

**F50**  
**Department of Information Technology**

***Operating Budget Data***

(\$ in Thousands)

|                                      | <b>FY 08</b>         | <b>FY 09</b>          | <b>FY 10</b>            | <b>FY 09-10</b>      | <b>% Change</b>          |
|--------------------------------------|----------------------|-----------------------|-------------------------|----------------------|--------------------------|
|                                      | <b><u>Actual</u></b> | <b><u>Working</u></b> | <b><u>Allowance</u></b> | <b><u>Change</u></b> | <b><u>Prior Year</u></b> |
| General Fund                         | \$13,066             | \$21,542              | \$33,646                | \$12,105             | 56.2%                    |
| Contingent & Back of Bill Reductions | 0                    | 0                     | -3,385                  | -3,385               |                          |
| <b>Adjusted General Fund</b>         | <b>\$13,066</b>      | <b>\$21,542</b>       | <b>\$30,262</b>         | <b>\$8,720</b>       | <b>40.5%</b>             |
| Special Fund                         | 6,921                | 37,530                | 16,406                  | -21,125              | -56.3%                   |
| Contingent & Back of Bill Reductions | 0                    | 0                     | 1,641                   | 1,641                |                          |
| <b>Adjusted Special Fund</b>         | <b>\$6,921</b>       | <b>\$37,530</b>       | <b>\$18,047</b>         | <b>-\$19,484</b>     | <b>-51.9%</b>            |
| Reimbursable Fund                    | 12,772               | 20,114                | 19,750                  | -364                 | -1.8%                    |
| Contingent & Back of Bill Reductions | 0                    | 0                     | -14                     | -14                  |                          |
| <b>Adjusted Reimbursable Fund</b>    | <b>\$12,772</b>      | <b>\$20,114</b>       | <b>\$19,736</b>         | <b>-\$378</b>        | <b>-1.9%</b>             |
| <b>Adjusted Grand Total</b>          | <b>\$32,760</b>      | <b>\$79,186</b>       | <b>\$68,044</b>         | <b>-\$11,141</b>     | <b>-14.1%</b>            |

- The fiscal 2009 budget for the Department of Information Technology (DoIT) has already experienced just over \$8.2 million in cost containment reductions.
- The fiscal 2010 budget for DoIT (adjusted for contingency reductions) is just over \$11.1 million (14.1%) lower than fiscal 2009.
- Funding for core DoIT oversight and operations functions increases by \$510,000 (2%) over fiscal 2009. However, most of that increase can be attributed to costs over which DoIT has little control.

Note: Numbers may not sum to total due to rounding.

For further information contact: Simon G. Powell

Phone: (410) 946-5530

## ***Personnel Data***

|                        | <b><u>FY 08<br/>Actual</u></b> | <b><u>FY 09<br/>Working</u></b> | <b><u>FY 10<br/>Allowance</u></b> | <b><u>FY 09-10<br/>Change</u></b> |
|------------------------|--------------------------------|---------------------------------|-----------------------------------|-----------------------------------|
| Regular Positions      | 117.00                         | 123.00                          | 123.00                            | 0.00                              |
| Contractual FTEs       | <u>4.13</u>                    | <u>6.00</u>                     | <u>7.00</u>                       | <u>1.00</u>                       |
| <b>Total Personnel</b> | <b>121.13</b>                  | <b>129.00</b>                   | <b>130.00</b>                     | <b>1.00</b>                       |

### ***Vacancy Data: Regular Positions***

|   |       |        |
|---|-------|--------|
| Turnover and Necessary Vacancies, Excluding New Positions | 3.42  | 2.78%  |
| Positions and Percentage Vacant as of 12/31/08            | 14.50 | 11.79% |

- The personnel complement available to DoIT in fiscal 2010 is virtually unchanged. The addition of one full-time equivalent (FTE) contractual position is partially offset by an across-the-board (Section 23) contractual assistance reduction. However, DoIT did receive five additional regular positions during fiscal 2009, transfers from the Department of Budget and Management (three FTEs) and the Governor’s Office (two FTEs).
- Vacancy rates remain high as DoIT tries to manage fiscal 2009 turnover requirements and cost containment reductions.

## ***Analysis in Brief***

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### **Major Trends**

***Oversight of Major Information Technology (IT) Projects:*** New measures are established to judge project success and DoIT’s role in achieving that success.

***Maryland Portal:*** Data concerning the utilization of the Maryland Portal continues to be positive. However, some level of heightened dissatisfaction concerning the ease of use and usefulness of the portal directory is reflected in fiscal 2008.

***Digital States Ranking, “We’re No. 9”:*** The latest digital states survey sees Maryland’s ranking improve.

### **Issues**

***The Major IT Development Project Fund and Major IT Expenditures:*** Detail on proposed and prior funding of major IT projects is provided.

***Five-year Information Technology Capital Plan:*** A number of jurisdictions, including California, have five-year information technology capital plans. Would this be useful in Maryland?

### **Recommended Actions**

|   | <b><u>Funds</u></b> |
|---|---------------------|
| 1. Add language making funding for the new voting system contingent on the failure of legislation.  |                     |
| 2. Delete funding for the Department of Juvenile Services’ Treatment Assessment, Planning, and Tracking System.   | \$ 700,000          |
| 3. Reduce general fund support for fiscal 2010 major information technology projects by reducing the prior year commitment to the Statewide Personnel System. | 3,000,000           |
| 4. Delete funding for a telecommunications life cycle management contract.  | 400,000             |
| 5. Add language reducing cell phone expenditures by 20%.  |                     |
| <b>Total Reductions</b>   | <b>\$ 4,100,000</b> |

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**Department of Information Technology**

***Operating Budget Analysis***

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Chapter 9 of 2008 created the Department of Information Technology (DoIT). The organization of the department remains unchanged from its prior incarnation, the Office of Information Technology that was part of the Department of Budget and Management (DBM):

- **Executive Direction.**
- **Enterprise Information Systems** including the development of infrastructure and security standards as well as the Help Desk.
- **Applications Systems Management** including the operation of the Financial Management Information System, the system created to improve financial and human resources accountability including agency-based accounting, purchasing, budgeting, personnel, and asset management.
- **Networks** including the operation of networkMaryland and the State's wireless system.
- **Strategic Planning** responsible for the oversight of information technology (IT) procurement, project management, and policies and planning.
- **Web Systems** including the operation of the State web portal.
- **Telecommunications Access of Maryland (TAM)** provides telecommunications relay service for Maryland's hearing and speech disabled citizens.

The mission of DoIT is to provide information technology leadership to the Executive Branch in order to effectively oversee and manage State IT resources. Key goals are centered on the effective utilization of resources.

**Performance Analysis: Managing for Results**

DoIT's Managing for Results (MFR) data reflect the mission of the office – providing statewide IT oversight as well as operating/overseeing the operation of statewide information systems and networks. In terms of oversight of major IT development projects, DoIT still aims to see that 100% of projects completed in any given year are successful. However, as discussed last year, through fiscal 2009, its MFR did not provide the detail necessary to effectively judge how DoIT was contributing to the successful completion of projects, especially to projects which experienced significant problems in terms of project delay, cost over-runs, and functionality.

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In its fiscal 2010 MFR, DoIT adds a series of measures that are intended to add a better sense of whether projects are actually doing what was expected of them and also DoIT's role in overseeing project development. For example:

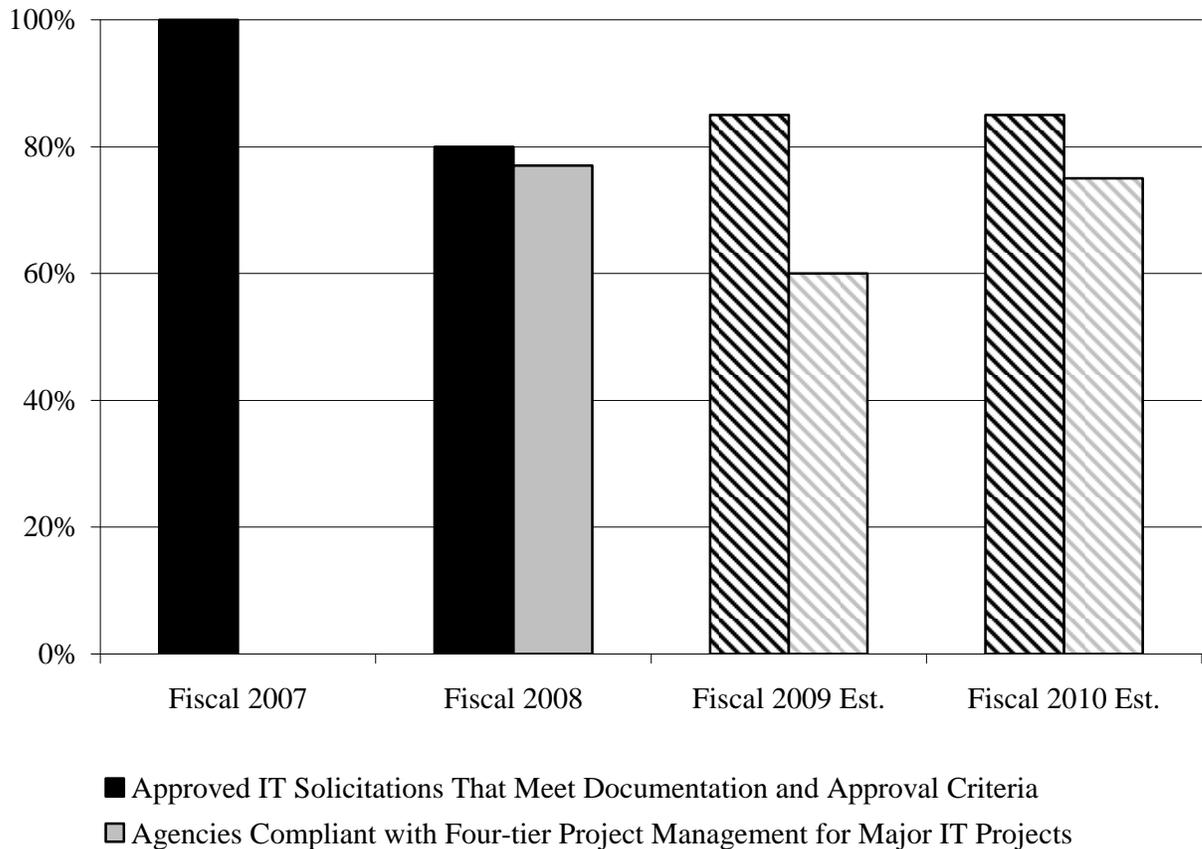
- One of the innovations of the current Secretary is to add an Executive Post-Implementation Review Board that will identify quantifiable business goals for each project and measure the extent to which projects have met those goals. These boards are being established with fiscal 2009 projects.
- In the Strategic Planning function, a series of measures are added around the notion adhering to industry best practices in the area of project control, and in particular, a process to manage change in scope, schedule, and budget. This requires the development of a Change Management Plan and the application of that plan to the control of the project. The issue here is not change per se, which is almost inevitable in any project, but rather that when change occurs, the response is planned for rather than simply occurring in such a way that can have unintended consequences to the project or parts of the project.

The change management plan is only one part of the documentation and oversight that DoIT considers must be adhered to in a project solicitation. Other elements include a valid requisition, clearly defined scope of work, appropriate use of functional areas and terms, clearly defined milestones and deliverables with corresponding acceptance criteria, application of State and agency information technology standards, realistic time frames for performance, clearly defined award criteria, and a signed task order approval checklist.

As shown in **Exhibit 1**, fewer IT project solicitations met these documentation and approval criteria in fiscal 2008 compared to fiscal 2007. This reduction reflected identification by DoIT of systemic deficiencies in information technology procurements. Remedial actions resulted in contract modifications. DoIT had hoped to be able to get additional assistance to improve application of these documentation and approval criteria by individual agencies, but cost containment actions precluded the procurement of that assistance.

One of the key areas of concern that is apparent when reviewing State IT projects that are experiencing issues is inadequate project management. DoIT utilizes a four-tier oversight methodology that relies on professional and dedicated project management resources being available for a project, periodic portfolio review, Independent Verification and Validations (IV&V), and peer review. Data in Exhibit 1 details State agency utilization of this four-tier oversight methodology.

**Exhibit 1**  
**Department of Information Technology Strategic Planning**  
**Selected Performance Measures**  
**Fiscal 2007-2010**



Source: Department of Legislative Services; Department of Information Technology

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As encouraging as all this oversight and accountability sounds, the Department of Legislative Services (DLS) would note that, based on recent actions and review of the fiscal 2010 budget, there appears to be either considerable effort on the part of some agencies to avoid DoIT review or a lack of understanding that such review is necessary:

- In the 2008 interim, the Maryland Department of Environment tried to move forward with a web site revamp through the budget amendment process without developing the appropriate Information Technology Project Request (ITPR) and submitting that ITPR to DoIT for approval.

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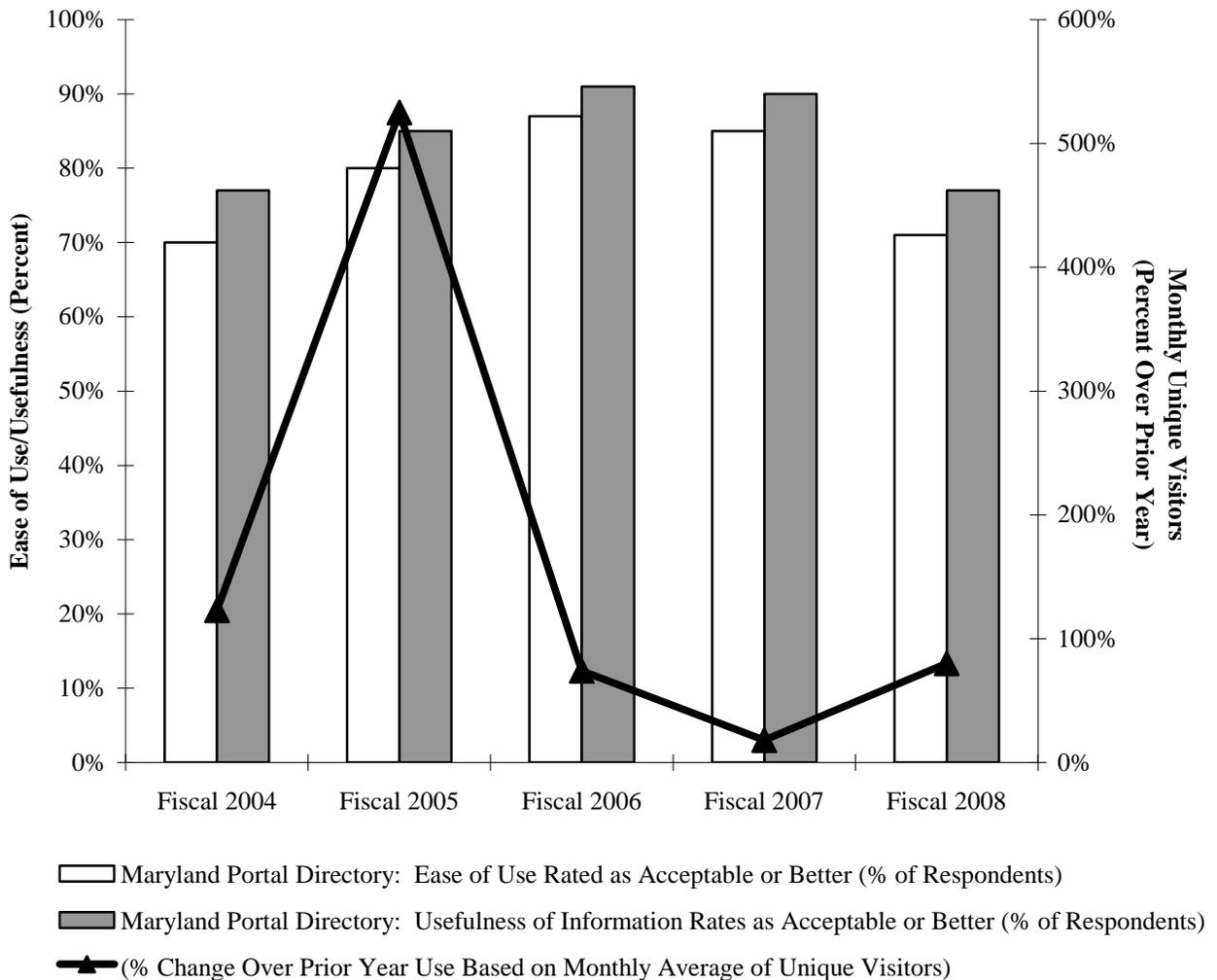
- The Department of Human Resources included general funds for new enhancements to the Children’s Electronic Social Services Information Exchange (CHESSIE) in the fiscal 2010 allowance outside of the major information technology development rubric, this despite having had all prior enhancements funded through the Major Information Technology Development Project Fund (MITDPF).
- The Department of Health and Mental Hygiene (DHMH) has long indicated its intent to replace the key Medicaid Management Information System. Planning funds for this effort were included in the DHMH budget in fiscal 2008. DHMH has indicated to DLS that it hopes to develop the request for proposal (RFP) for this replacement system in fiscal 2010. Again, this project is not identified as a major IT project, and the general funds are in the DHMH budget. The development of an RFP is one of the key elements in the System Development Life Cycle of any project, and DoIT oversight of the RFP development is critical, especially in a system that has an estimated final cost of anywhere between \$30 million to \$100 million depending on the project scope.
- The Department of Juvenile Services (DJS) has been upgrading its backbone client management system, the Automated Statewide Support and Information System (ASSIST), outside of the major information technology development rubric. This upgrade appeared to come to light only as part of the discussions about the integration of its known major IT project, the Treatment Assessment, Planning, and Tracking System (TAPTS). The ability to simultaneously manage these two major efforts forced DoIT to recommend calling a halt to TAPTS. DJS only submitted an ITPR for the ASSIST upgrade at the end of February 2009. That ITPR raises significant questions concerning procurement choice, and resource and funding availability.

Again, while it is unclear if this apparent failure to follow the major information technology development process is deliberate or an oversight, it is important to the integrity of the process that all major information technology development projects are subject to appropriate scrutiny. **DoIT should be prepared to explain how it intends to ensure that all major information technology development projects are subject to appropriate oversight.**

**Exhibit 2** provides information on the Maryland Portal, including satisfaction data gathered from surveys. As might be expected, the rapid percentage growth over the prior year in terms of unique visitors has slowed markedly from fiscal 2005 but is still growing. It should be noted that the increase in growth in fiscal 2008 compared to 2007 relates to increased use of statewide search services and new software that has improved the capability to distinguish a unique visitor. According to DoIT, the portal has 1.6 million unique visitors per month.

Survey data on portal directory ease of use and usefulness of data indicate that the improvements shown in prior years have actually reversed between fiscal 2007 and 2008. DoIT attributes this decline to increased expectations that information and services will be available via the web and dissatisfaction when they are not. Additionally, it may simply reflect dissatisfaction with the economic climate and government generally.

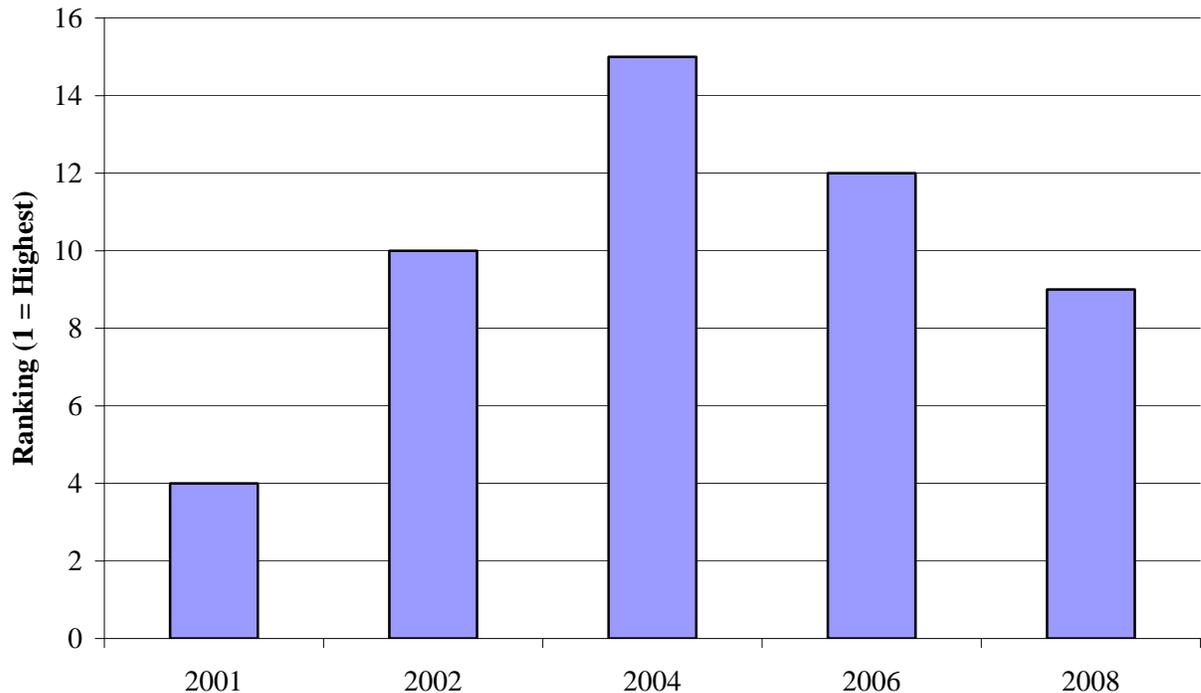
**Exhibit 2  
Maryland Portal  
Selected Performance Measures  
Fiscal 2004-2008**



Source: Department of Legislative Services; Department of Information Technology

Finally, in terms of performance relative to other states, perhaps the most widely considered ranking is developed by the Center for Digital Government, a private research and advisory institute on IT policies and best practices in state and local government. While the criteria used to develop these rankings changes from year to year, as shown in **Exhibit 3**, in the most recent survey, Maryland continued to improve its performance over 2004.

**Exhibit 3**  
**Digital States Survey Overall Ranking**  
**Various Years**



Source: Center for Digital Government

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### **Fiscal 2009 Actions**

Cost containment actions to date in fiscal 2009 have reduced the DoIT budget by just over \$8.2 million. In addition to personnel savings from deleting funding for Other Post Employment Benefits and reducing budgeted funding for health insurance costs based on the use of statewide health insurance balances, DoIT's budget was further reduced based on the establishment of higher turnover levels, various contract reductions, as well as lower software maintenance costs.

Cost containment reductions to major information technology development projects included:

- \$2.95 million from the Statewide Personnel System (see **Appendix 2** for more detail on that project);

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- \$1.756 million from the new election system based on a delay in issuing the contract;
- \$400,000 from TAPTS based on cash-flow requirements; and
- \$700,000 from IV&Vs for various projects.

The impact on the fiscal 2009 budget of the furlough is also anticipated to reduce the DoIT budget by an estimated \$101,000.

## Proposed Budget

As shown in **Exhibit 4**, DoIT’s fiscal 2010 budget falls just over \$11.1 million from the fiscal 2009 working appropriation, 14.1%. This assumes just over \$1.7 million in across-the-board reductions to regular employment (three full-time equivalents (FTEs) and \$168,000), contractual assistance (\$27,000), and savings from contract renegotiations (\$1,512,000). Those reduced contract expenditures could derive from lower contract spending in the administrative portion of the budget or major information technology development projects.

**Exhibit 4**  
**Proposed Budget**  
**Department of Information Technology**  
(\$ in Thousands)

| <b>How Much It Grows:</b>  | <b>General<br/>Fund</b> | <b>Special<br/>Fund</b> | <b>Reimb.<br/>Fund</b> | <b>Total</b>  |
|----------------------------|-------------------------|-------------------------|------------------------|---------------|
| 2009 Working Appropriation | \$21,542                | \$37,530                | \$20,114               | \$79,186      |
| 2010 Allowance             | <u>33,646</u>           | <u>16,406</u>           | <u>19,750</u>          | <u>69,801</u> |
| Amount Change              | \$12,105                | -\$21,125               | -\$364                 | -\$9,384      |
| Percent Change             | 56.2%                   | -56.3%                  | -1.8%                  | -11.9%        |
| Contingent Reductions      | -\$3,385                | \$1,641                 | -\$14                  | -\$1,757      |
| Adjusted Change            | \$8,720                 | -\$19,484               | -\$378                 | -\$11,141     |
| Adjusted Percent Change    | 40.5%                   | -51.9%                  | -1.9%                  | -14.1%        |

**Where It Goes:**

|   |              |
|---|--------------|
| <b>Personnel Expenses</b>   | <b>\$790</b> |
| Employee and retiree health insurance .....   | \$354        |
| Regular earnings (including annualization of positions transferred to the Department of Information Technology (DoIT) in fiscal 2009) ..... | 286          |
| Turnover adjustments.....   | 158          |

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**Where It Goes:**

|   |                  |
|---|------------------|
| Retirement contributions.....   | 126              |
| Other fringe benefit adjustments.....   | 56               |
| Deferred compensation contingent reduction .....  | -50              |
| Other Post Employment Benefits' unfunded liability .....  | -140             |
| <b>Across-the-board Reductions</b>  | <b>-\$1,707</b>  |
| Section 23 contractual assistance .....   | -27              |
| Section 18 abolished vacant positions (three full-time equivalents).....  | -168             |
| Section 24 contract renegotiations .....  | -1,512           |
| <b>Administration</b>   | <b>-\$55</b>     |
| Telecommunications charges.....   | 733              |
| Annapolis Data Center charges.....  | 528              |
| Project manager for 700 MHz system, fiber optic installation and other activities .....                                     | 250              |
| Other outside contractual services (local access dial tone services and GIS mapping of communications infrastructure) ..... | 213              |
| DBM paid telecommunications .....   | 171              |
| Computer equipment (local area network equipment).....  | 122              |
| Contractual employment .....  | 55               |
| Software (packaged applications) .....  | -110             |
| Consulting services .....   | -2,017           |
| <b>DoIT Major IT projects</b>   | <b>-\$3,745</b>  |
| Central Collection Unit CUBS replacement (see Appendix 2 for more detail) .....   | -3,745           |
| <b>Major Information Technology Development Project Fund (MITDPF)</b>   | <b>-\$6,418</b>  |
| Major IT projects supported through the MITDPF (see Issue 1 for more detail) .....  | -6,418           |
| Other .....   | -6               |
| <b>Total</b>  | <b>-\$11,141</b> |

CUBS: Columbia Ultimate Business System  
 DBM: Department of Budget and Management  
 GIS: Geographic Information Systems  
 IT: information technology  
 MHz: megahertz  
 MITDPF: Major Information Technology Development Project Fund

Note: Numbers may not sum to total due to rounding.

Another contingent reduction relates to the Assessment Administration and Valuation System (AAVS) in the State Department of Assessments and Taxation (SDAT). Consistent with proposed language in the Budget Reconciliation and Financing Act of 2009 (BRFA) that allocates a portion of the costs of SDAT to local jurisdictions, 75% of the proposed fiscal 2010 general fund support for AAVS is also made contingent on that proposal (\$1,643,715). If that provision remains in the BRFA,

## *F50 – Department of Information Technology*

authorization is granted in the budget bill for the processing of a special fund amendment to back fill any reduction.

Other areas of change include:

- **Personnel Expenditures:** The only unusual item of personnel expenditure change is the \$286,000 increase for regular earnings. This increase is derived primarily from annualizing the cost of salaries for five positions transferred to DoIT from DBM (three FTEs) and the Governor's Office (two FTEs) during fiscal 2009. These positions are for legal counsel (two FTEs) and local area network support (three FTEs).

The department's year-end vacancy rate continues to be high. Ironically, the department was almost fully staffed at the beginning of the year, but turnover and cost containment actions resulted in personnel expenditures running a deficit in fiscal 2009. As a result, a hiring freeze was imposed and is still in place in order for the department to stay within its fiscal 2009 personnel budget.

- **Administration:** The largest increase in administrative expenses is in telecommunications costs, an increase of \$733,000 over fiscal 2009. Proposed new expenditures include funding for new multi-service centers and support for the ongoing implementation of VoIP (Voice over Internet Protocol). The largest area of decline is in outside contractual costs. Reductions range across a variety of contracts including lower than anticipated IV&V expenditures, phone support, and maintenance for networkMaryland equipment that has been decommissioned.
- **Central Collection Unit (CCU) Columbia Ultimate Business System (CUBS) Replacement:** CUBS is the primary information technology system supporting the CCU's management of funds owed to the State by delinquent debtors. The fiscal 2010 budget shows a reduction of \$3.745 million for this system compared to fiscal 2009 as only funding for IV&V is included. Appendix 2 provides additional detail on the project.
- **Major Information Technology Development Projects:** Funding for major IT projects falls by \$6.418 million. Details on this reduction are provided in Issue 1.

### **Telecommunication Access of Maryland**

The TAM program provides telephone access and other services for persons with certain disabilities. Proposed TAM expenditures are flat from fiscal 2009 to 2010. The TAM program is supported by the Universal Service Trust Fund (USTF). USTF revenues are derived from a \$0.20 landline monthly surcharge. The BRFA proposes a one-time transfer of \$1 million from the USTF to support operations at the Maryland School for the Deaf in fiscal 2010.

## *F50 – Department of Information Technology*

The impact on the USTF balance of this BRFA proposal is minimal. As of December 31, 2008, the fund balance was \$16,624,341. In the most recent fiscal year, the fund received \$7,516,456 in revenue and interest payments while program costs were \$6,082,282. Contract costs were expected to increase in fiscal 2009 based on higher per minute costs in a recently awarded contract.

However, the TAM program has typically cautioned that these large fund balances act as a temporary hedge against potential changes in the funding of Video Relay and Internet Protocol Relay Services. These services are currently provided and funded by the federal government, although it has been reported for some years that the federal government is looking for ways to recover some of the costs of these services from the states. The TAM program indicates that the Federal Communications Commission is moving one step closer to doing this with recent actions taken around the identification of Internet-based relay customers. According to the latest estimates, this additional cost to the State could be \$9.7 million annually. The TAM program acknowledges that the fund balance will only offset the cost for an initial period, and after that time, it would need to reassess the surcharge level or find a new revenue source.

**Given that this change to the funding of Video Relay and Internet Protocol Relay Services may finally be closer to implementation, DLS recommends reserving sufficient fund balance to provide the TAM program with one year of funding coverage for these services which will give the TAM program an opportunity to consider its revenue options. After accounting for the proposed transfer already in the BRFA, DLS recommends increasing the transfer from the USTF from \$1 million to \$5 million and likewise increasing the contingent reduction in the Maryland School for the Deaf from \$1 million to \$5 million in fiscal 2010.**

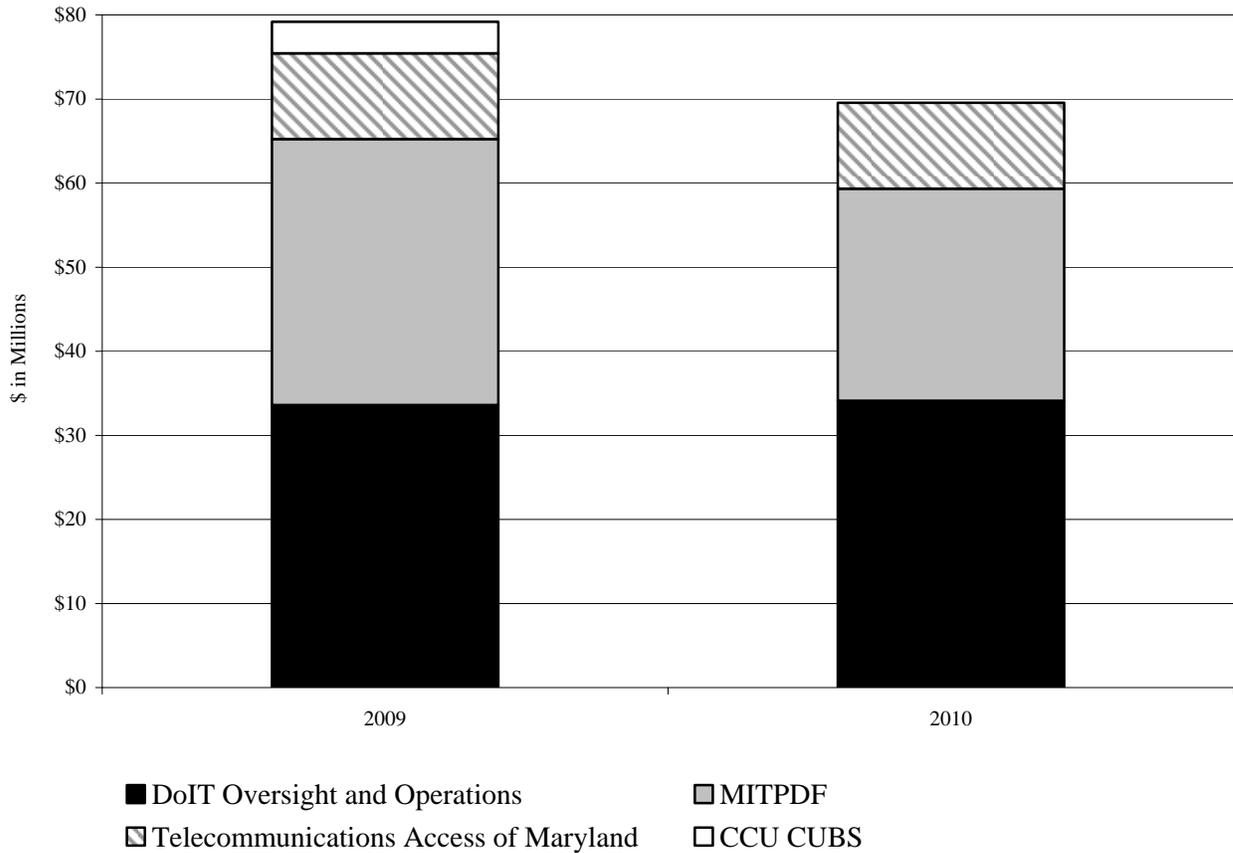
### **DoIT: Underlying Growth Fiscal 2009 to 2010**

**Exhibit 5** provides an alternative view of growth in the DoIT budget. DoIT's core oversight and operations budget, \$34.1 million in fiscal 2010, is \$510,000, or 2%, above fiscal 2009. However, much of this growth relates to personnel and other costs outside of the agency's control. Indeed, after accounting for these changes, the core budget is a little below fiscal 2009 levels.

### **Federal Stimulus Funding**

The federal stimulus package enacted on February 17, 2009, contains significant funding for information technology projects: \$19 billion for the accelerated adoption of health information technology; \$7 billion for broadband Internet connectivity; significant support to improve the availability of information technology in schools; as well as other funding for which information technology projects may be eligible. It is unclear at this time to what extent any of this funding will flow through DoIT or the MITDPF.

**Exhibit 5**  
**Underlying Growth in Office of Information Technology Programs**  
**Fiscal 2009-2010**



CCU CUBS: Central Collection Unit’s Columbia Ultimate Business System  
MITPDF: Major Information Technology Development Project Fund

Note: This data does not include the Section 24 contract renegotiation reduction which at this time is not allocated within DoIT’s budget.

Source: Department of Budget and Management; Department of Legislative Services

## Issues

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### 1. The Major IT Development Project Fund and Major IT Expenditures

Chapters 467 and 468 of 2002 created the MITDPF. The fund replaced the Information Technology Investment Fund (ITIF), preserved the various telecommunications revenue streams that were dedicated to the ITIF for major IT projects, limited the use of the fund for other smaller IT projects, and enhanced the oversight role of DoIT (then OIT) in approving projects from the fund. Further, in addition to preserving the existing revenue streams, the legislation required all general funds appropriated for major IT projects to be held in the fund.

#### MITDPF Funded Projects: Fiscal 2009

Exhibit 6 shows fund transactions for the MITDPF for fiscal 2007 through the proposed budget in fiscal 2010. A number of points may be made from the exhibit:

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#### Exhibit 6 MITDPF Fund Data Fiscal 2007-2010

|   | <u>2007</u>         | <u>2008</u>         | <u>2009</u>         | <u>2010</u>         |
|---|---------------------|---------------------|---------------------|---------------------|
| Opening Fund Balance  | \$13,723,903        | \$43,159,364        | \$33,463,333        | \$15,231,308        |
| <b>Revenues</b>   |                     |                     |                     |                     |
| General Fund  | \$31,415,000        |                     | \$14,313,407        | \$19,550,705        |
| Special Fund  | 10,179,930          | \$2,267,493         | 1,457,147           | 1,200,000           |
| Cost Containment  |                     |                     | -6,006,000          |                     |
| <b>Total Available Revenues</b>   | <b>\$55,318,834</b> | <b>\$45,426,857</b> | <b>\$43,227,887</b> | <b>\$35,982,013</b> |
| <b>Expenditures</b>   |                     |                     |                     |                     |
| Agency Pay Phone Commission Disbursements   |                     | -\$7,193            | -\$25,743           |                     |
| Transferred/Expected to be Transferred to Agencies  | -\$12,159,470       | -11,956,331         | -27,970,836         |                     |
| <i>Prior and Current Year Commitments (Approved by<br/>Legislature/Joint Chairmen's Report)</i> |                     |                     |                     |                     |
| Fiscal 2007 Obligations   |                     |                     |                     | -\$3,169,256        |
| Fiscal 2008 Obligations   |                     |                     |                     | -4,386,752          |
| Fiscal 2009 Obligations   |                     |                     |                     | -2,879,038          |
| Requested Expenditures  |                     |                     |                     | -25,221,705         |
| <b>Fund Balance</b>   | <b>\$43,159,364</b> | <b>\$33,463,333</b> | <b>\$15,231,308</b> | <b>\$325,262</b>    |

MITDPF: Major Information Technology Development Project Fund

Note: Based on actual expenditures, approved commitments, proposed expenditures, and other adjustments.

Source: Department of Legislative Services; Department of Information Technology; Department of Budget and Management

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- Fund balances reflect the reversion of just over \$6.7 million from a variety of projects as detailed in **Exhibit 7**, after offsetting the unanticipated expenditure of funding for an IV&V of the MAFIS (Multiple Agency Fingerprint Information System). These reversions are a mixture of project balances available after project completion, project abandonment, or project deferral in the case of the DHMH CHRIS (Computerized Hospital Record and Information System) project.

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**Exhibit 7**  
**MITDPF Fund Data**  
**Reversions to Fund Balance**

| <u>Item</u>                          | <u>Reversion (\$)</u> | <u>Expenditure (\$)</u> |
|--------------------------------------|-----------------------|-------------------------|
| DPSCS NCIC                           | \$144,889             |                         |
| DPSCS Network Livescan               | 8,999                 |                         |
| DPSCS Network Stabilization          | 110,747               |                         |
| DBM Disaster Recovery                | 1,309,953             |                         |
| DHR CHESSIE Enhancements             | 800,000               |                         |
| IV&V Unexpended Fund/MAFIS IV&V      | 338,985               | \$156,695               |
| DBM Business Process System          | 510,712               |                         |
| DBM Statewide Radio System           | 172,374               |                         |
| DBM Federal Vendor Offset            | 266,547               |                         |
| DHMH CHRIS                           | 3,200,000             |                         |
| <b>Subtotal</b>                      | <b>\$6,863,206</b>    | <b>\$156,695</b>        |
| <b>Net Reversion To Fund Balance</b> |                       | <b>\$6,706,511</b>      |

CHESSIE: Children’s Electronic Social Services Information Exchange

CHRIS: Computerized Hospital Record and Information System

DBM: Department of Budget and Management

DHMH: Department of Health and Mental Hygiene

DHR: Department of Human Resources

DPSCS: Department of Public Safety and Correctional Services

IV&V: Independent Verification and Validation

MAFIS: Multiple Agency Fingerprint Information System

MITDPF: Major Information Technology Development Project Fund

NCIC: National Crime Information Center

Source: Department of Legislative Services; Department of Information Technology; Department of Budget and Management

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- The fund has accumulated a significant balance (\$33.4 million at the end of fiscal 2008 compared to the \$2.3 million projected during fiscal 2009 budget deliberations). For the most part, this relates to limited activity on a number of high dollar value projects. However, based on recent contract awards, significant expenditures can be expected in fiscal 2009.
- This anticipated higher level of activity is reflected by the inclusion of just over \$10.4 million of prior year project commitments into fiscal 2010, slightly less than half of the carryover levels anticipated last year.
- There is just over \$25.2 million requested for new projects.

As detailed in **Exhibit 8**, of the just over \$25.2 million in new spending, over \$23.3 million, (92%) is for ongoing project oversight and for seven projects for which funding has previously been approved by the General Assembly. The remaining \$1.9 million (8%) is for three new projects, although one of these projects, the Computer Aided Dispatch and Record Management (CAD/RMS) system for the Department of State Police was proposed but rejected in the 2008 session. This funding allocation is perhaps not surprising given the State’s fiscal situation and also given the level of funding required for two projects: the Comptroller’s Modernized Integrated Tax System (MITS) and the Public Safety’s Offender Case Management System, contracts for both of which were awarded in December 2008.

**Exhibit 8**  
**Major Information Technology Development Project Fund (MITDPF)**  
**Projects Receiving New Fiscal 2010 Funding (Excluding Carryover Project Funding)**

| <u>Agency</u>                     | <u>Project Name</u>        | <u>Project Description</u>                              | <u>MITDPF Funding</u> | <u>Comment</u>   |
|-----------------------------------|----------------------------|---|-----------------------|--|
| <b>Ongoing Oversight/Projects</b> |                            |   |                       |  |
| State Board of Elections (SBE)    | Optical Scan Voting System | Replace existing voting system with paper-based system. | \$2,887,538           | The funding for this project primarily supports a capital lease finance agreement to purchase the machines. This project has been delayed although the Request for Proposal (RFP) is currently open. The delay has resulted in a \$1,756,000 cost containment reduction to the fiscal 2009 appropriation. Further information on this project can be found in the SBE analysis. <b>The Department of Legislative Services (DLS) recommends approval contingent on the failure of SB 970/HB 1211 or other legislation delaying the implementation of the new voting system.</b> |

*F50 – Department of Information Technology*

| <u>Agency</u>   | <u>Project Name</u>                            | <u>Project Description</u>   | <u>MITDPF Funding</u> | <u>Comment</u>  |
|---|--|--|-----------------------|---|
| Comptroller   | Modernized Integrated Tax System               | Replace legacy (1986) Computer Assisted Collections System and include tax processing as a whole.                                    | \$11,645,954          | Contract awarded December 2008. Total implementation contract award (including five option years for operations and maintenance) is \$87 million, with total general fund need of \$47 million. One of the major risks involves the ability to make the data warehouse fully functional. A legislative change (SB249/HB812) will facilitate this effort. <b>DLS recommends approval.</b>  |
| State Department of Assessments and Taxation          | Assessment Administration and Valuation System | Establishment of single real property database with statewide access.  | \$2,191,620           | Contract awarded in 2006. Design, development, and integration and testing phases are complete and data conversion is nearing completion. Fiscal 2009 MITDPF funding for the Independent Verification and Validation (IV&V) was cut in cost containment. Note that this funding is subject to a contingent reduction assuming 75% funding responsibility passing to the local jurisdictions and will be back filled with other special funds. <b>DLS recommends approval.</b> |
| Department of Health and Mental Hygiene               | Electronic Vital Records System                | Replacement of existing vital records system with an integrated, web-enabled system.   | \$770,000             | A Board of Public Works contract for this previously approved system was awarded October 2007. The project has experienced delays, and issues were found during systems acceptance testing with the birth records component. These issues are currently being addressed. Fiscal 2010 funding is for the federally mandated birth and death record modules. Fiscal 2009 cost containment reduced IV&V funding for the project. <b>DLS recommends approval.</b>                 |
| Department of Public Safety and Correctional Services | Offender Case Management System                | Plan, develop, and implement a comprehensive offender case management system to manage an individual from pre-trial through release. | \$4,521,197           | Contract was awarded in December 2008 at an estimated cost of \$15.6 million. Contract award was made to an English-based company with no proven domestic implementation which increases the importance of project management oversight. <b>DLS recommends approval.</b>  |

*F50 – Department of Information Technology*

| <u>Agency</u>                        | <u>Project Name</u>                                | <u>Project Description</u>   | <u>MITDPF Funding</u> | <u>Comment</u>   |
|--------------------------------------|--|--|-----------------------|--|
| Maryland Higher Education Commission | Student Financial Aid System                       | Replacement of existing student financial aid system.  | \$355,396             | Project currently progressing through integration and testing for Phase I. Fiscal 2009 cost containment reduced IV&V funding for the project. <b>DLS recommends approval.</b>  |
| Department of Juvenile Services      | Treatment Assessment, Planning and Tracking System | Tracking system to monitor and report on criminogenic needs.   | \$700,000             | Fiscal 2009 cost containment reduced funding for the project by \$400,000. The project has significant issues around project management, the procurement choice, and the integration of the project with the department's backbone ASSIST project. <b>DLS recommends deleting the funds.</b> |
| Department of Information Technology | IV&V Project Management                            | Planning, execution and reporting for agency major information technology development project IV&Vs. | \$250,000             | Other IV&V funding, totaling \$750,000, is included in the project for which the IV&V is anticipated. <b>DLS recommends approval.</b>  |
| <b>Subtotal</b>                      |  |  | <b>\$23,321,705</b>   |  |
| <b>New Projects</b>                  |  |  |                       |  |
| Department of General Services (DGS) | System Replacement                                 | Identification and subsequent appropriate replacement of antiquated systems.                         | \$600,000             | The fiscal 2010 funding is for a contract to review DGS systems to ascertain how best to update those systems. Current systems include real estate, lease management, facilities maintenance, and administrative support. <b>DLS recommends approval.</b>                                    |
| DGS                                  | Procurement System Modernization                   | Identification and subsequent appropriate upgrade of procurement system.                             | \$600,000             | The fiscal 2010 funding is for a contract to review DGS procurement system as well as procurement business processes statewide to ascertain how best to update those systems. <b>DLS recommends approval.</b>  |

*F50 – Department of Information Technology*

| <u>Agency</u>                    | <u>Project Name</u>                               | <u>Project Description</u>                              | <u>MITDPF Funding</u> | <u>Comment</u>   |
|----------------------------------|---|---|-----------------------|--|
| Department of State Police (DSP) | Computer Aided Dispatch/Records Management System | Coordinate statewide public safety information sharing. | \$700,000             | This project was deleted by the legislature in the 2008 session based on the information available at that time. CAD/RMS informs part of the State’s interoperability efforts and involves multiple agencies including the State Police. A CAD/RMS project for the Maryland Transportation Authority was approved by the budget committees in the 2008 interim. An RFP for that project is anticipated in the 3rd quarter of fiscal 2009. The State cost for the proposed DSP CAD/RMS project in fiscal 2010 is lower than that proposed last year because of the availability of federal funds. <b>DLS recommends approval.</b> |
| <i>Sub-total</i>                 |   |   | <b>\$1,900,000</b>    |  |
| <b>Total</b>                     | <b>Fiscal 2010 Allowance</b>                      |   | <b>\$25,221,705</b>   |  |

ASSIST: Automated Statewide Support and Information System  
 CAD/RMS: Computer Aided Dispatch and Record Management

Source: Department of Legislative Services; Department of Information Technology; Department of Budget and Management

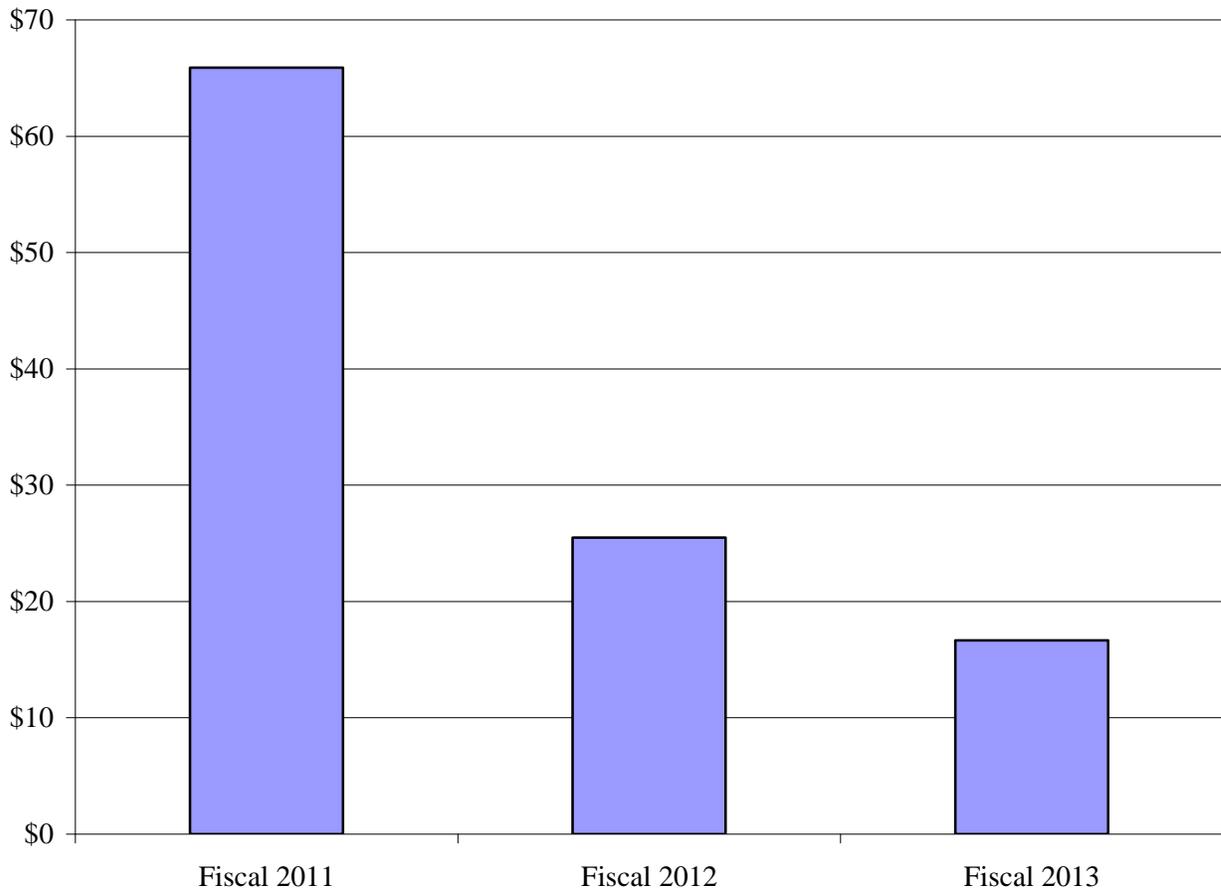
### **MITDPF Out-year Commitments**

Based on the current pipeline of projects, as shown in **Exhibit 9**, new development funding required in the out-years is significant. Planned funding needs for fiscal 2011, simply for proposed and existing projects, will require \$65 million in general funds in fiscal 2011 compared to just over \$25 million in fiscal 2010. For some projects, actual costs will not be known until the State receives responses to RFPs, but for many projects such as the MITS and the Offender Case Management System, costs are fairly well-established and large. Indeed, it has to be questioned, given the State’s fiscal situation, if planning for this level of funding in fiscal 2011 is realistic.

The three new proposed projects, the general system replacement and procurement system upgrade in the Department of General Services (DGS), and CAD/RMS in the Department of State Police, comprise just over \$21.3 million of the planned fiscal 2011 spending (33%). The CAD/RMS project, as noted above, has at least diversified its funding stream to include federal funds, reducing the overall need for State funds.

The problems with the DGS systems are well known. It is also extremely unlikely that the spending anticipated for these systems in fiscal 2011 will occur in that year, relieving some pressure on fiscal 2011.

**Exhibit 9**  
**Major Information Technology Development Project Fund**  
**Out-year New Funding Commitments**  
**Fiscal 2011-2013**  
**(\$ in Millions)**



Source: Department of Legislative Services; Department of Budget and Management

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**Status of Prior Year MITDPF Projects**

**Exhibit 10** details the status of ongoing projects previously funded through the MITDPF but for which no funds were provided in fiscal 2010.

**Exhibit 10**  
**Major Information Technology Development Project Fund (MITDPF)**  
**Status of Prior Year Projects**  
**Not Funded in Fiscal 2010 Budget for Which MITDPF Funding Still Exists**

| <u>Agency</u> | <u>Project Name</u>              | <u>Project Description</u>  | <u>Fiscal Year</u>          | <u>Remaining MITDPF Funding</u> | <u>Comment</u>  |
|---------------|----------------------------------|---|-----------------------------|---------------------------------|---|
| DoIT          | IV&Vs and IV&V Manager           | Project oversight   | Fiscal 2007, 2008, and 2009 | \$508,827                       |   |
| DoIT          | Statewide Personnel System       | Replace legacy State personnel management system  | Fiscal 2007, 2008, and 2009 | \$4,247,800                     | Project has been pushed back due to issues with project management. October 2008 BPW cost containment actions cut \$2.95 million from the project. See Appendix 2 for additional details. <b>DLS recommends making a cash-flow adjustment reducing \$3 million from the project.</b>  |
| DHMH          | CHRIS                            | Replacement of current patient billing and record system at the State-operated psychiatric facilities, residential centers, and chronic hospitals | Fiscal 2007, 2008, and 2009 | \$1,113,380                     | Issues with project management and proposed project implementation have delayed the project and the fiscal 2010 budget utilizes \$3.2 million in previously approved funds for CHRIS for other projects in fiscal 2010.   |
| DHR           | CHESSIE and CHESSIE Enhancements | Child welfare case management system  | Fiscal 2007, 2008, and 2009 | \$2,493,126                     | Original project complete. Currently undergoing enhancements but the project is being delayed because of concerns around the procurement of DHR's application maintenance contract. DHR's fiscal 2010 allowance includes funding for additional enhancements. The general fund portion should have been included in the MITDPF. <b>Given the delay to prior year enhancements, DLS has recommended in the DHR Administration analysis that funding for fiscal 2010 enhancements is deleted.</b> |

| <u>Agency</u> | <u>Project Name</u>                           | <u>Project Description</u>   | <u>Fiscal Year</u>   | <u>Remaining MITDPF Funding</u> | <u>Comment</u>  |
|---------------|---|--|----------------------|---------------------------------|---|
| DHR           | CARES Enhancements                            | Upgrade system used to determine eligibility for food stamps, temporary cash assistance, and Medicaid. | Fiscal 2009          | \$1,844,360                     | One phase of the project is scheduled to be implemented in March 2009, but development on the other three phases of the project has been delayed because of concerns around the procurement of DHR's application maintenance contract.                                  |
| DPSCS         | MAFIS   |  | Fiscal 2007 and 2008 | \$4,526,516                     | First development phase implemented October 2008. Project completion anticipated by the end of fiscal 2009.   |
| DJS           | Statewide Education Technology Implementation | Add to DJS's existing network a layer dedicated to education units at DJS facilities                   | Fiscal 2007          | \$74,776                        | Project complete. DJS is still reconciling invoices to determine if this funding should revert to the MITDPF balance.   |
| Various       |   | Prior year costs of projects funded in fiscal 2010   |                      | \$23,597,096                    | Includes prior year funding for SDAT Assessment Administration and Valuation System; Comptroller's MITS; MHEC Student Financial Aid System; DPSCS Offender Case Management System; DHMH Electronic Vital Records System; SBE Optical Scan Voting System; and DJS TAPTS. |
| <b>Total</b>  |   |  |                      | <b>\$38,405,881</b>             |   |

BPW: Board of Public Works  
 CARES: Client Automated Resource and Eligibility System  
 CHESSIE: Children's Electronic Social Services Information Exchange  
 CHRIS: Computerized Hospital Records and Information System  
 DHMH: Department of Health and Mental Hygiene  
 DHR: Department of Health and Mental Hygiene  
 DJS: Department of Juvenile Services  
 DLS: Department of Legislative Services  
 DoIT: Department of Information Technology  
 DPSCS: Department of Public Safety and Correctional Services  
 IV&V: Independent Verification and Validation  
 MAFIS: Multiple Agency Fingerprint Information System  
 MHEC: Maryland Higher Education Commission  
 MITDPF: Major Information Technology Development Project Fund  
 MITS: Modernized Integrated Tax System  
 SBE: State Board of Elections  
 SDAT: State Department of Assessments and Taxation  
 TAPTS: Treatment Assessment, Planning, and Tracking System

Note: Funding for CHRIS reflects \$3.2 million reduction assumed in the fiscal 2010 budget.

Source: Department of Information Technology; Department of Legislative Services

## **2. Five-year Information Technology Capital Plan**

A number of jurisdictions, including most recently California, have instituted five-year information technology capital plans. The California plan is an extensive document that includes:

- ongoing projects;
- all projects that could be proposed in the next five years;
- information on the need to upgrade/replace hardware, software, and network infrastructure; and
- agency information technology workforce development and succession plans.

All proposed projects have to be aligned with appropriate State enterprise architecture and other standards.

The final plan included 122 proposed and approved projects. While conceding that not all of these projects would come to fruition (an understatement given California's current fiscal situation), California state officials still believe that bringing together agency ideas (in that State's case 85 independent agencies) into a single planning document makes it easier to generate multi-agency collaboration across projects. Specifically, opportunities for collaboration would exist in the areas of the Geographic Information Systems, business intelligence, transaction processing content management, customer relations management, and case management.

In some ways, efforts like that in California represent a way to better manage a multiplicity of agencies that may be developing information technology projects independently. In Maryland, it is to be hoped, that the problem is somewhat mitigated by the centralized oversight role accorded in statute to DoIT. While that role is certainly not all-encompassing (and is occasionally resisted), it does provide an opportunity to ensure adherence to State standards and to maximize collaboration. Indeed, there are many areas such as interoperable communications, case management, and disaster recovery, for example, where the extent of collaboration across a large number of agencies should be considerable. Further, as noted above, DoIT is not omniscient and may or may not be aware of everything that an agency is thinking of in terms of information technology projects.

A five-year plan could also be beneficial to legislators in that it would provide some sense of the scope of projects that agencies are contemplating. Currently, ongoing/new and funded major information technology development projects are known and discussed. However, out-year projects, for which funding has not yet been sought, or are being initiated within current resources, are typically not going to merit much attention.

One of the key concerns about multi-year plans is how those plans are used by stakeholders. It would need to be recognized that changes would occur from year-to-year as priorities change based on policy or other considerations. Estimates of out-year costs would have to be recognized as being

*F50 – Department of Information Technology*

just that, estimates and not something to carve in stone. Nevertheless, it would appear that this kind of planning could be beneficial to the State in supporting the overall direction envisaged for information technology development. **DoIT should be prepared to comment on the benefits of the five-year information technology capital planning approach as adopted by California and other jurisdictions.**

## ***Recommended Actions***

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1. Add the following language to the general fund appropriation:

Further provided that \$2,887,538 of this appropriation made for the purpose of developing an optical scan voting system is contingent on the failure of Senate Bill 970/House Bill 1211 or any other legislation to delay the purchase of this system.

**Explanation:** The language makes \$2,887,538 in the Major Information Technology Development Project Fund intended for the development of an optical scan voting system contingent on the failure of legislation to delay the purchase of this system.

- |  | <b><u>Amount<br/>Reduction</u></b> |    |
|--|------------------------------------|----|
| 2. Delete funding for the Department of Juvenile Services' Treatment Assessment, Planning, and Tracking System. The project has issues with project management, choice of procurement, and the ability to integrate this system with its core case management system which is also being upgraded. | \$ 700,000                         | GF |
| 3. Reduce general fund support for fiscal 2010 major information technology projects by reducing the prior year commitment to the Statewide Personnel System as a cash-flow adjustment. Those funds can instead be committed to new fiscal 2010 projects.  | 3,000,000                          | GF |
| 4. Delete funding for a telecommunications life cycle management contract to manage wireless assets. This contract, originally funded in fiscal 2009, was reduced as part of the October 2008 Board of Public Works cost containment actions.  | 400,000                            | GF |
| 5. Add the following section:  |                                    |    |

SECTION X. AND BE IT FURTHER ENACTED, That funding for cell phone expenditures (statewide subobject 0306) shall be reduced as follows:

| <u>Fund</u>    | <u>Amount</u>    |
|----------------|------------------|
| <u>General</u> | <u>\$479,517</u> |
| <u>Special</u> | <u>364,892</u>   |

*F50 – Department of Information Technology*

|                         |                |
|-------------------------|----------------|
| <u>Federal</u>          | <u>150,362</u> |
| <u>Reimbursable</u>     | <u>11,225</u>  |
| <u>Nonbudgeted</u>      | <u>2,935</u>   |
| <u>Higher Education</u> | <u>409,847</u> |

The Governor shall develop a schedule for allocating this reduction across the various State agencies and across all funds based upon State agency use. In reducing higher education funds, all of the reduction shall be derived from State general fund support under Program R75T00.01.

**Explanation:** The section reduces funding for cell phone and other expenditures budgeted in statewide subobject 0306 by 20%. There are currently 12,500 cell phone users covered under the State contract.

**Total General Fund Reductions** **\$ 4,100,000**

## *Current and Prior Year Budgets*

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### Current and Prior Year Budgets Department of Information Technology (\$ in Thousands)

|                                  | <u>General<br/>Fund</u> | <u>Special<br/>Fund</u> | <u>Federal<br/>Fund</u> | <u>Reimb.<br/>Fund</u> | <u>Total</u>    |
|----------------------------------|-------------------------|-------------------------|-------------------------|------------------------|-----------------|
| <b>Fiscal 2008</b>               |                         |                         |                         |                        |                 |
| Legislative<br>Appropriation     | \$13,534                | \$21,849                | \$0                     | \$16,136               | \$51,519        |
| Deficiency<br>Appropriation      | 0                       | -800                    | 0                       | 0                      | -800            |
| Budget<br>Amendments             | 805                     | 587                     | 0                       | 456                    | 1,848           |
| Cost Containment                 | -434                    | 0                       | 0                       | 0                      | -434            |
| Reversions and<br>Cancellations  | -839                    | -14,715                 | 0                       | -3,820                 | -19,374         |
| <b>Actual<br/>Expenditures</b>   | <b>\$13,066</b>         | <b>\$6,921</b>          | <b>\$0</b>              | <b>\$12,772</b>        | <b>\$32,760</b> |
| <b>Fiscal 2009</b>               |                         |                         |                         |                        |                 |
| Legislative<br>Appropriation     | \$28,509                | \$37,482                | \$0                     | \$19,733               | \$85,723        |
| Cost Containment                 | -7,088                  | -3                      | 0                       | -1,120                 | -8,211          |
| Budget<br>Amendments             | 120                     | 52                      | 0                       | 1,501                  | 1,673           |
| <b>Working<br/>Appropriation</b> | <b>\$21,542</b>         | <b>\$37,530</b>         | <b>\$0</b>              | <b>\$20,114</b>        | <b>\$79,186</b> |

Note: Numbers may not sum to total due to rounding.

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## **Fiscal 2008**

The fiscal 2008 legislative appropriation for DoIT was reduced by almost \$18.8 million. This reduction was derived as follows:

- A deficiency appropriation withdrew \$800,000 in special funds slated for the Maryland Children’s Electronic Social Services Information Exchange system because of available federal funding.
- Budget amendments added just over \$1.8 million to the appropriation. Specifically:
  - General fund amendments added \$805,000, comprised of \$116,000 for DoIT’s share of the fiscal 2008 cost-of-living adjustments (COLA) with the remainder added as part of overall realignment of DBM expenses (DoIT was still part of DBM for accounting purposes in fiscal 2008) during fiscal 2008 close-out.
  - Special fund budget amendments added over \$587,000: \$275,000 for the design and development of the Statewide Personnel System; \$179,000 for various expenses as part of fiscal 2008 close-out; \$79,000 for IV&V costs associated with the Maryland State Department of Education’s Child Care Automated Tracking System project; and \$49,000 in additional funds received from non-state users of PBX and networkMaryland services.
  - Reimbursable fund budget amendments added a further \$456,000.
- Fiscal 2008 cost containment actions taken by the Board of Public Works (BPW) reduced the DoIT budget by \$434,000 in general funds for computer equipment. DoIT was able to back fill the reduction with available fiscal 2007 funds.
- A larger reduction from the legislative appropriation resulted from almost \$19.4 million in reversions and cancellations. Specifically:
  - General fund reversions (\$839,000) were associated with a variety of lower than anticipated expenditures including unspent personnel (regular and contractual), telecommunication and contract costs. The largest reversion, \$536,000, related to lower than anticipated usage at the Annapolis Data Center.
  - Special fund cancellations amounted to over \$14.7 million. The major special fund cancellations were two-fold: in the Major Information Technology Development Project Fund (just under \$11.7 million) because projects did not proceed as anticipated and the Telecommunications Access of Maryland program (just over \$2.2 million) because expenditures were not as high as anticipated across various contracts/programs including Telecommunications Relay Services, Captioned Phone Services, and the equipment distribution program.

*F50 – Department of Information Technology*

- Reimbursable fund cancellations of just over \$3.8 million were spread throughout OIT, with major cancellations as follows: delay in the completion of leasing packages for new or upgraded PBXs prior to the end of fiscal 2008 (almost \$1.4 million); delayed PBX upgrades for Baltimore and Annapolis (\$959,000); not undertaking budgeted IV&Vs (\$624,000); delayed Ethernet Everywhere service expansion (\$292,000); unperformed telecommunications audits (\$175,000); and lower than anticipated maintenance costs for various telecommunications systems (\$106,000).

**Fiscal 2009**

To date, the fiscal 2009 legislative appropriation for DoIT has been reduced by just over \$6.5 million. This reflects:

- just over \$8.2 million (almost \$7.1 million general funds, \$3,000 special funds, and just over \$1.1 million reimbursable funds) in cost containment actions taken by BPW in June and October 2008 (see above for additional detail); and
- an increase of almost \$1.7 million (\$120,000 general funds, \$52,000 special funds, and \$1.5 million in reimbursable funds) in budget amendments. Of these:
  - \$127,000 (\$120,000 general funds, \$7,000 special funds) represents DoIT's share of the fiscal 2009 COLA that was originally budgeted in DBM.
  - The remainder relate to the oversight and management of various IT projects as well as reimbursement for shared services for which general funds were reduced as part of fiscal 2009 cost containment.

## Major Information Technology Projects

### Department of Information Technology Central Collections Unit Systems Modernization

|   |   |                |                |                                   |                             |  |                            |                 |
|---|---|----------------|----------------|-----------------------------------|-----------------------------|--|----------------------------|-----------------|
| <b>Project Description:</b>                 | Replace legacy Columbia Ultimate Business System (CUBS) which is the system used by the Central Collections Unit to track collection activity.  |                |                |                                   |                             |  |                            |                 |
| <b>Project Business Goals:</b>              | To maximize debt collection. No quantitative business goals or Return on Investment (ROI) have been established. Those goals/ROI will be performed when the final technical solution has been identified.                 |                |                |                                   |                             |  |                            |                 |
| <b>Estimated Total Project Cost:</b>        | \$4,619,674.  |                |                |                                   | <b>New/Ongoing Project:</b> |  | Ongoing                    |                 |
| <b>Project Start Date:</b>                  | August 2008.  |                |                | <b>Projected Completion Data:</b> |                             | The project completion date will be formalized when a contract is awarded. |                            |                 |
| <b>Schedule Status:</b>                     | Project subject matter expert is in place and solicitation to hire a project manager has been released.   |                |                |                                   |                             |  |                            |                 |
| <b>Cost Status:</b>                         | Final costs will not be known until a contract is awarded.  |                |                |                                   |                             |  |                            |                 |
| <b>Scope Status:</b>                        | Project scope will be refined once a project manager is in place and requirements are fully defined.  |                |                |                                   |                             |  |                            |                 |
| <b>Project Management Oversight Status:</b> | Project manager in the process of hiring. No peer review committee has been assigned or Independent Verification and Validations (IV&V) completed. Fiscal 2010 funding is included for IV&V.                              |                |                |                                   |                             |  |                            |                 |
| <b>Identifiable Risks:</b>                  | Implementation delays are possible if project management is not in place quickly. Inadequate scope definition could occur of stakeholder agencies do not fully disclose and document business processes and requirements. |                |                |                                   |                             |  |                            |                 |
| <b>Additional Comments:</b>                 | None  |                |                |                                   |                             |  |                            |                 |
| <b>Fiscal Year Costs (\$ in Thousands)</b>  | <b>Prior Years</b>  | <b>FY 2010</b> | <b>FY 2011</b> | <b>FY 2012</b>                    | <b>FY 2013</b>              | <b>FY 2014</b>   | <b>Balance to Complete</b> | <b>Total</b>    |
| Personnel Services                          | \$0.0   | \$0.0          | \$0.0          | \$0.0                             | \$0.0                       | \$0.0  | \$0.0                      | \$0.0           |
| Professional and Outside Services           | 4,419.7   | 200.0          | 0.0            | 0.0                               | 0.0                         | 0.0  | 0.0                        | 4619.7          |
| Other Expenditures                          | 0.0   | 0.0            | 0.0            | 0.0                               | 0.0                         | 0.0  | 0.0                        | 0.0             |
| <b>Total Costs</b>                          | <b>\$4,419.7</b>  | <b>\$200.0</b> | <b>\$0.0</b>   | <b>\$0.0</b>                      | <b>\$0.0</b>                | <b>\$0.0</b>   | <b>\$0.0</b>               | <b>\$4619.7</b> |

## Department of Information Technology Statewide Personnel System

|   |  |                |                  |                                   |                             |   |                            |                   |
|---|--|----------------|------------------|-----------------------------------|-----------------------------|---|----------------------------|-------------------|
| <b>Project Description:</b>                 | To replace existing legacy main-frame personnel system with a modern Commercial-Off-The-Shelf personnel system. Functions of the existing system include position control, position history, employee history, reclassifications, terminations, abolitions, inter-agency transfers, cost-of-living adjustments, increment processing, promotions, interfaces with the retirement and central payroll systems, ad hoc reporting, leave bank, recruitment, and examination and performance evaluation. |                |                  |                                   |                             |   |                            |                   |
| <b>Project Business Goals:</b>              | No quantifiable business goals have been identified. A quantitative ROI analysis has not been conducted with the intent being that this analysis will be done prior to the selection of the final technical solution.  |                |                  |                                   |                             |   |                            |                   |
| <b>Estimated Total Project Cost:</b>        | \$10,250,000. Initial price estimate was \$7,000,000 (exclusive of operations and maintenance costs).  |                |                  |                                   | <b>New/Ongoing Project:</b> |   | Ongoing.                   |                   |
| <b>Project Start Date:</b>                  | November 2007. Initial project start was identified as April 2006.   |                |                  | <b>Projected Completion Data:</b> |                             | Initial project completion date was identified as December 2008. The project completion date will be formalized when a contract is awarded. No contract award is likely until the end of fiscal 2010. |                            |                   |
| <b>Schedule Status:</b>                     | A dedicated project manager is under contract for the project and a Human Resource subject matter expert is in the process of being hired. However, project funding totaling \$2.95 million was cut by BPW in October 2009 and was not back-filled in fiscal 2010.   |                |                  |                                   |                             |   |                            |                   |
| <b>Cost Status:</b>                         | Through fiscal 2008 2.5% of appropriated funds had been spent, or 1% of the estimated project cost at completion. Fiscal 2009 funding was cut.   |                |                  |                                   |                             |   |                            |                   |
| <b>Scope Status:</b>                        | No change.   |                |                  |                                   |                             |   |                            |                   |
| <b>Project Management Oversight Status:</b> | The Statewide Personnel System has been subject to three of the four elements of DoIT's project management oversight model (at this point no IV&V has been initiated.).  |                |                  |                                   |                             |   |                            |                   |
| <b>Identifiable Risks:</b>                  | Major project risks are: out-year funding, a risk more relevant in light of the October 2008 BPW cut; inadequate engagement of key stakeholders; and potentially inadequate dedicated resources especially compared to similar undertakings in other states.   |                |                  |                                   |                             |   |                            |                   |
| <b>Additional Comments:</b>                 | The Department of Legislative Services recommends reducing project funding by \$3 million as a cash-flow adjustment.   |                |                  |                                   |                             |   |                            |                   |
| <b>Fiscal Year Costs (000)</b>              | <b>Prior Years</b>   | <b>FY 2010</b> | <b>FY 2011</b>   | <b>FY 2012</b>                    | <b>FY 2013</b>              | <b>FY 2014</b>  | <b>Balance to Complete</b> | <b>Total</b>      |
| Personnel Services                          | \$0.0  | \$0.0          | \$0.0            | \$0.0                             | \$0.0                       | \$0.0   | \$0.0                      | \$0.0             |
| Professional and Outside Services           | 4,350.0  | 0.0            | 5,900.0          | 0.0                               | 0.0                         | 0.0   | 0.0                        | 10,250.0          |
| Other Expenditures                          | 0.0  | 0.0            | 0.0              | 0.0                               | 0.0                         | 0.0   | 0.0                        | 0.0               |
| <b>Total Costs</b>                          | <b>\$4,350.0</b>   | <b>\$0.0</b>   | <b>\$5,900.0</b> | <b>\$0.0</b>                      | <b>\$0.0</b>                | <b>\$0.0</b>  | <b>\$0.0</b>               | <b>\$10,250.0</b> |

**Object/Fund Difference Report  
Department of Information Technology**

| <u>Object/Fund</u>          | <u>FY08<br/>Actual</u> | <u>FY09<br/>Working<br/>Appropriation</u> | <u>FY10<br/>Allowance</u> | <u>FY09 - FY10<br/>Amount Change</u> | <u>Percent<br/>Change</u> |
|-----------------------------|------------------------|---|---------------------------|--------------------------------------|---------------------------|
| <b>Positions</b>            |                        |   |                           |                                      |                           |
| 01 Regular                  | 117.00                 | 123.00                                    | 123.00                    | 0                                    | 0%                        |
| 02 Contractual              | 4.13                   | 6.00                                      | 7.00                      | 1.00                                 | 16.7%                     |
| <b>Total Positions</b>      | <b>121.13</b>          | <b>129.00</b>                             | <b>130.00</b>             | <b>1.00</b>                          | <b>0.8%</b>               |
| <b>Objects</b>              |                        |   |                           |                                      |                           |
| 01 Salaries and Wages       | \$ 9,452,816           | \$ 10,221,063                             | \$ 11,061,102             | \$ 840,039                           | 8.2%                      |
| 02 Technical and Spec. Fees | 152,010                | 398,906                                   | 454,330                   | 55,424                               | 13.9%                     |
| 03 Communication            | 5,546,740              | 8,085,397                                 | 9,140,268                 | 1,054,871                            | 13.0%                     |
| 04 Travel                   | 85,239                 | 55,000                                    | 108,300                   | 53,300                               | 96.9%                     |
| 06 Fuel and Utilities       | 23,075                 | 25,000                                    | 81,800                    | 56,800                               | 227.2%                    |
| 07 Motor Vehicles           | 21,610                 | 21,496                                    | 2,663                     | -18,833                              | -87.6%                    |
| 08 Contractual Services     | 16,440,864             | 59,814,850                                | 44,966,821                | -14,848,029                          | -24.8%                    |
| 09 Supplies and Materials   | 11,121                 | 152,400                                   | 63,300                    | -89,100                              | -58.5%                    |
| 10 Equipment – Replacement  | 844,188                | 219,800                                   | 346,370                   | 126,570                              | 57.6%                     |
| 11 Equipment – Additional   | 0                      | 0   | 3,350,000                 | 3,350,000                            | N/A                       |
| 13 Fixed Charges            | 181,931                | 191,639                                   | 226,519                   | 34,880                               | 18.2%                     |
| <b>Total Objects</b>        | <b>\$ 32,759,594</b>   | <b>\$ 79,185,551</b>                      | <b>\$ 69,801,473</b>      | <b>-\$ 9,384,078</b>                 | <b>-11.9%</b>             |
| <b>Funds</b>                |                        |   |                           |                                      |                           |
| 01 General Fund             | \$ 13,065,823          | \$ 21,541,594                             | \$ 33,646,409             | \$ 12,104,815                        | 56.2%                     |
| 03 Special Fund             | 6,921,382              | 37,530,331                                | 16,405,537                | -21,124,794                          | -56.3%                    |
| 09 Reimbursable Fund        | 12,772,389             | 20,113,626                                | 19,749,527                | -364,099                             | -1.8%                     |
| <b>Total Funds</b>          | <b>\$ 32,759,594</b>   | <b>\$ 79,185,551</b>                      | <b>\$ 69,801,473</b>      | <b>-\$ 9,384,078</b>                 | <b>-11.9%</b>             |

Note: The fiscal 2009 appropriation does not include deficiencies. The fiscal 2010 allowance does not include contingent reductions.

**Fiscal Summary  
Department of Information Technology**

| <u>Program/Unit</u>                  | <u>FY08<br/>Actual</u> | <u>FY09<br/>Wrk Approp</u> | <u>FY10<br/>Allowance</u> | <u>Change</u>        | <u>FY09 - FY10<br/>% Change</u> |
|--------------------------------------|------------------------|----------------------------|---------------------------|----------------------|---------------------------------|
| 0A Major IT Development Project Fund | \$ 0                   | \$ 31,639,293              | \$ 25,221,705             | -\$ 6,417,588        | -20.3%                          |
| 0B Office of Information Technology  | 32,759,594             | 47,546,258                 | 44,579,768                | -2,966,490           | -6.2%                           |
| <b>Total Expenditures</b>            | <b>\$ 32,759,594</b>   | <b>\$ 79,185,551</b>       | <b>\$ 69,801,473</b>      | <b>-\$ 9,384,078</b> | <b>-11.9%</b>                   |
| General Fund                         | \$ 13,065,823          | \$ 21,541,594              | \$ 33,646,409             | \$ 12,104,815        | 56.2%                           |
| Special Fund                         | 6,921,382              | 37,530,331                 | 16,405,537                | -21,124,794          | -56.3%                          |
| <b>Total Appropriations</b>          | <b>\$ 19,987,205</b>   | <b>\$ 59,071,925</b>       | <b>\$ 50,051,946</b>      | <b>-\$ 9,019,979</b> | <b>-15.3%</b>                   |
| Reimbursable Fund                    | \$ 12,772,389          | \$ 20,113,626              | \$ 19,749,527             | -\$ 364,099          | -1.8%                           |
| <b>Total Funds</b>                   | <b>\$ 32,759,594</b>   | <b>\$ 79,185,551</b>       | <b>\$ 69,801,473</b>      | <b>-\$ 9,384,078</b> | <b>-11.9%</b>                   |

Note: The fiscal 2009 appropriation does not include deficiencies. The fiscal 2010 allowance does not include contingent reductions.