

Department of Legislative Services
 Maryland General Assembly
 2025 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 738 (Delegate Kaiser, *et al.*)
 Health and Government Operations

Department of Information Technology - Reporting Guidelines

This bill expands the requirements for two annual reports prepared by the Department of Information Technology (DoIT) about the Information Technology Investment Fund (ITIF) and projects funded through the fund. Generally, both reports must include additional information and analyses and must (1) be written without the use of technical jargon; (2) include an executive summary with specified information; and (3) be made publicly available on DoIT’s website. **The bill takes effect June 1, 2025.**

Fiscal Summary

State Effect: No effect in FY 2025. General fund expenditures increase by \$147,900 in fiscal 2026 for additional staff for DoIT. Future years reflect the elimination of one-time costs and ongoing operating expenses. Other agencies can likely provide any information needed for the expanded reports with existing resources. Revenues are not affected.

(in dollars)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	147,900	136,300	142,300	148,600	154,900
Net Effect	(\$147,900)	(\$136,300)	(\$142,300)	(\$148,600)	(\$154,900)

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: The bill does not directly affect local government operations or finances.

Small Business Effect: None.

Analysis

Bill Summary/Current Law:

Information Technology Investment Fund – Generally

To centralize State oversight and funding for major Executive Branch information technology (IT) projects, Chapters 467 and 468 of 2002 established a review and approval process for major IT development projects (MITDP) and the related Major IT Development Fund. Chapter 497 of 2024 made various changes to the fund, including renaming it as ITIF. Under Chapter 497, the purpose of ITIF is to support both MITDP and expedited projects. ITIF is managed by DoIT and may be used only for MITDP, maintenance costs for MITDP for a specified time period, expedited projects, administrative costs, and costs for specified pilot programs and prototypes.

Under current law, for a project to be eligible for funding through ITIF, it must (1) be estimated to cost at least \$5.0 million; (2) support critical business functions associated with the public health, education, safety, or financial well-being of the citizens of Maryland; or (3) be determined to require special attention and consideration by the Secretary of Information Technology. An expedited project is a project that is not a MITDP but receives money from ITIF in a manner that allows for modernization projects to move forward in a nimble and expedited manner.

DoIT is required to submit two annual reports about ITIF and the projects that receive funding through ITIF, and both of these reports are modified by the bill.

Required Reports

Under current law, the first report is due by November 1 of each year and must include (1) the financial status of ITIF and a summary of its operations for the preceding fiscal year; (2) an accounting for the preceding fiscal year of all money from specified revenue sources, including any expenditures made from the fund; and (3) specified information for each project receiving ITIF funds in the preceding fiscal year.

The bill requires the first report to be submitted by October 1 each year and to include the following additional information about each project that receives funding from ITIF:

- a brief description of the project, including major customers and interdependencies with other systems;
- an analysis of how the project goals provide an advantage over current agency operations, including a description of key project goals, critical success factors, how

- the project supports the business process, and whether the successful project will provide a basis for a future project at the same or any other unit of State government;
- a description of the technologies employed in the project;
 - an assessment of the vendor pool of likely bidders or offerors;
 - a description of the process used to develop the project;
 - an overview of the project schedule, including any intermediate project deadlines; and
 - a description of any ongoing operating expenses as a result of the project, and a timeline of when those costs will be incurred.

Under current law, the second report is due by January 15 each year and must include, for each project receiving funding from ITIF, the most up-to-date project information including (1) project funding decisions and project status; (2) any schedule, cost, and scope changes since the last annual report; (3) a risk assessment including any problems identified by any internal or external review and any corrective actions taken; and (4) any change in the monitoring or oversight status.

The bill requires the second report to include the following additional information about each project that receives funding from ITIF:

- annual development costs, funding sources, and ongoing operating costs, including licenses and support to maintain and update the system;
- any changes to project schedule, cost, and scope compared with the first report submitted by October 1 under the bill;
- a detailed description of the risks identified, as specified; and
- tracking metrics, including project deadlines and associated deliverables.

State Expenditures: Much of the basic information required by the bill for the two annual reports is available to DoIT through the Information Technology Project Reports submitted to DoIT by State agencies when they request funding for major IT projects, but the bill requires various additional and ongoing analyses of the projects that receive funding through ITIF that DoIT cannot conduct with existing staff.

Accordingly, general fund expenditures increase by \$147,914 in fiscal 2026, which assumes a 30-day start-up delay from the bill's June 1, 2025 effective date. This estimate reflects the cost of hiring one program auditor to work with State agencies to gather the additional information, perform additional research, conduct the additional analyses, and generally assist in preparing the reports. It includes a salary, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Position	1.0
Salary and Fringe Benefits	\$140,269
Operating Expenses	<u>7,645</u>
Total FY 2026 State Expenditures	\$147,914

Future year expenditures reflect annual increases and employee turnover as well as annual increases in ongoing operating expenses.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: SB 705 (Senator Hester) - Budget and Taxation.

Information Source(s): Department of Information Technology; Maryland State Board of Elections; Comptroller's Office; Maryland Department of Transportation; Department of Legislative Services

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Analysis by: Richard L. Duncan

Direct Inquiries to:
(410) 946-5510
(301) 970-5510