerce initiatives and projects approved by the State Chief Information Officer, in consultation with the Joint Legislative Oversight Committee on Information Technology. For purposes of this subsection, the term "public agencies" does not include a county, unit, special district, or other political subdivision of government.

(d) This section does not apply to the Judicial Department."

PART IV. INFORMATION TECHNOLOGY PROJECTS

SECTION 4.1. Office of State Controller. -- There is appropriated from the General Fund to the Office of State Budget and Management, Statewide Enterprise Resource Planning (Budget Code: 19084) the sum of seven million six hundred thirty six thousand six hundred ninety-four dollars (\$7,636,694) for the 2019-2020 fiscal year and the sum of forty two million three hundred sixty three thousand three hundred six dollars (\$42,363,306) for the 2020-2021 fiscal year to be transferred to the Office of State Controller to complete the development of the Statewide ERP information technology project.

SECTION 4.2.(a) Department of Public Instruction. -- There is appropriated from the General Fund to the Department of Public Instruction the sums set forth below to be transferred to the Department of Public Instruction to be used for the purposes stated in this section:

- (1) School Business System Modernization (Fund Code 1900). -- Twelve million dollars (\$12,000,000) in nonrecurring funds for the 2019-2020 fiscal year and thirty-five million sixty-six thousand six hundred eighteen dollars (\$35,066,618) in nonrecurring funds for the 2020-2021 fiscal year to be transferred to Budget Code 23515, Fund Code 2531, to provide funding for the implementation of the School Business System Modernization Plan as directed by Section 7.16 of S.L. 2017-57, including integrated payroll and human resources information, an integrated State-level licensure system, and reporting of financial information for increased transparency and analytics.

SECTION 4.2.(b) Of the funds appropriated by this act for the School Business System Modernization Plan for the 2019-2021 fiscal biennium, the Department of Public Instruction shall transfer two million ninety thousand dollars (\$2,090,000) for the 2019-2020 fiscal year to the Government Data Analytics Center (GDAC) to leverage existing public-private partnerships to incorporate annual school report card data for the State into the School Finance page of the Department of Public Instruction Web site. Grade level and subject level Education Value-Added Assessment System (EVAAS) growth data for local school administrative units and individual schools shall also be made public on the School Finance page.

SECTION 4.2.(c) School Business System Modernization (Budget Code 23515, Fund Code 2531) -- Total requirements are increased by \$12,000,000 in nonrecurring funds for the 2019-2020 fiscal year and \$35,066,618 in nonrecurring funds for the 2020-2021 fiscal year, fully offset by the transfer of funds set forth in this section.

SECTION 4.2.(d) No later than December 1, 2019, GDAC shall execute any contractual agreements and interagency data sharing agreements necessary to accomplish the reporting system established pursuant to Section 7.16 of S.L. 2017-57, as amended by Section 7.6 of S.L. 2018-5. The Department and GDAC shall continue partnering to accomplish the continued development, deployment, and ongoing provision of a data integration service that

consolidates data from financial, human resources, licensure, student information, and EVAAS. Implementation shall also include development and deployment of a modern analytic platform and reporting environment. Additionally, student projection data for future assessments including State assessments, Advanced Placement exams, and college readiness assessments shall be made available to local school administrative units and individual schools through the EVAAS page of the Department of Public Instruction Web site and shall be made available in hard copy to parents or guardians upon request.

PART V. MISCELLANEOUS

STATE BUDGET ACT APPLIES

SECTION 5.1.(a) The provisions of the State Budget Act, Chapter 143C of the General Statutes, are reenacted and shall remain in full force and effect and are incorporated in this act by reference.

SECTION 5.1.(b) The budget enacted by the General Assembly is for the maintenance of the Department of Information Technology for the 2019-2021 biennial budget as provided in G.S. 143C-3-5. This budget includes the appropriations of State funds as defined in G.S. 143C-1-1(d)(25).

The Director of the Budget submitted a recommended budget to the General Assembly in the Governor's Recommended Budget and in the Budget Support Document for the Department of Information Technology for the 2019-2021 fiscal biennium, dated March 2019. The adjustments to the recommended budget for the Department of Information Technology made by the General Assembly are set out in this act.

SECTION 5.1.(c) The budget enacted by the General Assembly for the Department of Information Technology shall also be interpreted in accordance with the provisions of this act and other appropriate legislation. In the event that there is a conflict between the line-item budget certified by the Director of the Budget for the Department of Information Technology and the budget enacted by the General Assembly for the Department of Information Technology, the budget enacted by the General Assembly for the Department of Information Technology shall prevail.

APPROPRIATIONS LIMITATIONS AND DIRECTIONS APPLY

SECTION 5.2.(a) If House Bill 966, 2019 Regular Session, becomes law, then Sections 37.1, 37.2, and 37.4 of that act are repealed.

SECTION 5.2.(b) Except where expressly repealed or amended, S.L. 2019-209, S.L. 2019-224, and any other enactments affecting the State budget during the 2019 Regular Session of the General Assembly shall remain in effect.

MOST TEXT APPLIES ONLY TO THE 2019-2021 FISCAL BIENNIUM

SECTION 5.3. Except for statutory changes or other provisions that clearly indicate an intention to have effects beyond the 2019-2021 fiscal biennium, the textual provisions of this act apply only to funds appropriated for, and activities occurring during, the 2019-2021 fiscal biennium.

EFFECT OF HEADINGS

SECTION 5.4. The headings to the Parts, subparts, and sections of this act are a convenience to the reader and are for reference only. The headings do not expand, limit, or define the text of this act, except for effective dates referring to a Part or subpart.

SEVERABILITY CLAUSE

1 **SECTION 5.5.** If any section or provision of this act is declared unconstitutional or
2 invalid by the courts, it does not affect the validity of this act as a whole or any part other than
3 the part so declared to be unconstitutional or invalid.
4

5 **PART VI. EFFECTIVE DATE**
6

7 **SECTION 6.1.** Except as otherwise provided, this act becomes effective July 1,
8 2019.