

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

***Operating Budget Data***

(\$ in Thousands)

	<u>FY 11</u> <u>Actual</u>	<u>FY 12</u> <u>Working</u>	<u>FY 13</u> <u>Allowance</u>	<u>FY 12-13</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Fund	\$27,844	\$15,218	\$47,571	\$32,352	212.6%
<b>Adjusted General Fund</b>	<b>\$27,844</b>	<b>\$15,218</b>	<b>\$47,571</b>	<b>\$32,352</b>	<b>212.6%</b>
Special Fund	8,114	21,481	19,088	-2,393	-11.1%
<b>Adjusted Special Fund</b>	<b>\$8,114</b>	<b>\$21,481</b>	<b>\$19,088</b>	<b>-\$2,393</b>	<b>-11.1%</b>
Federal Fund	0	300	0	-300	-100.0%
<b>Adjusted Federal Fund</b>	<b>\$0</b>	<b>\$300</b>	<b>\$0</b>	<b>-\$300</b>	<b>-100.0%</b>
Reimbursable Fund	19,893	27,297	61,493	34,197	125.3%
<b>Adjusted Reimbursable Fund</b>	<b>\$19,893</b>	<b>\$27,297</b>	<b>\$61,493</b>	<b>\$34,197</b>	<b>125.3%</b>
<b>Adjusted Grand Total</b>	<b>\$55,851</b>	<b>\$64,296</b>	<b>\$128,152</b>	<b>\$63,856</b>	<b>99.3%</b>

- The Department of Information Technology's (DoIT) fiscal 2013 allowance is \$63.9 million more than is in the fiscal 2012 working appropriation.
- Major information technology (IT) projects account for \$52.8 million in additional costs.
- Other increases are attributable to new initiatives (\$6.7 million), telecommunications equipment replacement (\$3.1 million), and additional positions (\$1.0 million).

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

For further information contact: Patrick S. Frank

Phone: (410) 946-5530

## ***Personnel Data***

	<b><u>FY 11 Actual</u></b>	<b><u>FY 12 Working</u></b>	<b><u>FY 13 Allowance</u></b>	<b><u>FY 12-13 Change</u></b>
Regular Positions	117.00	115.00	127.00	12.00
Contractual FTEs	<u>2.20</u>	<u>4.00</u>	<u>4.00</u>	<u>0.00</u>
<b>Total Personnel</b>	<b>119.20</b>	<b>119.00</b>	<b>131.00</b>	<b>12.00</b>

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

Turnover and Necessary Vacancies, Excluding New Positions	3.98	3.29%
Positions and Percentage Vacant as of 12/31/11	23.50	20.43%

- The fiscal 2013 budget includes 12 additional positions. The new positions created in fiscal 2013 include 1 that supports Google applications, 1 that supports the public safety communication system, 2 that support contracting and procurement, and 2 that in-source major IT planning that is currently out-sourced. A total of 6 positions are also being transferred into the department, including 5 from the Maryland Emergency Management Agency and 1 from the Governor’s Office for Children. These 6 positions provide IT support for these agencies.
- Sections 19 and 20 of the budget bill propose to transfer another 16 regular positions into the budget on the first day of fiscal 2013. This includes 5 regular positions to support a statewide Geographic Information Systems (GIS) office and 11 regular positions to support a statewide web systems office. Neither the positions nor the costs are included in the department’s fiscal 2013 allowance

## *Analysis in Brief*

---

### Major Trends

**Oversight of Major IT Projects:** Measures established to judge project success suggest that progress is being made as more projects remain on schedule and on budget.

### Issues

**New State Initiatives to Centralize IT:** State offices use IT to support their operations. State agencies have personal computers, local area networks, websites, and email. In general, agencies are responsible for maintaining these services with their own resources and staffs. Little central statewide support is provided. DoIT is implementing several initiatives to centralize agency IT support. These initiatives are to migrate Executive Branch agencies to Google applications, create central GIS and web operations, and provide IT support to State agencies. **The department should be prepared to brief the committees on the Executive Branch migration to Google applications. The department should be prepared to brief the committees on the costs and benefits related to the State’s GIS initiative and consolidating IT support. The Department of Legislative Services (DLS) recommends that the department improve the statistics that measure how effectively the State is providing web services. The new statistics should also examine how well the department is meeting its goals to improve the State’s websites. The department should be prepared to brief the committees on how the NICUSA, Inc. contract will improve web services and other applications.** The State is embarking on major initiatives to consolidate IT. This is consistent with the IT master plan and could result in improved services at reduced costs. But it is not a foregone conclusion that these initiatives will be successful. DLS is concerned that centralization could be accompanied by agencies adding redundant staff, so costs could actually increase, and IT may be even less standardized. **To evaluate the costs and effectiveness associated with these initiatives to centralize IT, DLS recommends that the department develop Managing for Results (MFR) statistics that measure the quality of support it provides and also track the costs and benefits associated with these initiatives. This data should be reported with the department’s MFR data in the annual budget books.**

**Public Safety Communications System Operating Costs:** The State is currently developing an integrated statewide public safety wireless communication system that provides a primary radio communication system for public safety first responders throughout the State. The fiscal 2012 *Capital Improvement Program* (CIP) estimated \$32.0 million equipment costs for this project in fiscal 2013. The proposed capital budget, which totals \$45.6 million, exceeds the amount estimated last year by \$13.6 million. DLS is concerned that the total operating budget impacts of this project are not reflected in the CIP. **DLS recommends that the department estimate the out-year operating budget costs attributable to the Public Safety Communication System and include those costs in the CIP.**

## **Recommended Actions**

	<b><u>Funds</u></b>
1. Reduce funding for the Client Automated Resource Eligibility System major information technology project.	\$ 3,350,000
2. Reduce funding for 700 megahertz radios.	1,125,000
<b>Total Reductions</b>	<b>\$ 4,475,000</b>

## **Updates**

***Department Completes Tower Resource Sharing Agreement Report:*** In the 2012 *Joint Chairmen's Report*, the budget committees requested that DoIT report on standard pricing for tower resource sharing agreements. DoIT responded to this request in December 2011. The report submitted shows a pricing schedule with five zones.

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

***Operating Budget Analysis***

---

**Program Description**

Chapter 9 of 2008 created the Department of Information Technology (DoIT). The department contains the following divisions:

- **State Chief of Information Technology** – responsible for executive direction.
- **Enterprise Information Systems (EIS)** – responsibilities include developing infrastructure and security standards and supporting the help desk.
- **Application Systems Management (ASM)** – responsibilities include the operating mainframe computer agency-based accounting, purchasing, budgeting, personnel, and asset management systems, such as the Financial Management Information System.
- **Networks** – responsible for operating network Maryland and the State’s wireless system.
- **Strategic Planning** – responsible for the oversight of information technology (IT) procurement, project management, and policies and planning.
- **Major Information Technology Projects** – development of major IT projects for the Department of Budget and Management.
- **Web Systems** – operates the State web portal.
- **Telecommunications Access of Maryland (TAM)** – provides telecommunications relay service for Maryland’s hearing and speech disabled citizens.

The department administers the Major Information Technology Development Project Fund (MITDPF). This is a nonlapsing fund that supports large IT initiatives as defined in Sections 3A-301 and 3A-302 of the State Finance and Procurement Article. Major Information Technology Development Projects are projects that meet one or more of the following criteria:

- the estimated total cost of development equals or exceeds \$1 million;
- the project is undertaken to support a critical business function associated with the public health, education, safety, or financial well-being of the citizens of Maryland; or

- the Secretary of DoIT determines that the project requires the special attention and consideration given to a major IT development project.

## **Description of Systems Development Life Cycle Methodology**

A key component of DoIT’s mission is to provide oversight for the State’s major IT systems development. The need to develop safe, secure, and reliable systems is heightened by an increasing dependence on technology to provide services, develop products, administer programs, and perform management functions. To establish procedures and practices for IT project development, the department has implemented the Systems Development Life Cycle (SDLC) methodology. It is used for all major IT projects.

The SDLC methodology provides IT project managers with the tools to help them implement systems that satisfy agency objectives. The documentation requires that executive leadership, functional managers, and users sign-off on the requirements and implementation of the system.

Chapter 397 of 2011 modified the SDLC methodology to adopt a two-step approval process for major IT projects. Initially, an agency submits a Project Planning Request. After the requirements analysis has been completed and a project has completed all of the planning required through Phase Four of the SDLC (Requirements Analysis), including a baseline budget and schedule, the agency may submit a Project Implementation Request and begin designing and developing the project when the request is approved. **Exhibit 1** identifies the SDLC phases.

---

### **Exhibit 1 Systems Development Life Cycle Phases**

<b><u>Phase</u></b>	<b><u>Description</u></b>
<b>Project Planning Request</b>	
Initiation	Management determines a system may be necessary. Significant assumptions and constraints are identified. A project team is formed. A Concept Proposal identifies the needs and opportunities to improve business functions. The Information Technology Project Request, which is the formal budget request, is prepared.
System Concept Development	This phase begins when the Concept Proposal has been formally approved by the agency Chief Information Officer. The project team analyzes needs, risks, and alternatives. The System Boundary Document (that limits the scope) and Risk Management Plan are prepared. The agency decides to proceed into the next life cycle phase, continue additional conceptual phase activities, or terminate.

*F50 – Department of Information Technology*

<u>Phase</u>	<u>Description</u>
Planning	The Project Management Plan (PMP) is developed in this phase. (The plan documents the project scope, tasks, schedule, resources, and interrelationships with other projects. The plan includes an acquisition planning section to show how all government human resources, contractor support services, hardware, software, and telecommunications capabilities are acquired during the life of the project.) The internal management, engineering, business management, and contract management processes that will be used by the project office for all subsequent life cycle phases are also determined in the phase.
Requirements Analysis	This phase begins when the PMP is approved. The key product developed in this phase is the Functional Requirements Document (FRD). This is a user oriented document that includes business process descriptions, a logical model that describes the fundamental processes and data needs, an analysis of business activities and data, an analysis to define the interaction between the business activities and business data, and a detailed analysis of the current technical architecture, application software and data to ensure that limitations or unique requirements have not been overlooked. A Test and Evaluation Master Plan is also prepared. <b>The baseline is typically prepared at the end of this phase.</b>

**Project Implementation Request**

Design	The objective of the Design Phase is to transform the detailed, defined requirements into complete, detailed specifications for the system to guide the work of the Development Phase. Tasks include beginning the maintenance manual, user manual, training manual, and contingency plan. Ideally, the project's tasks are divided into two-week segments.
Development	The programming of the system occurs in this phase. Although much of the activity in this addresses the computer programs that make up the system, this phase also puts in place the hardware, software, and communications equipment.
Integration and Test	The objective of this phase is to determine if the developed system satisfies the requirements defined in the FRD. This includes system, security, and acceptance testing.
Implementation	The system is installed and made operational.
Operation and Maintenance	The system is in use. As problems are detected, needs occur, or software is upgraded, the system is updated.
Disposition	This is implemented to either eliminate a large part of a system or, in most cases, close down a system and end the life cycle process.

Source: Department of Information Technology, January 2012

---

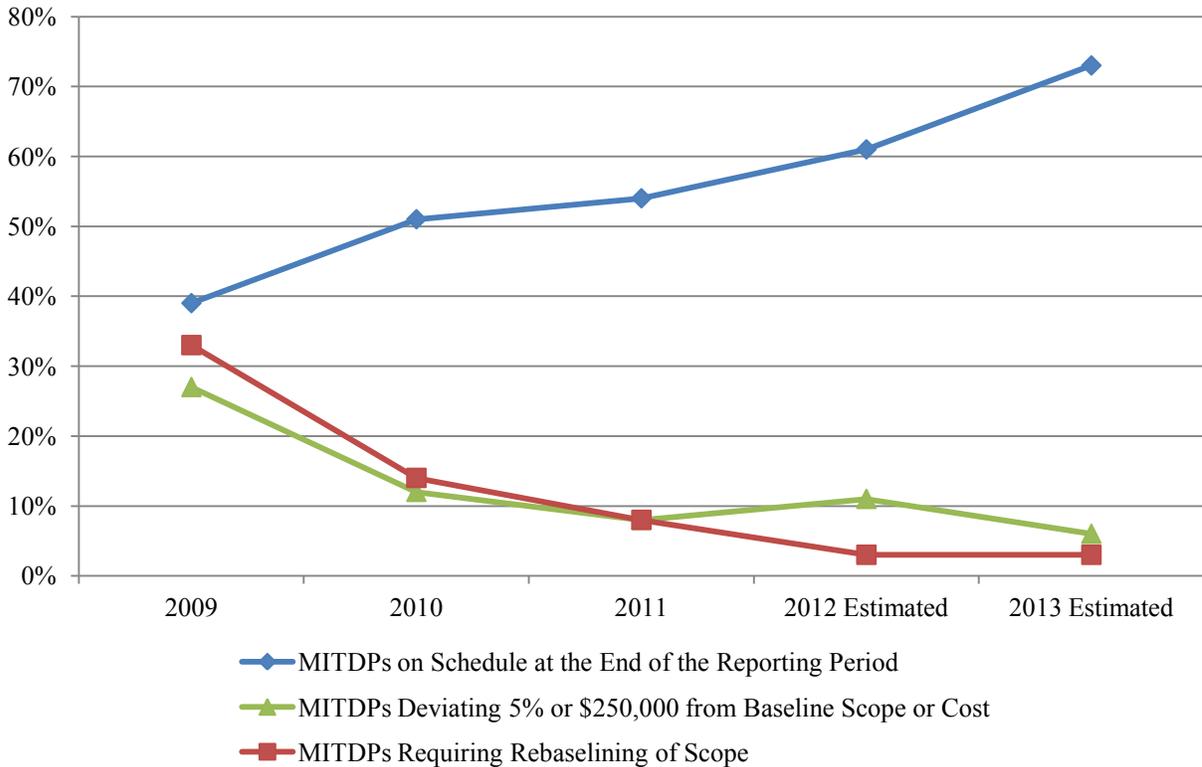
## **Performance Analysis: Managing for Results**

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.

In its fiscal 2010 MFR, DoIT added a series of measures that were intended to assess whether projects are actually performing as expected and to assess DoIT's role in overseeing project development. A new initiative 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. The review occurs a year after the project is completed. These boards were established with fiscal 2009 projects. DoIT advises that two projects, the Department of Housing and Community Development's State Asset Servicing System and the Department of Natural Resources' COMPASS: Maryland Outdoor Customer Service Delivery System, have been completed and should be reviewed in fiscal 2013. These projects should be included in the fiscal 2014 budget request MFR submission.

A major responsibility with long-term statewide implications is DoIT's review of major IT projects that are planned and implemented in State agencies. The department has a series of output measures that examine the extent to which major IT projects remain on schedule, on scope, and on budget. **Exhibit 2** shows that the number of projects that were on schedule at the end of the fiscal year increased from 39% in fiscal 2009 to 54% in fiscal 2011. Progress was also made with projects that need changes to the scope in the project's baseline. The number of rebaselined projects declined from 33% in fiscal 2009 to 8% in fiscal 2011. The data also shows that the percent of projects deviating from costs declined from 27% in fiscal 2009 to 8% in fiscal 2011.

**Exhibit 2**  
**Major Information Technology Project Planning Performance Measures**  
**Fiscal 2009-2013**

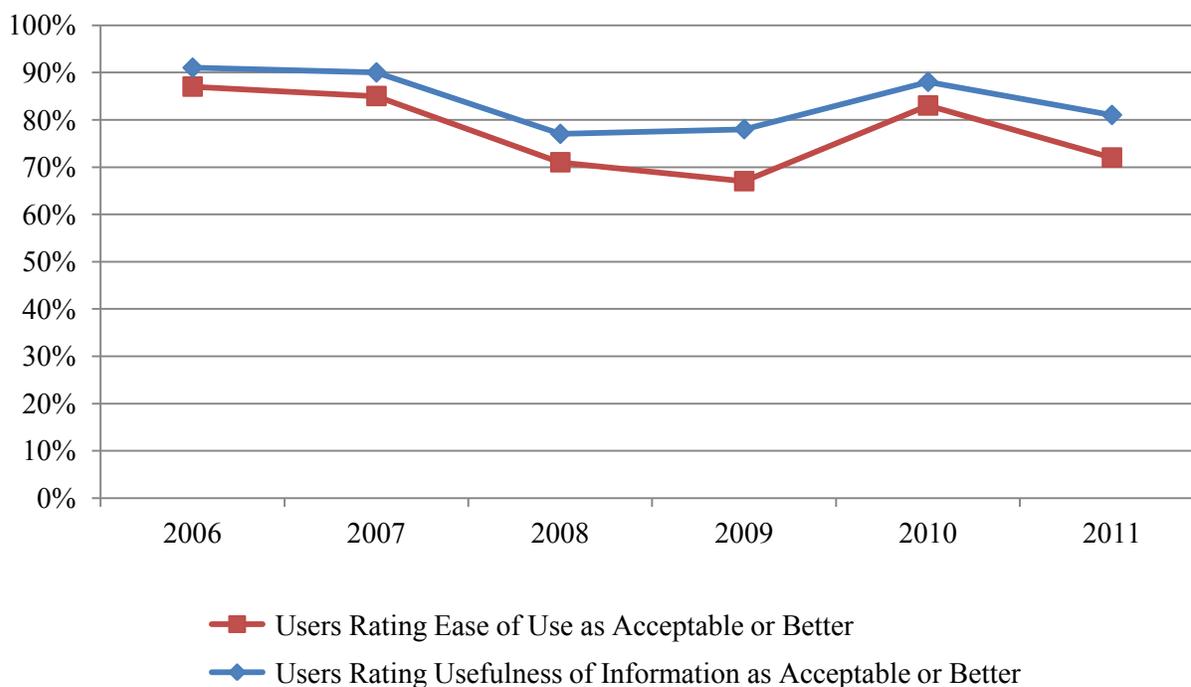


MITDP: Major Information Technology Development Project

Source: Department of Information Technology

Another important component of the department’s mission is performed by the Web Systems division, which operates the Maryland Portal, the State’s website. **Exhibit 3** provides usage and satisfaction data gathered from surveys. Survey data on portal directory ease of use and usefulness of data indicate that the ratings peaked in fiscal 2006, when 87 and 91% of users had positive comments with respect to ease of use and usefulness of information, respectively. The survey responses dipped in fiscal 2008 and 2009 but have improved.

**Exhibit 3  
Maryland Portal Directory Performance Indicators  
Fiscal 2006-2011**

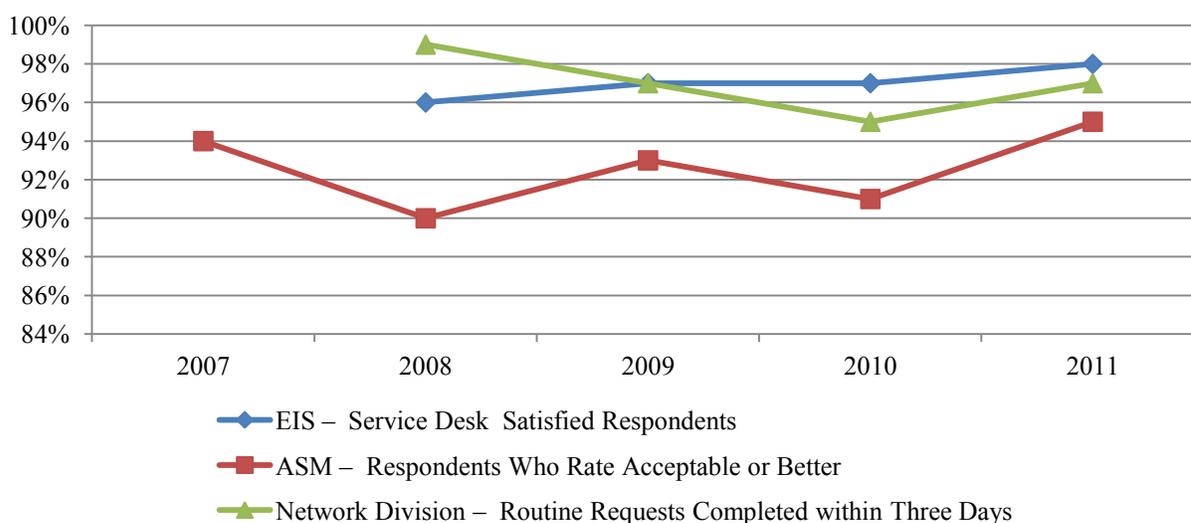


Source: Department of Information Technology

DoIT should consider improving the measures. One concern is that less than 1% of users responded to the survey. Another is that the indicator relating to the number of unique monthly users has been changed to the total number of monthly users. This resulted in a 142% increase in usage from fiscal 2010 to 2011, compared to a 21% increase from fiscal 2009 to 2010. Due to this change, the analysis is no longer tracking unique usage.

DoIT also supports systems that State agencies use. EIS operates a help desk and operates the local area networks in Annapolis and Baltimore. ASM operates the Financial Management Information System, which supports the agency-based financial and human resources systems. The Networks Division operates networkMaryland and the State’s wireless system. The department’s MFR initiative also measures the effectiveness of these services. **Exhibit 4** shows that at least 96% of EIS help desk respondents rate the service favorable. Since fiscal 2008, 90 to 95% of ASM respondents rated their systems acceptable or better. With respect to the Networks Division, at least 95% of their routine requests have been completed within three days. Routine requests include adding, disconnecting, moving, and removing telephone lines and voice mailboxes.

**Exhibit 4**  
**Agency Support Systems Performance Indicators**  
**Fiscal 2007-2011**



ASM: Applications Systems Management  
EIS: Enterprise Information Systems

Source: Department of Information Technology

## Proposed Budget

The fiscal 2013 allowance proposes \$128.2 million in spending. **Exhibit 5** shows that this is \$63.9 million more than is in the fiscal 2012 working appropriation. The most significant increases to the budget are:

- \$31.0 million for the MITDPF;
- \$21.8 million for DoIT managed IT projects, Statewide Personnel System and Central Collection Unit system replacement;
- \$6.7 million for new initiatives, including migrating State agencies to the Google Cloud and Statewide Geographic Information Systems (GIS);
- \$3.1 million net additional funds for replacing telecommunications equipment; and
- \$1.0 million for new and transferred positions.

**Exhibit 5**  
**Proposed Budget**  
**Department of Information Technology**  
**(\$ in Thousands)**

<b>How Much It Grows:</b>	<b><u>General</u> <u>Fund</u></b>	<b><u>Special</u> <u>Fund</u></b>	<b><u>Federal</u> <u>Fund</u></b>	<b><u>Reimb.</u> <u>Fund</u></b>	<b><u>Total</u></b>
2012 Working Appropriation	\$15,218	\$21,481	\$300	\$27,297	\$64,296
2013 Allowance	<u>47,571</u>	<u>19,088</u>	<u>0</u>	<u>61,493</u>	<u>128,152</u>
Amount Change	\$32,352	-\$2,393	-\$300	\$34,197	\$63,856
Percent Change	212.6%	-11.1%	-100.0%	125.3%	99.3%
 Contingent Reduction	 \$0	 \$0	 \$0	 \$0	 \$0
Adjusted Change	\$32,352	-\$2,393	-\$300	\$34,197	\$63,856
Adjusted Percent Change	212.6%	-11.1%	-100.0%	125.3%	99.3%

**Where It Goes:**

**Personnel Expenses**

New positions .....	\$428
Transferred positions .....	541
Position reclassifications.....	271
Employee and retiree health insurance .....	133
Retirement contributions.....	139
Remove \$750 bonus from fiscal 2012 .....	-54
Turnover adjustments.....	385

**New Initiatives**

Migrate State agencies to Google Cloud.....	5,967
Annualizing Geographic Information System iMap hosting, consulting, software, and training costs.....	676
Transition MEMA IT services support to DoIT .....	50

**Network Division Telecommunication Equipment and Maintenance**

Lease replacement telecommunication PBX equipment.....	1,815
Migrating agency telecommunication costs to DoIT .....	1,017
Lease new interconnect circuits and network monitoring equipment.....	836
Migrate telecommunication to VoIP.....	700
Assistance to monitor additional telecommunication PBX contracts .....	80

*F50 – Department of Information Technology*

**Where It Goes:**

Improved tracking of telecommunication PBX leases.....	-565
Ending telecommunication PBX leases .....	-718

**Other Operations**

Additional major IT project oversight costs .....	175
Adjust Telecommunications Access of Maryland video relay costs .....	-512
Additional telecommunication litigation cases .....	72
700 megahertz communication system project management.....	196
Vendor services in networks.....	-138
One-time FMIS withholding project.....	-175
One-time federal vendor payments withholding project cost .....	-250

**DoIT Major IT Projects**

Statewide Personnel System .....	24,293
Central Collection Unit system modernization.....	-2,445

**Major Information Technology Development Fund**

Major IT projects .....	30,971
Other Changes.....	-32

<b>Total</b>	<b>\$63,856</b>
--------------	-----------------

DoIT: Department of Information Technology  
 FMIS: Financial Management Information System  
 IT: Information Technology  
 MEMA: Maryland Emergency Management Agency  
 PBX: Private Branch Exchange  
 VoIP: Voice Over Internet Protocol

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

## Personnel Changes

The department’s responsibilities are expanding, and the staff is being increased to address new responsibilities. In fiscal 2013, DoIT will have a total of 28 additional regular positions, of which 12 are included in the fiscal 2013 allowance. **Exhibit 6** shows that the fiscal 2013 cost of these positions is projected to be approximately \$966,000. For the new regular positions, 25% turnover expectancy is applied. Reducing this rate to 5% adds another \$96,000 to the annual cost. Consequently, the annual cost to the DoIT budget is approximately \$1,062,000.

---

### Exhibit 6 Positions Added to Fiscal 2013 Budget

<u>Source</u>	<u>Purpose</u>	<u>Number</u>	<u>Budgeted Cost<sup>1</sup></u>
New	Responsible for Google applications	1.00	\$74,076
New	Networks support for public safety communications radio systems	1.00	61,644
New	Contract manager responsible for consolidating contracts and developing standards	1.00	66,697
New	Information technology (IT) procurement director	1.00	66,697
New	IT project manager to perform functions currently outsourced	1.00	79,395
New	IT business manager to perform functions currently outsourced	1.00	79,395
Maryland Emergency Management Agency	To support agency’s IT services	5.00	437,852
Governor’s Office for Children	To support agency’s IT services	1.00	103,413
<b>Total</b>		<b>12.00</b>	<b>\$969,168</b>

<sup>1</sup> Includes unemployment insurance premiums.

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

---

Sections 19 and 20 of the budget bill propose to transfer another 16 regular positions into the budget on the first day of fiscal 2013. Section 19 proposes to provide resources to DoIT to manage web design services and contracts. The objective is to consolidate contracts and personnel so that DoIT manages basic systems while agencies manage their specialized content. **Exhibit 7** shows that

**Exhibit 7**  
**Positions to Be Transferred to Department of Information Technology Budget on July 1, 2012**

<u>Source</u>	<u>Purpose</u>	<u>Number</u>	<u>Budgeted Cost</u>
State Highway Administration	Statewide web systems	1.00	\$74,526
Motor Vehicle Administration	Statewide web systems	2.00	172,921
Department of Natural Resources	Statewide web systems	2.00	173,195
Department of Agriculture	Statewide web systems	1.00	86,732
Department of Health and Mental Hygiene	Statewide web systems	2.00	162,351
Department of Housing and Community	Statewide web systems	2.00	149,782
Department of Business and Economic	Statewide web systems	1.00	80,675
Department of Natural Resources	Statewide GIS	1.00	82,876
Department of Agriculture	Statewide GIS	1.00	86,153
Department of Health and Mental Hygiene	Statewide GIS	1.00	76,265
Department of Housing and Community	Statewide GIS	1.00	92,271
Department of Business and Economic	Statewide GIS	1.00	91,003
<b>Total</b>		<b>16.00</b>	<b>\$1,328,750</b>

GIS: Geographic Information Systems

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

approximately \$900,000 and 11 regular positions are authorized to be transferred from State agencies budgets into DoIT's budget.

Section 20 proposes to provide staff and funding for a statewide Geographic Information Office in DoIT. In August 2011, the Board of Public Works (BPW) approved a statewide GIS contract that is managed by DoIT. The new contract provided GIS services to the entire State for the cost of the contracts from individual State agencies, thereby expanding usage without increasing costs. The new office plans to consolidate storage and access to mapping data and to develop standard mapping products and applications. To staff the new office, the section authorizes the transfer of 5 regular positions and approximately \$429,000 from State agencies into DoIT. An additional \$790,000 is transferred from State agencies to support GIS contracts.

When a regular position becomes vacant or a new position is created, funding for that position is reduced to the minimum base amount when a new budget is introduced. DoIT advises that the base salary is below the market rate, and it is difficult to hire qualified new employees at that rate. To provide the department the opportunity to hire applicants above the minimum base salary, the

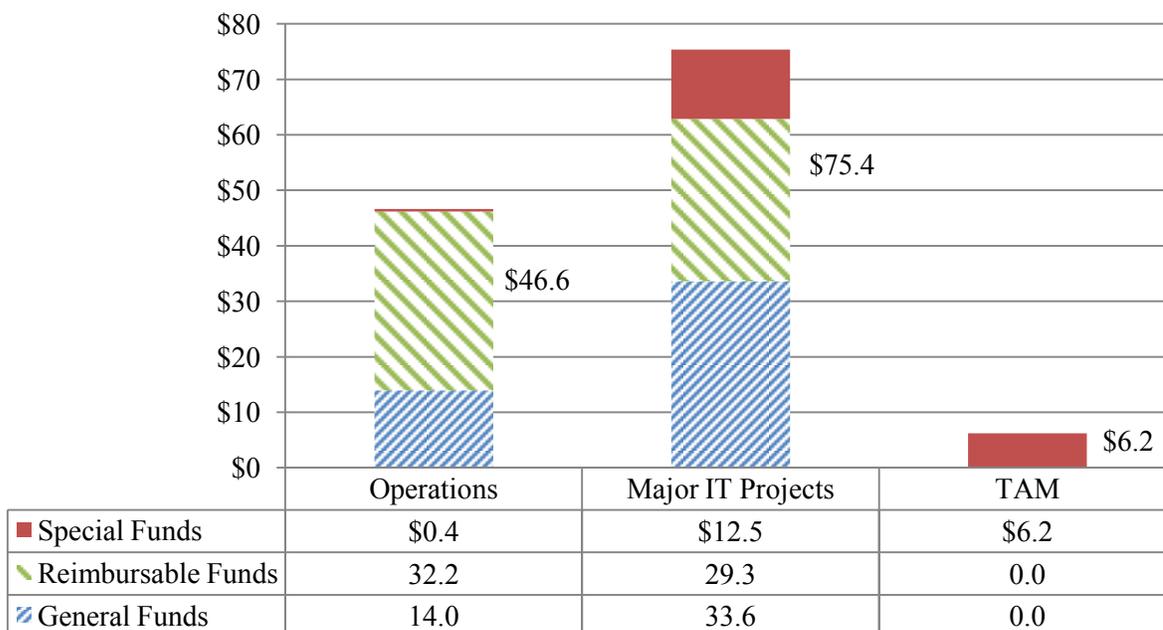
*F50 – Department of Information Technology*

department is also receiving approximately \$271,000 in additional funds. This provides approximately \$70,000 to hire new regular positions above the minimum base salary. Another \$201,000 is added to the budget to increase currently budgeted positions. This includes reclassifying vacant positions to meet the agency’s new responsibilities and promoting filled positions to perform new functions.

## Operations and Project Spending

DoIT’s activities can be divided into three distinct functions: TAM provides telecommunications relay service for Maryland’s hearing and speech disabled citizens; major IT projects provides oversight for State agencies developing major IT projects; and operations supports the ongoing telecommunication and IT services in State agencies. **Exhibit 8** shows that approximately \$75 million, which is over half of DoIT’s funding, supports major IT projects. Operations are supported by approximately \$47 million and another \$6 million support TAM.

**Exhibit 8**  
**Spending by Purpose and Fund**  
**Fiscal 2013**  
**(\$ in Millions)**



IT: information technology

TAM: Telecommunications Access of Maryland

Source: Governor’s Budget Books, Fiscal 2013

## **Major IT Development Project Fund and Major IT Project Expenditures**

Chapters 467 and 468 of 2002 created the MITDPF. The fund replaced the Information Technology Investment Fund; required all general funds appropriated for major IT projects to be held in the fund; and enhanced the oversight role of DoIT (then the Office of Information Technology) in approving projects from the fund.

### **MITDPF Funded Projects**

**Exhibit 9** shows fund transactions for the MITDPF for fiscal 2010 through the proposed budget in fiscal 2013. A number of points may be made from the exhibit:

- The allowance includes \$33.6 million in general funds, which is 76% of the fund's fiscal 2013 appropriation.
- Special funds total \$6.9 million, of which \$575,000 is interest income and \$6.3 million is appropriated for projects. These special funds provide \$1.0 million for the Department of Health and Mental Hygiene's (DHMH) Medicaid Enterprise Restructuring Project, \$4.5 million for the Department of State Police's (DSP) Computer Aided Dispatch/Record Management System, and \$750,000 for 700 megahertz (MHz) radios for the DSP's Public Safety Communication System.

Fiscal 2013 appropriations are detailed in **Exhibit 10**. All the new funding supports ongoing projects that have received funding in previous years.

**Exhibit 9**  
**Major Information Technology Development Project Fund Data**  
**Fiscal 2010-2013**

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Opening Fund Balance	\$20,645,009	\$11,267,130	\$19,522,741	\$4,471,000
<b>Revenues</b>				
General Fund	\$11,561,613	\$16,422,207	\$3,060,102	\$33,602,355
Special Fund – Investment Interest	650,212	621,691	250,000	575,000
Special Fund – Appropriations <sup>1</sup>		5,000,000	2,709,504	6,290,804
Fund Transfers Authorized in Budget Bill	160,290			
Cost Containment	-3,378,178			
<b>Total Available Revenues</b>	<b>\$29,638,946</b>	<b>\$33,311,028</b>	<b>\$25,542,347</b>	<b>\$44,939,159</b>
<b>Expenditures</b>				
Agency Pay Phone Commission				
Disbursements	-\$27,145			
Transferred to Agencies	-18,344,671	-\$13,788,287	-\$21,071,347	
Fiscal 2012 Obligations				-\$4,471,000
Requested Expenditures				-39,893,159
<b>Total Adjustments</b>	<b>\$11,267,130</b>	<b>\$19,522,741</b>	<b>\$4,471,000</b>	<b>\$575,000</b>

<sup>1</sup>In fiscal 2012, \$5,862,431 of prior appropriations was reapplied to new projects. The budget bill showed the new appropriations. Since the funds were already in the Major IT Development Project Fund and Major IT Project Expenditures, these funds are not shown as appropriated into the fund in fiscal 2012.

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

**Exhibit 10**  
**Major Information Technology Development Project Fund**  
**Projects Receiving New Fiscal 2013 Funding (Excluding Carryover Project Funding)**

<u>Agency</u>	<u>Project Name</u>	<u>Project Description</u>	<u>MITDPF Funding</u>	<u>Comment</u>
Comptroller	Modernized Integrated Tax System (MITS)	Replace legacy (1986) Computer Assisted Collections System establish a platform for data warehousing and business intelligence.	\$2,411,805	Contract awarded December 2008. Early Benefit program has been implemented. Data Warehouse is operational but not complete. MITS was suspended in December 2010. Fiscal 2013 provides funding to integrate Data Warehouse with existing systems since MITS has been cancelled. Negotiations between State and vendor regarding abandoned ITS still ongoing. <b>DLS recommends approval.</b>
DHMH	MERP	Replace legacy Medicaid information system and align to federally mandated Medicaid Information Technology Architecture requirements. Project also adds enhancements such as coordination of benefits, surveillance and utilization review, federal and management reporting, and case management.	4,795,590 <sup>1</sup>	Fiscal 2013 funding primarily supports design, development, and implementation. Major risks relate to funding (general fund cost is \$26 million), interoperability (integrate with federal and DHR systems), and implementation (large project with tight deadlines). <b>DLS recommends approval.</b>
DHMH	MERP ICD-10	Implement new ICD-10 coding required by the US Department of Health and Human Services. These codes are used to classify medical services. Project must be completed by October 1, 2013.	638,353	Fiscal 2013 funding primarily supports design, development, and implementation. Coding is periodically revised. The scope and cost of the project are limited. No high risks have been identified. <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>
DHR	CARES	Update CARES to conform with federal health care reform.	5,250,000	Fiscal 2013 funding primarily supports design, development, and implementation. <b>DLS recommends reducing this appropriation.</b>
DPSCS	Offender Case Management System	Plan, develop, and implement a comprehensive offender case management system to maintain an individual's record from pretrial through release.	937,872	Contract awarded in 2007. Much of the project has been developed. Fiscal 2013 provides final appropriation for operations and maintenance, prior system disposition, and oversight. <b>DLS recommends approval.</b>
MSDE	Race to the Top	Project Oversight.	500,000	Appropriations supports project oversight. Design and implementation costs supported by federal funds. <b>DLS recommends approval.</b>
MSDE	Maryland State Longitudinal Data System	Project Oversight.	250,000	Appropriations supports project oversight. Design and implementation costs supported by federal funds. <b>DLS recommends approval.</b>
DSP	Public Safety Communication System	Purchase radios for 700 MHz communication system.	19,558,600 <sup>1</sup>	Purchase of radios for the Maryland Correctional Transportation Unit, as well as Departments of State Police, Public Safety and Correctional Services, General Services, and Health and Mental Hygiene. <b>DLS recommends reducing the appropriation.</b>
DSP	CAD/RMS	Establish a system to coordinate statewide public safety information sharing.	5,550,939 <sup>1</sup>	CAD/RMS informs part of the State's interoperability efforts and involves multiple agencies including the State Police. The implementation contract was awarded in December 2010. Fiscal 2013 supports Integration and Testing, and Implementation. Major risks include resource availability and supportability, which are linked. <b>DLS recommends approval.</b>
<b>Subtotal</b>			<b>\$39,893,159</b>	
<b>Total Fiscal 2013 Allowance</b>			<b>\$39,893,159</b>	

*F50 – Department of Information Technology*

<u>Agency</u>	<u>Project Name</u>	<u>Project Description</u>	<u>MITDPF Funding</u>	<u>Comment</u>
<b>Fund Sources</b>				
General Funds			\$33,602,355	
Special Funds <sup>1</sup>			6,290,804	
<b>Total Funds</b>			<b>\$39,893,159</b>	

CAD/RMS: Computer Aided Dispatch/Record Management System

CARES: Client Automated Resource Eligibility System

DLS: Department of Legislative Services

DHMH: Department of Health and Mental Hygiene

DHR: Department of Human Resources

DPSCS: Department of Public Safety and Correctional Services

DSP: Department of State Police

ICD: International Classification of Diseases

MERP: Medicaid Enterprise Restructuring Project

MHz: Megahertz

MSDE: Maryland State Department of Education

<sup>1</sup> Special fund totaling \$6,290,804 includes \$1,000,000 for MERP, \$4,540,804 for CAD/RMS, and \$750,000 for 700 MHz Radios.

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

---

### **Status of Prior Year MITDPF Projects**

**Exhibit 11** details the status of ongoing projects previously funded through the MITDPF but for which no funds were provided in fiscal 2013.

**Exhibit 11  
Ongoing Projects Not Funded in Fiscal 2013**

<u>Agency</u>	<u>Project Name</u>	<u>Project Description</u>	<u>Remaining MITPDF Funding</u>	<u>Comment</u>
DoIT	IV&Vs and IV&V Manager	Project oversight	\$611,302	Project Oversight.
SDAT	Assessment, Administration and Valuation System	Establish single real property database with statewide access	104,772	Project has been completed and is operational.
MHEC	Student Financial Aid System	Replace legacy financial aid system	241,010	Project has been completed and is operational.
<b>Total</b>			<b>\$957,084</b>	

DoIT: Department of Information Technology  
 IV&V: independent verification and validation  
 MHEC: Maryland Higher Education Commission  
 SDAT: State Department of Assessments and Taxation

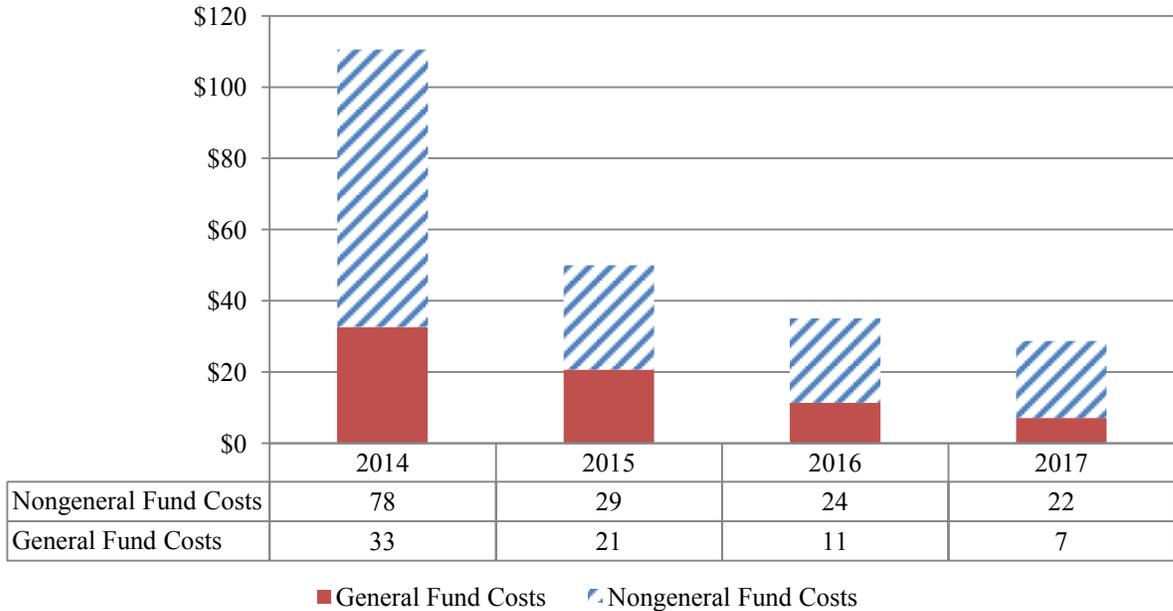
Source: Department of Legislative Services; Department of Information Technology

**MITDPF Out-year Commitments**

Major IT projects require substantial financial commitments and require years to complete. The department has developed the SDLC methodology to guide the planning process. This process produces documents that support the planning process and estimates out-year costs. In Volume 3 of the Governor’s budget books, the department provides a list of all projects that have received appropriations.

**Exhibit 12** shows the expected future out-year costs of projects that are in the SDLC. In fiscal 2014, \$111 million in total appropriations and \$33 million in general fund appropriations are expected. As the current projects move through SDLC, out-year costs decline. If additional projects are approved and are implemented, out-year costs will increase.

**Exhibit 12**  
**Major Information Technology Development Project Fund**  
**Projected Out-year General Fund Expenditures**  
**Fiscal 2014-2017**  
**(\$ in Millions)**



Note: The Department of Legislative Services estimated general fund costs for Statewide Personnel System based on fiscal 2012 general fund appropriations share of total expenditures. For ongoing projects only.

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

## Issues

---

### 1. New State Initiatives to Centralize IT

State offices use IT to support their operations. State agencies have personal computers (PC), local area networks (LAN), websites, and email. In general, agencies are responsible for maintaining these services with their own resources and staffs. Little central statewide support is provided. DoIT is implementing several initiatives to centralize agency IT support. These initiatives are to migrate Executive Branch agencies to Google applications, create central GIS and web operations, and provide IT support to State agencies.

The new initiatives are consistent with the State's fiscal 2013 Information Technology Master Plan. The plan has three objectives, which are:

- **consolidating services:** Services are consolidated to eliminate duplicative systems and achieve economies of scale. This includes IT hardware, software licensing, and personnel;
- **fostering interoperability:** Interoperability is the ability to share information across disparate systems and agencies. The benefit is to enable users to collaborate more effectively. Standards are developed to apply best practices; and
- **developing standards:** Standards include data, security, hardware and software applications, and project and procurement management

This issue examines the initiatives.

### Google Cloud

Cloud computing is the delivery of computing as a service rather than a product, whereby shared resources, software, and information are provided to computers and other devices as a metered service over a network (typically the Internet). DoIT has begun the process of migrating Executive Branch agencies to Google applications (Apps), which is cloud computing. This is consistent with the objective to consolidate services. Additionally, this could improve standards if effectively implemented.

The State of Maryland is not the first entity to adopt cloud technology. Google App customers include Wyoming, Colorado, U.S. General Services Agency, Los Angeles, and Orlando. Google was selected as the State's contractor because it offered a competitive price and was responsive during the bid process.

Google Apps is a cloud service that offers email, calendar, contact management, instant messaging, video chat, and document creation and storage. Initially, agencies will move all email and calendar functions into Google. These areas represent the greatest immediate opportunities for the

### *F50 – Department of Information Technology*

State. The department is concerned that State agencies are using redundant systems and support resources, two different messaging technologies (such as Exchange/Outlook and Groupwise), and an aged email infrastructure that will need to be upgraded or replaced soon.

DoIT advises that the cloud has advantages. For example, the cloud approach allows IT support to focus on the functionality of the software (the part that the users see) instead of the functionality of the infrastructure (the part that the users do not see). Also, part of the migration to Google Apps is the creation of a centralized directory, which will allow cloud applications to get user information and provide authentication services, which is necessary to allow users to log into the cloud service. Establishing a single centralized portal for the directory and authentication processes enhances security because there will be one solid gate for the cloud traffic as opposed to many less secure electronic gateways in and out of the State today.

A primary goal of the migration is to have every agency receive the same level of service for their email at the same price. The Google Apps environment offers collaborative features and accessibility that no agency had prior to migrating, and brings a level of service availability that many of the agencies are not getting with their current email system. An important aspect of centralizing service is the ability to capture the needs of all of the users.

Other Google Apps, such as word processing, spreadsheet, and presentation software, are available. However, DoIT will not require agencies to migrate to Google. Instead, the Google Apps will co-exist with the similar applications that are currently being used (such as the Microsoft Office suite with Word, Excel, and PowerPoint). Ultimately, agencies may also migrate, but DoIT has not prepared a timetable for this migration. DoIT advises that, for other entities that have migrated to Google Apps, the transformation to the Microsoft Office equivalent products is a slower adoption process.

Due to the decentralized nature of the State, migration to Google Apps is being completed one agency at a time. DoIT was the first agency to be migrated. Agencies that were able to fund migration during fiscal 2012 by reallocating money they planned on spending on email upgrades (hardware and/or software) will be migrated before June 30, 2012. These agencies include the Maryland Emergency Management Agency (MEMA), State Archives, the Department of Agriculture, and DHMH. The first agencies are being migrated with in-house staff, supplemented by one or two third-party contractors as needed. For the larger agencies like DHMH and the Department of Human Resources, a competitive procurement will likely be used to bring on resources to perform the migration and organizational change management.

The migration itself takes about 90 days for each agency. Users are migrated in two waves. The first wave is a group of users known as the “early adopters.” About 30 days later, the rest of the agency gets migrated all at once. Ideally, people go home one day using their legacy email system, and when they arrive the next day, they are on Google Apps.

DoIT advises that fiscal 2013 costs (excluding DoIT personnel) total \$6.7 million. Most of these costs consist of licenses, which total \$3.0 million and a service contract (including migration

## *F50 – Department of Information Technology*

support), which total \$3.6 million. The fiscal 2013 allowance also includes a new position and approximately \$74,000.

The department advises that much of the savings is derived from agencies avoiding the cost of upgrading current email and messaging. While agencies have held off for some time, the replacement of the Groupwise systems and Microsoft Exchange systems will be required. Another benefit is that the cloud model will offer the standardized and centralized messaging that will be supported in the cloud. While some of the larger agencies may retain some support to handle specialized or local messaging needs, much of the operations will move to the cloud or DoIT. Finally, DoIT anticipates productivity gains as it rolls out messaging consolidation throughout the State. For example, there will be a statewide, real-time, accurate electronic employee directory (as opposed to a statewide telephone book), statewide chat, and remote access from any Internet-connected computer.

**The department should be prepared to brief the committees on the Executive Branch migration to Google Apps.**

### **Geographic Information Systems**

In August 2011, BPW approved an Enterprise License Agreement (ELA) with Environmental Systems Research Institute (Esri) for a statewide GIS. The system procured was ArcGIS, which is mapping software with database capabilities. ArcGIS was procured because most large State agencies, such as the Department of Natural Resources, the State Highway Administration (SHA), and the Department of Planning, were already using the software. DoIT determined that the State could consolidate these individual procurements into a statewide ELA. This would allow all State agencies access to ArcGIS at essentially the same price. This mapping software is now available to all State agencies.

GIS is used by the State in various applications. In addition to maps that are provided by State agencies, GIS data includes inventorying SHA assets, providing data for StateStat, planning and tracking land use, and planning disaster responses.

The State's IT master plan identifies GIS in its objective to foster interoperability. In other words, it is an objective of the State to be able to share geographic data across agencies. Having all agencies use the same software allows agencies to efficiently share data. To promote this objective further, DoIT now has a Geographic Information Officer. This is an executive level position created in fiscal 2012. To support this position, Section 20 of the budget bill authorizes the transfer of five regular positions from other agencies into DoIT (see Exhibit 7). The section also transfers \$790,000 to support services for hosting the data, consulting services, and mapping applications. These funds do not represent an increase in costs; rather the funds centralize activities. This new office will coordinate statewide GIS and provide a central repository for GIS data. One benefit to the public is that this allows one-stop shopping for those interested in Maryland geographic data.

**The department should be prepared to brief the committees on the costs and benefits related to the State's GIS initiative.**

## **Web Systems**

The State's IT master plan identifies the Internet as essential in engaging citizens and providing services. Web services are one of the strategies by which higher standards can be realized. The objective is to use these resources for projects that "improve the delivery of services to citizens and visitors as well as the business processes of the State."

Section 19 of the budget bill transfers resources from other State agencies into DoIT as part of a centralized IT support initiative. As discussed earlier, 11 regular positions and approximately \$900,000 from other State agencies transfer into DoIT on July 1, 2012. In fiscal 2013, this unit will focus on supporting agencies' public websites and delivering online services through Maryland.gov and affiliated social media channels. Specific initiatives include:

- Expanding State government's presence by using standard development and design tools. This involves developing templates for agencies to use, expanding GIS, and providing multimedia services such as video services;
- Improving the form of content delivered and measuring the success. This includes developing social media portals for agency public information officers, improving usability so that users can find what they need, and adopting web statistics that allow for common measurement tools, surveys, and forms to track usage and interests;
- Developing efficiencies through shared platforms, procedures and service levels. This involves providing common development tools and a code library as well as assisting agencies with configuration of websites and applications; and
- Improving collaboration and training, which includes skills training and quarterly meetings of web managers.

DoIT advises that agencies will still be responsible for the content on their website. DoIT's role will be to develop standards and provide resources for agencies.

As with other IT functions, the State is consolidating web services in fiscal 2013. The objective is to improve services and to reduce costs. Currently, the quality of services is measured with MFR data that is reported in the budget books. As discussed in the MFR section of the analysis, there is room to improve web-related MFR data. **DLS recommends that the department improve the statistics that measure how effectively the State is providing web services. The new statistics should also examine how well the department is meeting its goals to improve the State's websites.**

In August 2011, BPW approved a master contract with NICUSA, Inc. (NIC) to develop websites, online services, and secure payment processing applications for State agencies. NIC has been developing eGovernment applications for over a decade and is developing them for at least 24 states. The State is not charged for this service; NIC generates revenues by implementing some

commercially valuable services and pooling these revenues to support other applications. NIC advises that nonrevenue generating applications account for approximately 80% of applications. Maryland State agencies have begun developing applications with NIC. For example, the Motor Vehicle Administration has completed an iPod and iPhone application for the Driver Practice Test. Agencies currently working with NIC include the Department of Agriculture developing permitting applications and the Governor's Office, DoIT, and agency representatives redesigning Maryland.gov. The Department of Business and Economic Development is completing a work order for a Governor's Central Business Licensing initiative.

This contract provides the State an opportunity to expand web services, as well as other applications. **The department should be prepared to brief the committees on how the NIC contract will improve web services and other applications. The department should also develop statistics to measure how effective these services and applications are.**

### **Agency IT Support**

State offices' IT includes PCs and LANs. State policy is that agencies are responsible for these services. Agencies have their own staffs to support these services. In fiscal 2012, DoIT entered into a memorandum of understanding with MEMA to support its IT. As discussed earlier, MEMA's five IT support positions and approximately \$437,000 will be transferred to DoIT. DoIT will also support IT for the Governor's Office of Community Initiatives.

This is consistent with the State IT master plan to consolidate IT. Ideally, a central IT support operation will be able to offer support services more efficiently than multiple smaller operations. DoIT advises that the department anticipates entering into similar arrangements with other State agencies. **The department should be prepared to brief the committees on the costs and benefits related to consolidating IT support.**

### **Conclusion**

The State is embarking on major initiatives to consolidate IT. This is consistent with the IT master plan and could result in improved services at reduced costs. But it is not a foregone conclusion that these initiatives will be successful. DLS is concerned that centralization could be accompanied by agencies adding redundant staff, so costs could actually increase and IT may be even less standardized. **To evaluate the costs and effectiveness associated with these initiatives to centralize IT, DLS recommends that the department develop MFR statistics that measure the quality of support it provides and also track the costs and benefits associated with these initiatives. This data should be reported with the department's MFR data in the annual budget books.**

## **2. Public Safety Communication System Operating Costs**

The State is currently developing an integrated statewide public safety wireless communication system that provides a primary radio communication system for public safety first responders throughout the State. The system uses the Public Safety 700 MHz spectrum licensed to the State by the Federal Communications Commission. Once completed, this radio system will be the primary operating radio system for all State agencies, providing a communications platform for 16 State operating units and allowing for seamless interoperability among State users and first responders at all levels of government. Interoperable communications is the ability for first responders to transmit voice and data communications in real-time regardless of agency or jurisdictional boundary. When communications systems are interoperable, police and firefighters responding to a routine incident or a catastrophic emergency can talk to and share information with each other to coordinate efforts and work effectively together.

The fiscal 2012 *Capital Improvement Program* (CIP) estimated the out-year costs for this project. For fiscal 2013, the CIP identified \$45.0 million in total capital cost, of which \$32.0 million supported equipment purchases. The CIP identified approximately \$1.0 million in operating impacts attributable to operating the system; these impacts do not support equipment purchases. The Governor's fiscal 2013 budget proposes authorizing \$35.3 million in the capital budget, of which \$26.0 million supports equipment purchases, and an additional \$19.6 million in operating budget appropriations for equipment. The fiscal 2013 proposed capital budget, which totals \$45.6 million, exceeds the amount estimated last year by \$13.6 million.

DLS is concerned that the total operating budget impacts of this project are not reflected in the CIP. **DLS recommends that the department estimate the out-year operating budget costs attributable to the Public Safety Communication System and include those costs in the CIP.**

## ***Recommended Actions***

---

	<b><u>Amount Reduction</u></b>	
<p>1. Reduce funding for the Client Automated Resource Eligibility System major information technology project. The General Assembly appropriated \$100,000 in general funds and \$900,000 in federal funds in fiscal 2012. The General Assembly expressed concerns that not enough was known about the project because it was still in the initiation phase of the Department of Information Technology’s Systems Development Life Cycle. The General Assembly restricted the fiscal 2012 general fund appropriation until an Information Technology Project Request is prepared and a report submitted to the budget committees for review. As of February 2012, no report had been submitted. In fiscal 2013, an additional \$5.25 million in general funds and \$1.0 million in federal funds is requested. According to the documents, this includes funding for integration and testing, implementation, and operation and maintenance. These functions are not scheduled to begin until after the fiscal year, so these funds can be deferred and appropriated in a future year if they are necessary. This leaves the project with \$2.0 million in general fund appropriations.</p>	<p>\$ 3,350,000</p>	<p>GF</p>
<p>2. Reduce funding for 700 megahertz radios. Requests for equipment costs for the Public Safety Communication System total \$45.6 million. Last year’s equipment costs estimates total \$32.0 million. Requested costs exceed projected costs by \$13.6 million. Radios for the State Police cost \$7,500 each and the State Police is requesting 1,886 radios. According to StateStat, the maximum number of troopers to date in fiscal 2012 was 1,568. The number of radios requested provides at least 300 additional radios in case some are lost or damaged. Reducing the number of radios by 150 provides the State Police with 150 extra radios, which leaves the department with 10% more radios than troopers.</p>	<p>1,125,000</p>	<p>GF</p>

*F50 – Department of Information Technology*

**Total General Fund Reductions** **\$ 4,475,000**

## ***Updates***

---

### **1. Department Completes Tower Resource Sharing Agreement Report**

In the 2012 *Joint Chairmen's Report*, the budget committees requested that DoIT report on standard pricing for tower resource sharing agreements. DoIT, in consultation with the Maryland Department of Transportation and Maryland Public Television, was requested to develop a standard pricing schedule. DoIT responded to this request in December 2011. The report submitted shows a pricing schedule with five zones. The zones are divided based on the average daily traffic that passes by each tower every day. Zones with higher traffic command higher fees. Fiscal 2013 monthly fees range from \$2,464 in Zone 1 to \$5,602 in Zone 5.

## *Current and Prior Year Budgets*

---

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

	<b><u>General Fund</u></b>	<b><u>Special Fund</u></b>	<b><u>Federal Fund</u></b>	<b><u>Reimb. Fund</u></b>	<b><u>Total</u></b>
<b>Fiscal 2011</b>					
Legislative Appropriation	\$28,082	\$9,685	\$0	\$22,478	\$60,245
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	0	0	0	17	17
Reversions and Cancellations	-238	-1,570	0	-2,603	-4,412
<b>Actual Expenditures</b>	<b>\$27,844</b>	<b>\$8,114</b>	<b>\$0</b>	<b>\$19,893</b>	<b>\$55,851</b>
<b>Fiscal 2012</b>					
Legislative Appropriation	\$15,169	\$21,477	\$0	\$26,082	\$62,727
Budget Amendments	50	4	300	1,215	1,569
<b>Working Appropriation</b>	<b>\$15,218</b>	<b>\$21,481</b>	<b>\$300</b>	<b>\$27,297</b>	<b>\$64,296</b>

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

---

## **Fiscal 2011**

Fiscal 2011 spending totaled \$55.9 million, which is \$4.4 million less than was appropriated by the General Assembly. Major reversions and cancellations at the end of the fiscal year include:

- reverting approximately \$227,000 in general funds appropriated for the Annapolis Data Center charges;
- cancelling \$1.4 million in special funds appropriated to support TAM’s video relay services. The services were not required, so the funds were not needed;
- cancelling approximately \$54,000 in special funds in Network Division PBX telecommunication and networkMaryland charges;
- cancelling \$1.9 million in reimbursable funds in Network Division costs. Most of the reductions relate to PBX telecommunication costs which were less than budgeted because DoIT had assumed accepting responsibility for three PBXs (in Hyattsville, Upper Marlboro, and Towson) but did not assume responsibility, the Baltimore PBX upgrade was delayed, and overbudgeting various expenses;
- cancelling approximately \$503,000 in reimbursable funds in the Strategic Planning Division. Initial appropriations were overbudgeted because costs were less than anticipated, prior year encumbrances were available, and it was not necessary to execute corrective actions anticipated for some projects; and
- cancelling approximately \$122,000 in reimbursable funds in the Office of the State Chief of IT to reflect reduced telecommunications audits and other statewide procurements.

## **Fiscal 2012**

To date, three budget amendments adding to the fiscal 2012 legislative appropriations have been approved. They are:

- approximately \$50,000 in general funds and \$4,000 in special funds to support a \$750 one-time bonus for State employees;
- \$300,000 in federal funds for a mapping grant to provide electronic imaging of the Baltimore and Washington metropolitan areas;
- \$765,000 to support mapping software licenses from ESRI; and
- \$450,000 to support migrating State agencies to Google Cloud email services.

# Major Information Technology Projects

## Department of Information Technology Statewide Personnel System

<b>Project Status<sup>1</sup></b>	Implementation	<b>New/Ongoing Project:</b>	Ongoing					
<b>Project Description:</b>	The purpose of the Statewide Personnel System is to obtain a commercial-off-the-shelf solution to replace the State's legacy personnel systems. The project will include modules such as benefits administration, timekeeping, recruiting, performance management, and employee self service. This replaces a system that was developed in 1975.							
<b>Project Business Goals:</b>	The system should modernize an antiquated legacy system, enable automated personnel-related reporting and business analysis, provide centralized data management, reduce administrative redundancies, and provide web-based employee self-service. A successful system will provide faster processing times, increased efficiencies, and improved reporting capabilities.							
<b>Estimated Total Project Cost<sup>1</sup>:</b>	\$66,270,415	<b>Estimated Planning Project Cost<sup>1</sup>:</b>	n/a					
<b>Project Start Date:</b>	January 2008	<b>Projected Completion Date:</b>	September 2014					
<b>Schedule Status:</b>	The project has two phases: Phase 1 is recruitment and examination, and Phase 2 is core human resources and data warehouses. Phase 1 procurement is complete and is being implemented with the expectation that it will go live in August 2012. Phase 2 software should be purchased by February 2012 and ready to go live by September 2014.							
<b>Cost Status:</b>	Total costs remain \$66.3 million.							
<b>Scope Status:</b>	The scope has not changed since last year.							
<b>Project Management Oversight Status:</b>	Because the Department of Information Technology is the implementing and oversight agency, this project poses some unique challenges. To allow project management and oversight, the department will have project managers that are contractors assigned to the project and funded by the Major Information Technology Development Project Fund.							
<b>Identifiable Risks:</b>	High risk concerns include user interface (almost all State agencies will be using the system), the organizational culture (the current system has been in place for more than 30 years), and the availability of staff with the skills necessary to manage the system when it is implemented.							
<b>Fiscal Year Funding (\$ in Thousands)</b>	<b>Prior Years</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>Balance to Complete</b>	<b>Total</b>
Personnel Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Professional and Outside Services	7,479	20,715	20,538	8,018	0	0	0	56,571
Other Expenditures	866	8,578	50	25	0	0	0	9,519
<b>Total Funding</b>	<b>\$8,345</b>	<b>\$29,293</b>	<b>\$20,588</b>	<b>\$8,043</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$66,270</b>

<sup>1</sup> In calendar 2011, a two-step approval process was adopted. Initially, an agency submits a Project Planning Request. After the requirements analysis has been completed and a project has completed all of the planning required through Phase Four of the Systems Development Lifecycle (Requirements Analysis), including a baseline budget and schedule, the agency may submit a Project Implementation Request and begin designing and developing the project when the request is approved. For planning projects, costs are estimated through planning phases. Implementation projects are required to have total development costs.

## Major Information Technology Projects

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

<b>Project Status<sup>1</sup></b>	Planning	<b>New/Ongoing Project:</b>	Ongoing					
<b>Project Description:</b>	Replace legacy Columbia Ultimate Business System, which is the system used to support the Central Collection Unit's (CCU) activities. The project's scope has been expanded to be a single project with multiple phases. Previously, the system's modernization was to be multiple projects. This integrated approach is expected to reduce complexity, risks, and costs.							
<b>Project Business Goals:</b>	Provide direct support for collection activities to maximize debt collections. The CCU expects to achieve the following quantifiable goals one year after implementation: a 15 to 20% increase in net profits on debt accounts; a 15 to 20% increase of debt accounts collected; and a 5 to 10% decrease in the cost of printing, and mailing.							
<b>Estimated Total Project Cost<sup>1</sup>:</b>	\$17,495,009	<b>Estimated Planning Project Cost<sup>1</sup>:</b>	\$12,375,751					
<b>Project Start Date:</b>	August 2008	<b>Projected Completion Date:</b>	n/a					
<b>Schedule Status:</b>	Because of the unique nature of CCU missions (see Identifiable Risks), there have been delays. The initial software application procurement was not successful because there was only one bid. The Department of Information Technology (DoIT) has discussed the request for proposal (RFP) with vendors that did not bid and will modify the next RFP. The project has also had difficulty keeping staff. DoIT is both the implementing and oversight agency. To manage this, DoIT hires contractual staff (often through staffing companies) to manage the project. DoIT has submitted an RFP for multiple contractors so that they are not dependent on a single vendor.							
<b>Cost Status:</b>	The cost estimate remains at \$17.5 million.							
<b>Scope Status:</b>	No changes since last year.							
<b>Project Management Oversight Status:</b>	Because DoIT is the implementing and oversight agency, this project poses some unique challenges. To allow project management and oversight, DoIT has project managers that are contractors assigned to the project and funded by the Major Information Technology Development Project Fund. DoIT assigns oversight project managers that are not stakeholders or project team managers.							
<b>Identifiable Risks:</b>	Major risks are interdependencies (over 400 agencies refer debt), technical (CCU has a unique mission, such as intercepting State or federal taxes, and the uniqueness of the mission complicates development), and organizational culture (current system is over 20 years old).							
<b>Fiscal Year Funding (\$ in Thousands)</b>	<b>Prior Years</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>Balance to Complete</b>	<b>Total</b>
Personnel Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Professional and Outside Services	861	4,985	6,528	1,961	838	0	0	15,172
Other Expenditures	2,319	0	0	0	0	0	0	2,319
<b>Total Funding</b>	<b>\$3,180</b>	<b>\$4,985</b>	<b>\$6,528</b>	<b>\$1,961</b>	<b>\$838</b>	<b>\$0</b>	<b>\$0</b>	<b>\$17,491</b>

<sup>1</sup> In calendar 2011, a two-step approval process was adopted. Initially, an agency submits a Project Planning Request. After the requirements analysis has been completed and a project has completed all of the planning required through Phase Four of the Systems Development Lifecycle (Requirements Analysis), including a baseline budget and schedule, the agency may submit a Project Implementation Request and begin designing and developing the project when the request is approved. For planning projects, costs are estimated through planning phases. Implementation projects are required to have total development cost.

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

<u>Object/Fund</u>	<u>FY 11 Actual</u>	<u>FY 12 Working Appropriation</u>	<u>FY 13 Allowance</u>	<u>FY 12 - FY 13 Amount Change</u>	<u>Percent Change</u>
<b>Positions</b>					
01 Regular	117.00	115.00	127.00	12.00	10.4%
02 Contractual	2.20	4.00	4.00	0.00	0%
<b>Total Positions</b>	<b>119.20</b>	<b>119.00</b>	<b>131.00</b>	<b>12.00</b>	<b>10.1%</b>
<b>Objects</b>					
01 Salaries and Wages	\$ 9,228,041	\$ 10,422,445	\$ 12,265,194	\$ 1,842,749	17.7%
02 Technical and Spec. Fees	165,180	256,255	287,440	31,185	12.2%
03 Communication	6,293,667	7,632,032	7,091,711	-540,321	-7.1%
04 Travel	36,060	35,930	36,550	620	1.7%
06 Fuel and Utilities	1,663	41,500	1,750	-39,750	-95.8%
07 Motor Vehicles	1,010	1,803	1,718	-85	-4.7%
08 Contractual Services	39,303,133	45,565,776	85,836,389	40,270,613	88.4%
09 Supplies and Materials	72,348	40,600	81,030	40,430	99.6%
10 Equipment – Replacement	153,177	72,172	22,319,709	22,247,537	30825.7%
11 Equipment – Additional	399,404	0	0	0	0.0%
13 Fixed Charges	196,984	227,352	230,591	3,239	1.4%
<b>Total Objects</b>	<b>\$ 55,850,667</b>	<b>\$ 64,295,865</b>	<b>\$ 128,152,082</b>	<b>\$ 63,856,217</b>	<b>99.3%</b>
<b>Funds</b>					
01 General Fund	\$ 27,844,078	\$ 15,218,473	\$ 47,570,934	\$ 32,352,461	212.6%
03 Special Fund	8,114,054	21,480,733	19,087,871	-2,392,862	-11.1%
05 Federal Fund	0	300,000	0	-300,000	-100.0%
09 Reimbursable Fund	19,892,535	27,296,659	61,493,277	34,196,618	125.3%
<b>Total Funds</b>	<b>\$ 55,850,667</b>	<b>\$ 64,295,865</b>	<b>\$ 128,152,082</b>	<b>\$ 63,856,217</b>	<b>99.3%</b>

Note: The fiscal 2012 appropriation does not include deficiencies.

**Fiscal Summary**  
**Department of Information Technology**

<u>Program/Unit</u>	<u>FY 11 Actual</u>	<u>FY 12 Wrk Approp</u>	<u>FY 13 Allowance</u>	<u>Change</u>	<u>FY 12 - FY 13 % Change</u>
0A Major IT Development Project Fund	\$ 16,422,207	\$ 8,922,533	\$ 39,893,159	\$ 30,970,626	347.1%
0B Office of Information Technology	39,428,460	55,373,332	88,258,923	32,885,591	59.4%
<b>Total Expenditures</b>	<b>\$ 55,850,667</b>	<b>\$ 64,295,865</b>	<b>\$ 128,152,082</b>	<b>\$ 63,856,217</b>	<b>99.3%</b>
General Fund	\$ 27,844,078	\$ 15,218,473	\$ 47,570,934	\$ 32,352,461	212.6%
Special Fund	8,114,054	21,480,733	19,087,871	-2,392,862	-11.1%
Federal Fund	0	300,000	0	-300,000	-100.0%
<b>Total Appropriations</b>	<b>\$ 35,958,132</b>	<b>\$ 36,999,206</b>	<b>\$ 66,658,805</b>	<b>\$ 29,659,599</b>	<b>80.2%</b>
Reimbursable Fund	\$ 19,892,535	\$ 27,296,659	\$ 61,493,277	\$ 34,196,618	125.3%
<b>Total Funds</b>	<b>\$ 55,850,667</b>	<b>\$ 64,295,865</b>	<b>\$ 128,152,082</b>	<b>\$ 63,856,217</b>	<b>99.3%</b>

Note: The fiscal 2012 appropriation does not include deficiencies.