

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2011

Legislative Fiscal Note

BILL NUMBER: House Bill 1031 (First Edition)

SHORT TITLE: Smarter Gov/Business Intelligence Initiative.

SPONSOR(S): Representatives Avila, Blackwell, and Hager

<b>FISCAL IMPACT</b>					
	<b>Yes (X)</b>	<b>No ( )</b>	<b>No Estimate Available ( )</b>		
	<b><u>FY 2012-13</u></b>	<b><u>FY 2013-14</u></b>	<b><u>FY 2014-15</u></b>	<b><u>FY 2015-16</u></b>	<b><u>FY 2016-17</u></b>
<b>REVENUES</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>EXPENDITURES</b>					
OSC	Cost cannot be determined: See Assumptions and Methodology				
GBICC	\$2,435,308	\$2,623,801	\$2,794,447	\$2,961,555	\$3,109,040
State agencies:	Cost cannot be determined: See Assumptions and Methodology				
<b>POSITIONS (cumulative):</b>					
GBICC	19	19	19	19	19
<b>PRINCIPAL DEPARTMENT(S) &amp; PROGRAM(S) AFFECTED:</b>					
Office of the State Controller Participating State Agencies					
<b>EFFECTIVE DATE:</b>	July 1, 2012				

**BILL SUMMARY:** House Bill 1031 implements an enterprise-level data integration and analytics initiative across state government. However, the bill specifies that this initiative is not intended to replace transactional systems. The bill directs that the coordination of the initiative be led by representatives for each of the three branches of government: (1) the State Controller for the executive branch, (2) the Chief Justice for the judicial branch, and (3) the Legislative Services Commission for the legislative branch, with the State Controller serving as the principal coordinating officer responsible for the initiative. The bill also provides additional guidelines regarding the leadership of the Initiative.

The Government Business Intelligence Competency Center (GBICC) is established in the Office of the State Controller (OSC). The GBICC is directed to assume the work, purposes, and

resources of the current data integration effort in the OSC and authorizes the State Controller to make any organizational changes necessary to maximize the efficiency and effectiveness of the GBICC. The State Controller and GBICC are directed to coordinate data requirements and usage for business intelligence applications across state government, and criteria governing the coordination process are included, as are specific actions to be taken by the GBICC.

The bill directs the head of each state agency, department, institution, and every political subdivision of the state; the Board of Trustees of the University of North Carolina; the Community Colleges System office; and local boards of education to engage in mandatory data sharing with the State Controller. It provides procedural requirements upon failure of any entity to submit requested information to the State Controller. At the same time, it includes provisions regarding sensitive data/ security and maintaining confidentiality requirements and provides that data not classified as a public record under GS 132-1 is not deemed a public record when incorporated into the data resources comprising the state's business intelligence initiative. It also makes a conforming change to GS 75-66(d) (regarding publication of personal information). The State Controller is allowed to release information gathered by the OSC and GBICC that is related to the business intelligence initiative, notwithstanding the provisions of the Public Records Act, and to release information if the State Controller finds that such a release is in the best interest of the general public and not in violation of law or contract.

House Bill 1031 divides the state government business intelligence initiative into three phases and specifies activities, goals, and objectives to be achieved in each phase.

The bill repeals Section 6A.20(b) of SL 2011-145, which pertains to the creation of the Data Integration Steering Committee (Committee) and directs that the purposes, duties, and resources of the Committee are to be assumed by the GBICC. The Committee is to be created in the OSC and chaired by the State Controller. Criteria are provided for appointing the voting members of the Committee, for the appointing of non-voting members serving in an advisory capacity, and for the filling of vacancies. The duties and responsibilities of the Committee are enumerated.

The bill directs the State Controller to submit a detailed progress report to the Joint Legislative Committee on Information Technology by September 1, 2012, and quarterly thereafter. It appropriates an unspecified amount of dollars from the General Fund to the Office of the State Controller for the 2012-13 fiscal year and an unspecified amount of dollars from the Highway Fund to the Office of the State Controller for the 2012-13 fiscal year to fund the business intelligence initiative.

**ASSUMPTIONS AND METHODOLOGY:** Business intelligence, or BI, is an umbrella term that refers to a variety of software applications used to analyze an organization's raw data. It enables the collection, analysis, and presentation of data to support business decision making. This bill creates a governance structure and framework for the development of business intelligence initiatives within the State. There are a number of business intelligence initiatives currently ongoing in the State, including two major initiatives in the Office of the State Controller, the Criminal Justice Law Enforcement Automated Data Services (CJLEADS) and North Carolina Financial Accountability and Compliance Technology System (NCFATS). CJLEADS integrates data found within the State's various criminal justice applications and provides up-to-date criminal

information in a centralized location via a secure connection for use by state and local government criminal justice professionals. NCFACTS is being developed to allow the State to identify fraud, waste, and improper payments across State agencies. Any enterprise-level effort could potentially build on the capability that OSC has already developed.

Determining the cost of development and implementation of an enterprise business intelligence capability depends on the establishment of requirements and priorities. The bill requires the development of a plan which should provide the information necessary for OSC to determine the potential cost of implementing the initiative.

The cost for the GBICC can be estimated, based on the Office of the State Controller's experience with previous projects. OSC estimates an additional cost of approximately \$2,435,308 to implement an enterprise business intelligence capability, if current funding continues for efforts such as CJLEADS and NCFACTS.

The management of the effort will require program-level resources, as well as staff to manage individual projects. A number of these resources are already funded through CJLEADS and NCFACTS. OSC already has a program director whose responsibilities could be expanded to cover the new initiative, as well as business operations, help desk, and user administrator support.

New program-level resources would provide the technical expertise for the enterprise business analytics. They would work to support all projects under the GBICC. Legal/governance support would be critical. The Office of the State Controller currently relies on the Assistant Attorney General assigned to the Office of the State Chief Information Officer. He spends a significant amount of time reviewing various contracts, data access/sharing agreements, and federal regulations. Expanding to a State enterprise business intelligence capability and the funding involved will make it critical to have an legal resource with IT expertise, as well as security and data governance expertise. OSC estimates the annual cost to be \$123,000. The Enterprise Business Manager and Technical Lead will be needed to ensure that the enterprise program is built to avoid "silos" within the business intelligence initiative. These positions will provide the continuity across the various projects. OSC estimates their annual cost to be \$129,150 and \$116,850 respectively. A grant/award writer will be necessary to obtain alternate sources of funding, and OSC estimates the annual cost at \$79,750. Additional program level resources required would include a web developer to manage the GBICC public web support at an annual cost of \$79,950, a contract/budget analyst to support budgeting and contract oversight and Enterprise Project Management Office reporting at an annual cost of \$98,400, and an administrative specialist at an annual cost of \$55,350. Additionally, OSC anticipates periodic requirements for specific industry expertise, which they estimate to have an annual cost of \$200,000.

Each individual project would have a business area director at an annual cost of \$116,850, a technical lead at an annual cost of \$104,919, an application developer at an annual cost of \$110,700, two business analysts at an annual cost each of \$103,320, and a business operations staff member, at an annual cost of \$78,720, who would work with the enterprise resources to design, develop, implement, and support each business area. As work on one business area moderates, those resources could be cross-trained and support projects with higher workloads and deadlines,

providing support at critical periods while still managing on-going application solutions. OSC initially anticipates adding two project teams, one for NCFACTS, and a second for a new effort.

Other costs associated with the expanded effort would include \$52,000 for computers, telephones, and network access; \$50,000 for technical support including infrastructure support; \$5,000 for office supplies; \$30,000 for travel; \$50,000 for NCID; and \$130,000 for public/external data sources. Examples of external data sources OSC has acquired include county jail data that is being used for CJLEADS and the Social Security Administration Death Index, which is to be used to support NCFACTS.

There are potential costs to participating agencies. However, without the establishment of program requirements for a specific agency, as well as development of an enterprise-level plan, it is not possible to determine what the potential fiscal impact might be.

**SOURCES OF DATA:** Office of the State Controller

**TECHNICAL CONSIDERATIONS:**

1. Agency information technology capabilities and solutions vary. Any plan will need to consider individual agencies' requirements and current capabilities.
2. Agencies are currently using a number of different software solutions to support their individual business intelligence initiatives, which could create the need to develop interfaces or transition programs to more uniform solutions.

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**DATE:** June 16, 2012



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