

**Department of Legislative Services**  
Maryland General Assembly  
2019 Session

**FISCAL AND POLICY NOTE**  
**First Reader**

Senate Bill 679 (Senator Jennings)  
Education, Health, and Environmental Affairs

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**State Government - Secretary of Information Technology - General Charge of  
Information Technology Services**

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This bill establishes that the Secretary of Information Technology has general charge of information technology (IT) services used in relation to the business of the State. Furthermore, unless a law expressly establishes a general chief information officer (CIO) for a unit of State government, the Secretary is the CIO of, and must otherwise perform all of the work related to IT services for, each unit of State government.

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**Fiscal Summary**

**State Effect:** State expenditures (all funds) increase significantly beginning in FY 2020 as Executive Branch agencies whose IT services are not currently under Department of Information Technology (DoIT) authority comply with the bill, as discussed below. Reimbursable revenues and expenditures increase consistent with DoIT providing IT services to agencies and being reimbursed by them. In the out-years, agencies' expenditures to comply with the bill continue, but they also experience efficiencies from centralized IT services; the net effect on agency expenditures cannot be readily determined at this time.

**Local Effect:** The bill does not directly affect local governmental operations and finances.

**Small Business Effect:** Minimal.

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**Analysis**

**Current Law/Background:** DoIT and the Secretary of Information Technology are, among other things, responsible for (1) developing and enforcing IT policies, procedures,

and standards; (2) providing technical assistance, advice, and recommendations to any unit of State government; and (3) developing and maintaining a statewide IT master plan. The following agencies/institutions are exempt from oversight by DoIT:

- public institutions of higher education solely for academic or research purposes;
- the Maryland Port Administration;
- the University System of Maryland;
- St. Mary's College of Maryland;
- Morgan State University; and
- the Maryland Stadium Authority (exempted by Chapter 150 of 2018).

In order to centralize State oversight and funding for major Executive Branch IT projects, Chapters 467 and 468 of 2002 established a review and approval process for major IT development projects and the related Major IT Development Project Fund (MITDPF). The process and fund are both managed by DoIT. MITDPF is used to pay for major IT development projects in general funded agencies. Special funded agencies manage funding for their major IT projects, although their projects remain subject to the review, approval, and oversight of DoIT.

DoIT currently provides full IT services for 31 Executive Branch agencies and website support for 37 Executive Branch agencies. In the 2018 *Joint Chairmen's Report*, DoIT advises that the centralization of IT services in this manner saves the State approximately \$6 million annually in IT personnel and equipment costs.

**State Fiscal Effect:** Under the bill, DoIT is required to perform all of the IT services for significantly more Executive Branch agencies. As such, expenditures for DoIT increase, likely significantly, beginning in fiscal 2020 as DoIT hires additional temporary and permanent staff and begins upgrading its systems as necessary to provide IT services to additional State agencies. DoIT operates under an enterprise model in which it charges agencies for the direct services that it provides to them; this analysis assumes DoIT continues this practice for any new agency to which it must provide IT services. Therefore, reimbursable revenues and expenditures for DoIT increase beginning in fiscal 2020 and State expenditures (all funds) increase correspondingly for other agencies to reimburse DoIT for those services. A reliable estimate of these costs cannot be made at this time.

Even so, each affected State agency incurs costs, beginning in fiscal 2020, to transition their IT services to DoIT. Specifically, redundancies of service are likely necessary to ensure each agency's continued operations, so agencies will be paying DoIT for services while also maintaining existing systems and staff until the transition is complete. For example, the Department of Public Safety and Correctional Services estimates a one-time cost of at least \$250,000 in fiscal 2020 to transfer its systems to DoIT while ensuring they

are still operational. State agencies may experience other significant operational impacts; however, the costs associated with any such impacts cannot be reliably estimated at this time.

While agencies must continue to pay DoIT for IT services in future fiscal years, they likely ultimately experience efficiencies (including reduced in-house staffing and costs for IT services due to scale) that may result in savings for some agencies. However, as it is likely that certain agencies will still maintain at least some in-house IT staff, the overall effect on agency expenditures in the out-years cannot be determined.

Under an alternative scenario in which the enterprise model is not used, general fund expenditures increase significantly for DoIT beginning in fiscal 2020, while expenditures for affected agencies decrease – after a transition period.

**Additional Comments:** DoIT advises that it currently provides full IT services for the following 31 Executive Branch Agencies. Executive Branch agencies not listed below that do not have a CIO authorized in statute are likely affected by the bill.

- Office of the State Prosecutor
- Executive Department
- Department of Disabilities
- Maryland Energy Administration
- Governor’s Coordinating Offices
- Maryland State Board of Contract Appeals
- Governor’s Office of Crime, Control, and Prevention
- Secretary of State
- Department of Aging
- Commission on Civil Rights
- Department of Planning
- Military Department
- Maryland Emergency Management Agency
- Department of Veteran’s Affairs
- Maryland State Library
- Department of Commerce
- Department of Juvenile Services
- Juvenile Service Education Systems
- State Department of Assessments and Taxation
- Department of Budget and Management
- Department of Information Technology
- Department of General Services
- Department of Natural Resources
- Department of Agriculture
- Maryland Department of Health
- Department of Labor, Licensing, and Regulation
- Department of Rehabilitative Services
- Department of the Environment
- Maryland State Department of Education
- Maryland Higher Education Commission
- Maryland Longitudinal Data System Center

## **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Department of Information Technology; Department of Budget and Management; Department of General Services; Department of Public Safety and Correctional Services; Department of Legislative Services

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