

NORTH CAROLINA STATE GOVERNMENT SPENDING ON RESTRICTED TECHNOLOGY

FEBRUARY 2023

Overview

- Between 2021 and 2023, the state of North Carolina spent \$17,896,776 on restricted Chinese technology from Lexmark, Inc. and Lenovo, Inc. Just a few of the agencies holding sensitive information that have purchased these products include:
 - The Department of Revenue: \$482,722
 - The Administrative Office of the Courts: \$13,363,843
 - The General Assembly: \$427,762

The Problem

- Chinese government-owned technology manufacturers Lenovo and Lexmark have been restricted from U.S. military and intelligence agencies due to their connection to the Chinese government and military. While federal policy directs information security at the federal level, states must determine their own security standards making states vulnerable to intrusion through the purchase of these risky Chinese technology products. For more detail on these two manufacturers and others, see our briefing paper at www.StatesStopChinaTech.com.

The Process

- On January 5, 2023, China Tech Threat (CTT) reached out to the North Carolina Department of Administration requesting documents relevant to purchases of Lexmark and Lenovo products and services. CTT requested exact numbers, dollars spent, products and services purchased, and the quantity of products and services purchased. Following a series of subsequent emails and a necessary public records request with no response, we were able to find the vendor expenses for the years 2021 to 2023 on North Carolina's OpenBudget. The State Purchasing Officer in the Department of Administration confirmed by email dated February 4, 2023, that NC OpenBudget's data is updated monthly from NCAS, the state's accounting system used to conduct transactions by state agencies.
- However, purchases of restricted technology through third-party resellers, which can be significant, are not yet captured in our research. Any future efforts to identify and restrict purchases of Chinese-owned technology manufacturers should include resellers.



Lexmark

Between 2021 and 2023, the state of North Carolina purchased \$482,722 of Lexmark technology. All purchases were made by the Department of Revenue.

- \$72,979 in 2023
- \$204,791 in 2022
- \$204,952 in 2021

Lenovo

Between 2021 and 2023, the state of North Carolina purchased \$17,414,054 of Lenovo technology.

In 2023, \$4,578,317 of Lenovo technology purchased, including:

- The Administrative Office of the Courts: \$3,415,656
- The General Assembly: \$427,762
- The Department of Insurance: \$32,454
- Select purchases by the Office of State Treasurer

In 2022, \$2,184,763 of Lenovo technology purchased, including:

- The Administrative Office of the Courts: \$602,817
- The Department of Public Safety: \$82,246
- The Office of the State Auditor: \$10,653

In 2021, \$10,670,974 of Lenovo technology purchased, including:

- The Administrative Office of the Courts: \$9,345,370
- The Office of the State Auditor: \$58,560
- The Department of Insurance: \$43,936