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Department of Information Technology

Operating Budget Data

($ in Thousands)

	FY 12 Actual	FY 13 Working	FY 14 Allowance	FY 13-14 Change	% Change Prior Year
General Fund	$14,814	$38,597	$32,219	-$6,378	-16.5%
Contingent & Back of Bill Reductions	0	0	-11	-11	
Adjusted General Fund	**$14,814**	**$38,597**	**$32,209**	**-$6,389**	**-16.6%**
Special Fund	10,436	19,884	11,496	-8,387	-42.2%
Contingent & Back of Bill Reductions	0	0	-1	-1	
Adjusted Special Fund	**$10,436**	**$19,884**	**$11,496**	**-$8,388**	**-42.2%**
Federal Fund	300	0	300	300	
Adjusted Federal Fund	**$300**	**$0**	**$300**	**$300**	
Reimbursable Fund	24,351	63,550	58,523	-5,027	-7.9%
Adjusted Reimbursable Fund	**$24,351**	**$63,550**	**$58,523**	**-$5,027**	**-7.9%**
Adjusted Grand Total	**$49,902**	**$122,031**	**$102,527**	**-$19,504**	**-16.0%**

- The budget bill includes a deficiency totaling $5.2 million for Public Safety Communications System 700 MegaHertz radio equipment.
- The Department of Information Technology's (DoIT) fiscal 2014 allowance is $102.5 million, which is $19.5 million less than the fiscal 2013 working appropriation.
- Major information technology (IT) projects account for $46.2 million, which is $19.7 million less than in fiscal 2013.
- Personnel expenses grow by $624,000, involving funds for retirement, health insurance, and reclassifications.

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

For further information contact: Patrick S. Frank Phone: (410) 946-5530

Personnel Data

	FY 12 Actual	FY 13 Working	FY 14 Allowance	FY 13-14 Change
Regular Positions	122.00	130.00	133.00	3.00
Contractual FTEs	4.00	4.00	4.00	0.00
Total Personnel	**126.00**	**134.00**	**137.00**	**3.00**

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	4.38	3.37%
Positions and Percentage Vacant as of 12/31/12	28.50	21.92%

- In fiscal 2013, positions from other agencies were transferred into DoIT support Geographic Information Systems and web systems. New positions were also created to support Google applications, the public safety communication system, contracting and procurement.

- 10 regular positions are deleted on January 2, 2013. These positions count toward the 100 positions that the Administration was required to delete in Section 25 of the Budget Reconciliation and Financing Act.

- DoIT receives three new positions in fiscal 2014. The total cost is approximately $191,000 in fiscal 2014. Two positions support administrative and fiscal functions in the office of the chief. There is also a new position to support the 700 MegaHertz Public Safety Communication System.

Analysis in Brief

Major Trends

Oversight of Major IT Projects: Since fiscal 2009, measures established to judge project success suggest that progress is being made as more projects remain on schedule and on budget. However, there was some slight backsliding in fiscal 2012. **The department should brief the committees on the increase in the number of projects deviating from the baseline scope or costs in fiscal 2012.**

Issues

Department Is Increasing Its Reliance on Contractors: DoIT relies heavily on outside contractors, so much so that the amount budgeted for contractors is many times larger than the amount budgeted

for the department's personnel. In fiscal 2013, 10 regular positions were deleted and replaced with contractors. **The Department of Legislative Services recommends narrative that requires the department to develop a policy that identifies which functions are best for contractors and which are best for State employees.** Concerns have also been raised by auditors about the use of higher education contracts for the development of major IT projects that are not subject to major IT project oversight. **It is also recommended that the General Assembly adopt a provision in budget reconciliation legislation requiring that any spending for new major IT project development undertaken in the context of a memorandum of understanding between an agency and an institution of higher education that meets the requirements of the current major IT development statute be subject to the requirements of that statute.**

Security Audit: Security is a real concern for the State. In 2012, two other states reported data breaches. In 2012, the Office of Legislative Audits released an audit that identified State practices that were less than ideal. **DoIT should brief the committees on steps it is taking to improve IT security.**

Can the State Improve Disaster Recovery? Today, most State agencies have IT systems that are essential to efficiently managing their operations. DoIT offers agencies little support with respect to disaster recovery. **The department should brief the committees on the need for disaster recovery plans in agencies as well as the opportunity to consolidate contracts to improve services or reduce costs.**

Recommended Actions

		Funds
1.	Increase turnover rate to 5%.	$ 107,000
2.	Reduce funds for the enterprise architect contract.	100,000
3.	Adopt narrative requiring the department to develop a policy on the use of contractors and State employees.	
	Total Reductions	**$ 207,000**

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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 (FMIS).

- **Networks** – responsible for operating networkMaryland 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 (DBM).

- **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.

SDLC methodology is 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

Phase	Description
Project Planning Request	
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.

Phase	Description
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. **The baseline is typically prepared at the end of this phase.**
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 phase 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 2013

Performance Analysis: Managing for Results

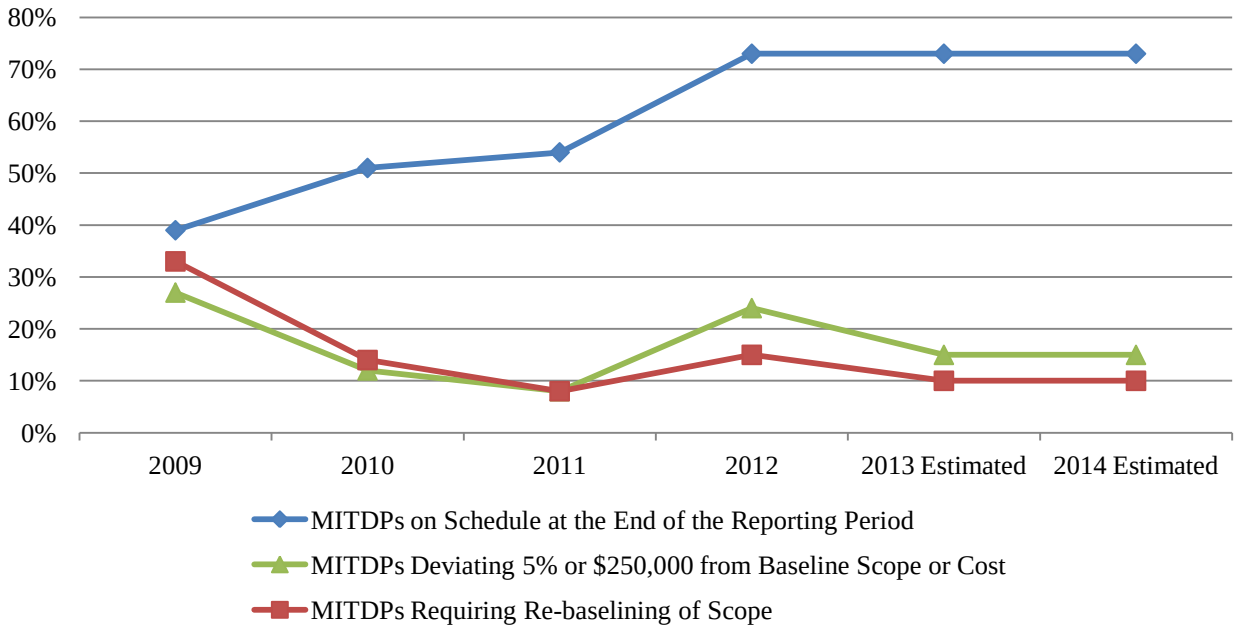
DoIT's Managing for Results (MFR) data reflect the mission of the office, providing statewide IT oversight as well as operating/overseeing the operation of statewide information systems and networks. In terms of oversight of major IT development projects, DoIT still aims to see that 100% of projects completed in any given year are successful.

1. Oversight of Major IT Projects

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 continuously throughout the period, from 39% in fiscal 2009 to 73% in fiscal 2012. 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 15% in fiscal 2012, though fiscal 2012 was somewhat higher than 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 and then increased to 24% in fiscal 2012. **The department should brief the committees on the increase in the number of projects deviating from the baseline scope or costs at the end of fiscal 2012.**

Exhibit 2
Major Information Technology Project Planning Performance Measures
Fiscal 2009-2014



MITDP: Major Information Technology Development Project

Source: Department of Information Technology

2. 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."

In fiscal 2013, 8 regular positions and approximately $1 million from other State agencies transfer into DoIT's budget as part of a centralized IT support initiative. 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 Georgraphic Information Systems (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;

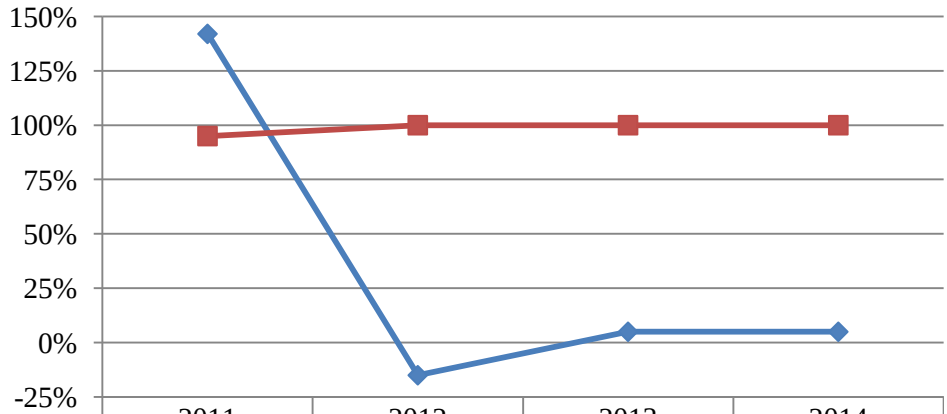
- Developing efficiencies through shared platforms, procedures, and service levels. This involves providing common development tools and a code library as well as assisting agencies with configuration of websites and applications; and

- 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. **The department should brief the committees on the progress made in fiscal 2013.**

Exhibit 3 provides usage and agency compliance data. The data show a decline in average monthly users and full compliance with published standards in fiscal 2012.

Exhibit 3
Maryland Portal Directory Performance Indicators
Fiscal 2011-2014



	2011	2012	2013	2014
Percent Change in Average Monthly Unique Visitors	142%	-15%	5%	5%
Compliance with Published State Online Search Standards	95%	100%	100%	100%

Source: Department of Information Technology

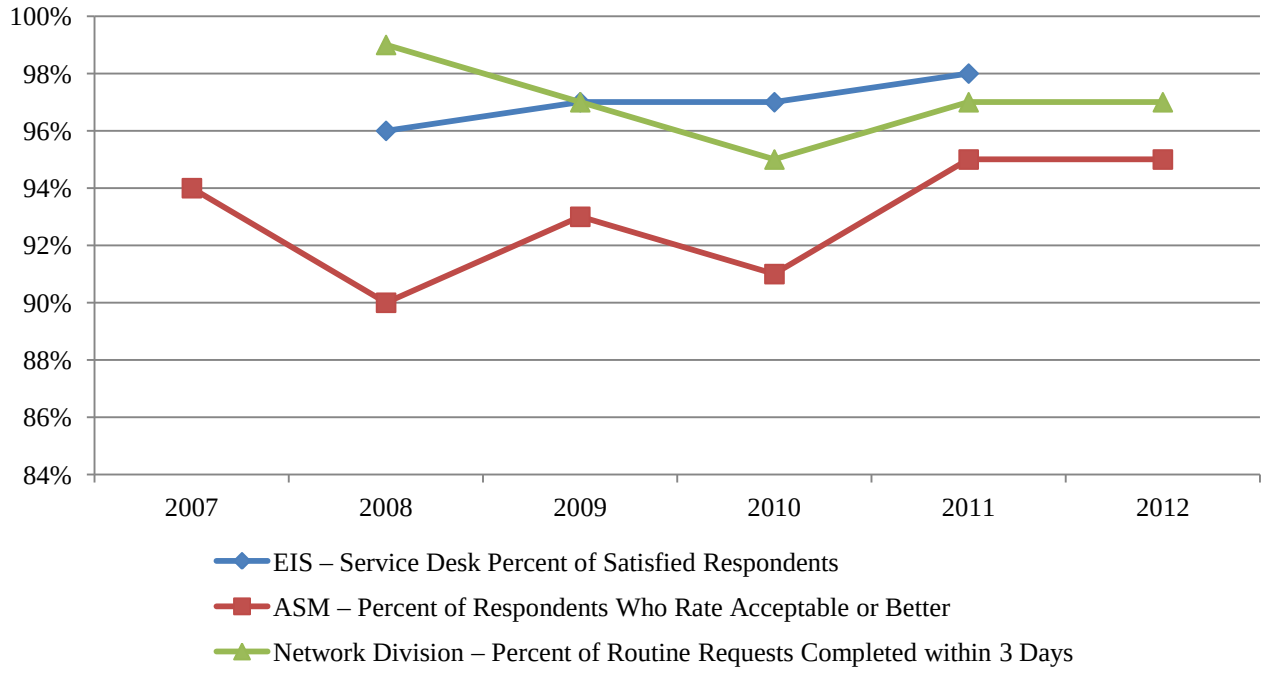
Missing from the measures is any indication of the quality of Maryland.gov. There are numerous factors that contribute to a good website, including accessibility, navigation, content, security, speed, accuracy, and currency (is the data up to date). **In addition to providing resources for agency websites, the department should direct some of its MFR efforts at developing indicators that measure the quality of State websites.**

3. State Agency Support

DoIT also supports systems that State agencies use. EIS operates a help desk and the local area networks in Annapolis and Baltimore. ASM operates the FMIS, 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 since fiscal 2008 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 its 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 2007-2012



ASM: Applications Systems Management
EIS: Enterprise Information Systems

Note: No EIS survey was prepared in fiscal 2012 due to resources being reassigned to Google email implementation.

Source: Department of Information Technology

Fiscal 2013 Actions

Proposed Deficiency

The budget includes a general fund deficiency appropriation totaling $5,189,377. The proposed appropriation is to the MITDPF to support the 700 megahertz (MHz) Public Safety Communication System. This appropriation provides radio equipment and includes $4,447,249 for the Department of State Police (DSP), $431,820 for the Department of General Services, $229,300 for the Maryland Emergency Management Agency (MEMA), and $81,008 for the Maryland Department of the Environment (MDE). The project is on schedule. In December 2012, Region 1A, which serves the Maryland Transportation Authority (MTA) and Kent County, became operational.

Region 2, which serves the Eastern Shore, is also on schedule and should be operational in December 2013. **DLS recommends approval.**

Personnel Actions

Section 25 of Chapter 1 of the First Special Session of 2012 – the Budget Reconciliation and Financing Act (BRFA) of 2012 – required the Governor to abolish at least 100 vacant positions as of January 1, 2013, saving at least $6 million in general funds. In fiscal 2013, DoIT saw a position reduction of 10 positions, and $24,692. On an annualized basis the savings amount to $712,318 ($561,340 general funds and $150,978 special funds). These positions will be replaced by contractors in fiscal 2014, as discussed in Issue 1.

Proposed Budget

The fiscal 2014 allowance proposes $102.5 million in spending. **Exhibit 5** shows that this is $19.5 million less than the fiscal 2013 working appropriation. The most substantial changes relate to major IT projects. Funds for projects supported by the MITDPF decline by $14.2 million while DoIT managed major IT projects decline by $5.5 million.

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

How Much It Grows:	General Fund	Special Fund	Federal Fund	Reimb. Fund	Total
2013 Working Appropriation	$38,597	$19,884	$0	$63,550	$122,031
2014 Allowance	32,219	11,496	300	58,523	102,539
Amount Change	-$6,378	-$8,387	$300	-$5,027	-$19,492
Percent Change	-16.5%	-42.2%		-7.9%	-16.0%
Contingent Reduction	-$11	-$1	$0	$0	-$12
Adjusted Change	-$6,389	-$8,388	$300	-$5,027	-$19,504
Adjusted Percent Change	-16.6%	-42.2%		-7.9%	-16.0%

Where It Goes:	
Personnel Expenses	
New positions	$191
Annualized fiscal 2013 general salary increase	115
Reclassification	791
Salary and fringe benefit reduction, including abolished and transferred positions	-944
Pension contribution	251
Employee and retiree health insurance	153
Reduce accrued leave payout, overtime, and adjustments	-23
Turnover adjustments	84
Other fringe benefit adjustments	7
Service Contracts	
Consultants in lieu of abolished positions	2,105
Maryland Department of Transportation GIS support in lieu of positions	358
Reductions to Google cloud contract	-719
End voice over internet protocol (VoIP) migration consulting contract	-1,000
Reduce major information technology (IT) project oversight consulting contracts	-1,983
Construction, Hardware, and Maintenance Costs	
Continue replacing frame relay network with ethernet network	2,138
Operating and maintenance costs for ethernet network	1,244
One Maryland Broadband annual payments and maintenace costs	834
Annualize IT server's three-year lease	248
One Maryland Broadband cash match	-300
Reduce private branch exchange capital leases	-455
One-time St. Mary's county tower construction	-750
Reduce VoIP equipment	-1,815
Statewide Charges and Fees	
Annapolis Data Center charges	-180
Department of Budget and Management paid telecommunications	-254
Department of Information Technology Major IT Projects	
Statewide personnel system	-3,445
Central Collection Unit system modernization	-2,045
Major Information Technology Development Fund	
Major IT projects	-14,229
Other changes	119
Total	**-$19,504**

GIS: Geographic Information System

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

Personnel Changes

The fiscal 2014 allowance has 13 less regular positions than the fiscal 2013 legislative appropriation. DoIT transfers 3 web systems positions to the Maryland Department of Transportation (MDOT), and another 10 are abolished in response to Section 25 of the BRFA of 2012. In sum, these actions reduce personnel spending and fringe benefits by approximately $944,000. These charges are offset by additional appropriations for contractual services. The budget includes an additional $2,150,000 to support the work for the 10 abolished positions. (The implications of this are discussed in the Issues section of this analysis.) A memorandum of understanding (MOU) between DoIT and MDOT provides that DoIT receives approximately $358,000 from MDOT for contractual services.

DoIT has chronically had a high number of vacancies. For example, 28.5 positions were vacant in January 2013 (after excluding positions deleted). This is over one-quarter of total positions. Almost half of the vacant positions were long-term vacant positions. DoIT advises that many positions are vacant because salaries are not competitive. According to a 2010 computerworld.com survey, State IT salaries are considerably less than the regional average. For example, the regional average salary for a web developer is $86,000 compared to $65,000 for the State. DoIT advises that State IT salaries also tend to be less than salaries offered by local governments. To address this, the allowance increases the amount available for reclassifications by approximately $791,000. This amount includes approximately $316,000 to reclassify positions after reorganizing the department. The remainder is to reclassify vacant positions and provide increases to selected personnel. The personnel increases are generally between $4,000 and $7,000.

In addition, DoIT receives 3 new positions in fiscal 2014. The total cost is approximately $191,000 in fiscal 2014. Two positions support administrative and fiscal functions in the Office of the Chief. These positions replace positions lost through various rounds of cost containment in recent years. One position will support special fund and major IT project accounts. The other will work fiscal issues and support procurement and contract consolidation. There is also 1 new position to support the 700 MHz Public Safety Communication System. The cost of this position is approximately $68,000. This position was anticipated in the capital budget's operating impact statement.

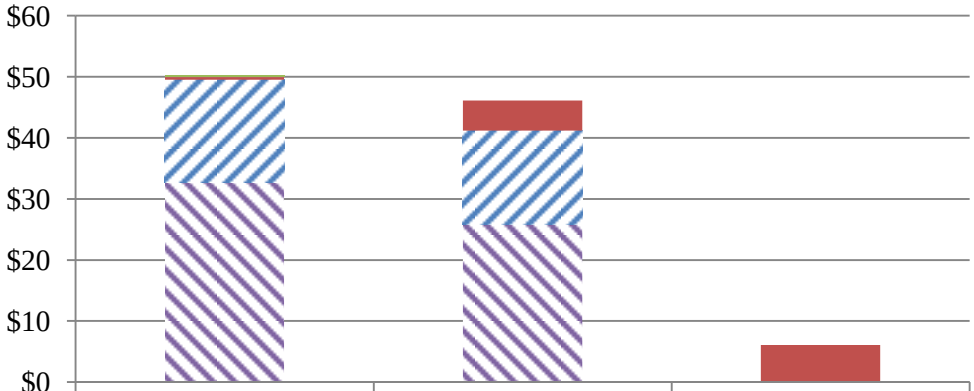
Fringe benefit costs for employee and retiree pension and health insurance costs are also increasing. Pension costs increase by approximately $251,000 because contribution rates increase in fiscal 2014. The rate increases are attributable to underattaining investment returns, adjusting actuarial assumptions, and increasing the reinvestment of savings achieved in the 2011 pension reform. Health insurance increases reflect inflationary pressures.

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 6** shows that approximately $46 million, which is 45% of DoIT's funding, supports major IT projects. Operations are supported by approximately $50 million (49% of spending) and another $6 million (6% of spending) supports TAM.

Exhibit 6
Spending by Purpose and Fund
Fiscal 2014
($ in Millions)



	Operations	Major IT Projects	TAM
Federal Funds	$0.3	$0.0	$0.0
Special Funds	0.4	5.0	6.1
General Funds	16.9	15.4	0.0
Reimbursable Funds	32.7	25.8	0.0

IT: information technology
TAM: Telecommunications Access of Maryland

Note: Federal funds are appropriated to support mapping operations.

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 7 shows fund transactions for the MITDPF for fiscal 2011 through the proposed budget in fiscal 2014. A number of points may be made from the exhibit.

Exhibit 7
Major Information Technology Development Project Fund Data
Fiscal 2011-2014

	2011	2012	2013	2014
Opening Fund Balance	$11,267,130	$19,522,741	$13,894,320	$9,162,487
Revenues				
General Fund	$16,422,207	$3,060,102	$24,127,355	$15,351,500
Special Fund – Investment Interest	621,691	260,407	300,000	300,000
Special Fund – Appropriations	5,000,000	1,000,000	5,990,804	837,910
Reversion to Fund Balance for Completed MITDPs[1]		5,862,431		
Total Available Revenues	**$33,311,028**	**$29,705,681**	**$44,312,479**	**$25,651,897**
Expenditures				
Transferred/Expected to Be Transferred to Agencies	-$13,788,287	-$9,948,931	-$35,149,992	
Reallocation from Prior Years Expended[1]		-5,862,431		
Fiscal 2013 Obligations				-$9,162,487
Requested Expenditures				-16,189,410
End-of-year Fund Balance	**$19,522,741**	**$13,894,320**	**$9,162,487**	**$300,000**

MITDPs: Major Information Technology Development Projects

Note: Excludes funding for Statewide Personnel System and Central Collection Unit System Modernization budgeted in the Department of Information Technology budget, instead of the Major Information Technology Development Project Fund.

[1]In fiscal 2012, $5,862,431 of prior appropriations was reapplied to new projects.

Source: Department of Legislative Services; Department of Information Technology; Department of Budget and Management, February 2013

- The allowance includes $15.4 million in general funds, which represents 60% of the fund's fiscal 2014 revenues.

- Special funds total $837,910 and support the MTA's share of Computer Aided Dispatch/ Record Management System (CAD/RMS).

- The remaining available funds in fiscal 2014 are the fund's opening balance that consists of funds appropriated in previous years.

Fiscal 2014 appropriations are detailed in **Exhibit 8**. The fiscal 2014 allowance includes funding for four new projects.

One of the projects is to improve the Permit Tracking System at MDE. A key component of this project is to allow access through the Internet. The approach taken is the traditional major IT project approach, which is to plan the project, determine a solution, invest in hardware and software (ideally a commercial off the shelf product), and have an integrator implement the product.

Exhibit 8

Major Information Technology Development Project Fund

Projects Receiving New Fiscal 2013 Funding (Excluding Carryover Project Funding)

Agency	Project Name	Project Description	MITDPF Funding	Comment
Ongoing Projects				
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.	$3,253,999	Fiscal 2014 funding primarily supports design, development, and implementation. Major risks relate to funding (general fund cost is $28 million), interoperability (integrate with federal and DHR systems), and implementation (large and complex project with tight deadlines). **DLS recommends approval.**
DHMH	MERP ICD-10	Implement new ICD-10 coding required by the U.S. Department of Health and Human Services. These codes are used to classify medical services. Project completion data was revised and is now scheduled for October 2014. The project is scheduled to achieve this.	549,669	Fiscal 2014 funding primarily supports development, implementation, integration and testing, and operations and maintenance. Project was delayed when the project manager of the support maintenance contract left the company. Coding is periodically revised. The scope and cost of the project are limited. No high risks have been identified. **DLS recommends approval.**

Agency	Project Name	Project Description	MITDPF Funding		Comment
DHR	ECMS	Develop a system that can digitally capture, manage, store, preserve, and deliver content as well as documents.	2,577,604		DHR's fiscal 2014 appropriation also includes $2.3 million in federal funds. These funds support planning for the second and third phases. The first phase implements standardized document management infrastructure; the second phase addresses data conversion/integration of legacy systems; and the third phase implements advanced enhancements. **DLS recommends approval.**
MSDE	Maryland State Longitudinal Data System	Project Oversight.	50,000		State appropriations support project oversight, and this is the final appropriation. Design and implementation costs are supported by federal funds. The project is 65% complete with 4 of 8 subprojects complete. **DLS recommends approval.**
DSP	Public Safety Communication System	Purchase radios for 700 MHz communication system.	4,179,289		Puchase radios for DPSCS, DSP, DHMH, MIEMSS, MDOT, and DNR. **DLS recommends approval.**
DSP	CAD/RMS	Establish a system to coordinate statewide public safety information sharing.	3,524,151	[1]	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. The project has been slowed by problems with the contractor. Major risks include resource availability and supportability, which are linked. **DLS recommends approval.**
DSP	E-911 Upgrade	Upgrade State Police 9-1-1 system to provide a statewide system that allows communication between barracks.	180,666		The contract was approved in November 2012. The project is currently being implemented in all counties on the Eastern Shore. **DLS recommends approval.**
Subtotal			***$14,315,378***		

Agency	Project Name	Project Description	MITDPF Funding	Comment
New Projects				
DoIT	Enterprise Budget System	Replace legacy budget system used by DBM. Because DoIT will be managing this project for DBM, DoIT will procure a project management team.	$550,000	Appropriation includes $500,000 to begin planning and $50,000 for project oversight. The current system's primary subject matter expert is retiring in 2013. The system is among the highest risk to fail of all State systems. Old technologies (COBOL) make it difficult to find programmers. **DLS recommends approval.**
DHMH	Financial Restructuring of DDA	Replace financial system that was not designed to manage the current volume of transactions.	592,032	DDA's fiscal 2014 appropriation includes $439,843 in federal funds. The project has high risks related to funding, interdependencies (State and Medicaid systems), major organizational changes, and support. The current system was not designed to manage DDA's current volume of transactions. Problems include chronic overspending and underspending, a large waiting list, and a requirement to prospectively pay providers that complicate the billing process. **DLS recommends approval.**
DHR	Automated Financial System	Replace fiscal system that tracks payments, maintains transaction history, generates reports, and produces data for other systems. New system will interface with the Internet. The system is widely used by local offices.	182,000	Project is currently in the initiation phase. DHR's fiscal 2014 appropriation also includes $168,000 in federal funds. The current system is prone to errors and difficult to enhance since skills to support it are not readily available. **DLS recommends approval.**
MDE	Permit Tracking System Modernization	Enhance permit tracking by adding a component that allows access through the Internet.	550,000	Planning is scheduled to begin in February 2013. The system is expected to use proven technology, which reduces risk. An objective is to reduce the burden on industry and enhance regulatory customer service. **DLS recommends approval.**
Subtotal			***$1,874,032***	
Total Fiscal 2011 Allowance			**$16,189,410**	

Agency	Project Name	Project Description	MITDPF Funding	Comment
Fund Sources				
General Funds			$15,351,500	
Special Funds[1]			837,910	
Total Funds			**$16,189,410**	

CAD/RMS: Computer Aided Dispatch/Record Management System
COBOL: Common Business Orientated Language
DBM: Department of Budget and Management
DDA: Developmental Disabilities Administration
DLS: Department of Legislative Services
DHMH: Department of Health and Mental Hygiene
DHR: Department of Human Resources
DNR: Department of Natural Resources
DoIT: Department of Information Technology
DPSCS: Department of Public Safety and Correctional Services
DSP: Department of State Police
ECMS: Enterprise Content Management System
ICD: International Classification of Diseases
MDOT: Maryland Department of Transportation
MDE: Maryland Department of the Environment
MERP: Medicaid Enterprise Restructuring Project
MHz: Megahertz
MIEMSS: Maryland Institute for Emergency Medical Services Systems
MSDE: Maryland State Department of Education

[1] Special fund totaling $837,910 support the Maryland Transportation Authority's share of CAD/RMS.

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

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There is another approach. In August 2011, the Board of Public Works (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. Maryland 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 (MVA) has completed an iPod and iPhone application for the driver practice test. This could be applied to MDE's permit system. **The department should be prepared to brief the committees on applicability of the NIC contract with MDE's permit system.**

With respect to the ongoing projects that receive funding, most are progressing reasonably well. The exception to this is the CAD/RMS. The Department of Legislative Services (DLS) has the following concerns about this project:

- The implementation contract is in default. A key subcontractor has been purchased by a competitor of the primary contractor and work has slowed.

- DSP released the program manager in November 2012. A new program manager was hired and is expected to begin in February 2013. The program manager will then need to hire two project managers. This was not expected and could delay the project.

- Billing records are not up-to-date, so it is unclear exactly how much was spent and what was procured.

DoIT should brief the committees on the status of the CAD/RMS project. This should include a discussion of steps taken to address vendor and State management issues.

Status of Prior Year MITDPF Projects

Exhibit 9 details the status of ongoing projects previously funded through the MITDPF but for which no funds were provided in fiscal 2014.

Exhibit 9
Ongoing Projects Not Funded in Fiscal 2014

Agency	Project Name	Project Description	Remaining MITDPF Funding	Comment
DoIT	IV&Vs and IV&V Manager	Project oversight.	$81,249	Project oversight.
MSDE	Race to the Top Oversight	A series of federally funded projects to develop systems for MSDE.	500,000	Most projects should be completed by fiscal 2014.
Comptroller	MITS	Replace legacy system from 1986.	6,697,295	Data warehouse is operational. Integrated tax system has been suspended. Settlement has been reached with vendor.
DPSCS	Offender Case Management System	Offender-based system for DPSCS.	937,872	Project is operational.
DHR	CARES Enhancement		531,860	Project is operational.
DHMH	Electronic Vital Records		387,628	Project is operational.
	Other Projects		9,313	
Total			**$9,145,217**	

CARES: Client Automated Resource and Eligibility System
DHMH: Department of Health and Mental Hygiene
DHR: Department of Human Resources
DoIT: Department of Information Technology
DPSCS: Department of Public Safety and Correctional Services
IV&V: independent verification and validation
MITS: Modernized Integrated Tax System
MITDPF: Major Information Technology Development Project Fund
MSDE: Maryland State Department of Education

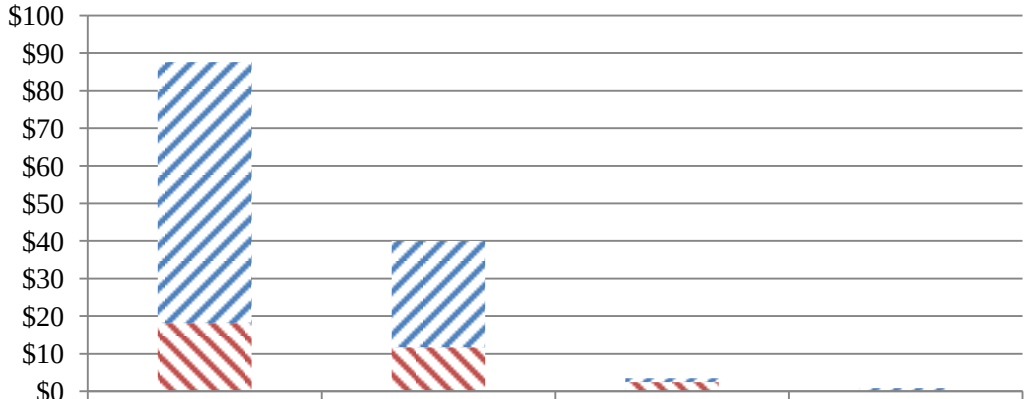
Source: Department of Legislative Services; Department of Information Technology

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 10 shows the expected future out-year costs of projects that are in the SDLC. This includes projects planned in the out-years that have not yet received any appropriations. In fiscal 2015, $88 million in total appropriations and $18 million in general fund appropriations are expected. As the current projects move through the SDLC, out-year costs decline. If additional projects are approved and are implemented, out-year costs will increase. Some projects have not progressed far enough in the planning process to have estimated implementation costs. As agencies complete the planning process and implement these projects, out-year costs are also expected to increase.

Exhibit 10
Major Information Technology Development Project Fund
Projected Out-year Expenditures
Fiscal 2015-2018
($ in Millions)



	2015	2016	2017	2018
Nongeneral Fund Costs	$70	$28	$1	$1
General Fund Costs	18	12	2	0

Note: This excludes transportation and higher education projects.

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

Issues

1. Department Is Increasing Its Reliance on Contractors

DoIT relies heavily on outside contractors. So much so that the amount budgeted for contractors is many times larger than the amount budgeted for the department's personnel. In fiscal 2014, personnel costs (Object 01) are expected to be $14.0 million, while total contractual services (Object 08) total $74.0 million. Consulting services, which are used in the place of personnel, has a $52.6 million budget, which is almost four times the personnel budget.

A substantial share of the budget for contractors is used to manage major IT projects, but contractors are also used to support other functions, such as assisting with updating technologies (such as recent voice over Internet protocols (VoIP) for telephones) and maintain current systems. A key advantage to contractors is that they can keep the State more nimble. With respect to major IT, projects tend to last a few years and can vary substantially in their requirements. As technology or requirements change, the State can procure a contractor that has the specific skills. The length of the contract can be matched with the length that the resource is needed. This gets the State the resource it needs without unnecessary costs and overhead if needs change.

Another issue is that the State has difficulty keeping IT positions filled. Since the beginning of calendar 2010, DoIT has averaged at least 20 vacant positions. From 2005 to 2010, vacancy rates were routinely above 10%. In January 2013, BPW abolished 10 regular positions, which still left 28 vacant positions (22% of the workforce).

BPW Reduction Increases Reliance on Contractors

Deleting 10 positions in January 2013 does not result in the State doing less. Rather, the result is to transfer responsibilities to contractors. **Exhibit 11** shows that the fiscal 2014 budget provides $2.1 million to support contracts to perform the duties of the abolished positions. The data also suggests that contracting can be expensive and, in some cases, it may be less costly to use State employees.

Exhibit 11
Abolished Positions and Replacement Contract Costs

Description	Program	Number	Position Costs*	Contract Costs
Enterprise architect. Cannot fill position at current grade.	EIS	1	$86,355	$255,000
IT analyst that requires COBOL programming. Cannot fill position.	ASM	1	88,179	230,000
700 MHz radio position that has been advertised for over a year. Cannot fill position.	Networks Division	2	93,410	420,000
Major IT project managers. Cannot fill position with individuals that have appropriate skill and experience.	Strategic Planning	4	293,396	800,000
Administrative specialists to serve and contract and procurement managers. Will use contingency-based contract.	Strategic Planning	2	93,410	400,000
Total		**10**	**$654,750**	**$2,105,000**

ASM: Application Systems Management
COBOL: Common Business Orientated Language
EIS: Enterprise Information Systems
IT: Information Technology
MHz: Megahertz

*Including fringe benefits.

Source: Department of Information Technology

DoIT Is Building a New Department: What Kind of a Department Should It Be?

Chapter 9 of 2008 created DoIT. Until 2008, DoIT was the Office of Information Technology in DBM. As departments go, DoIT is still a new department.

DoIT is still evolving. For example, there is a plan to reorganize DoIT. Also, 10 positions were abolished in fiscal 2014, and the fiscal 2014 allowance provides funds for contractors to perform the position's responsibility. This is moving the department to a greater reliance on contractors. It is clear that some amount of contractors and some amount of State personnel is necessary to efficiently and effectively manage State IT resources. What is not clear, is what the proper mix between these resources is. It is also unclear how that mix will evolve as technology evolves. **DLS recommends the following narrative that requires the department to develop a**

policy that identifies which functions are best for contractors and which are best for State employees:

> **Use of Contractors and Personnel: DoIT relies heavily on outside contractors. So much so that the amount budgeted for contractors is many times larger than the amount budgeted for the department's personnel. A key advantage is that using them can keep the State more nimble. The State also has difficulty keeping positions filled. However, the State also needs employees to manage contracts, and some responsibilities are most appropriately performed by State employees. DoIT should develop a policy that identifies which functions are best for contractors and which are best for State employees. In developing this policy, the department should review best practices, as well as policies and practices of the other states with central IT agencies. This report should be completed by November 27, 2013.**

Contracts with Universities

State agencies also contract with universities for IT support. Some agencies have an existing and longstanding MOU with the universities to provide support for IT systems. Sometimes the support evolves to become a development of new major IT projects. In past audits, the Office of Legislative Audits (OLA) has raised questions about the use of MOUs and subsequent subcontracting under those MOUs including in the context of IT contracts. OLA's concerns were primarily with the notion that this practice, at least on the surface, could be seen as appearing to skirt procurement laws. A concern is that, at some point, the nature of a project can change so that the degree of discomfort of moving ahead through the MOU, is too great.

DLS recommends adoption of a provision in budget reconciliation legislation requiring that any spending for new major IT project developments undertaken in the context of an MOU between an agency and an institution of higher education that meets the requirements of the current major IT development statute, be subject to the requirements of that statute. If an IT system operated on behalf of an agency through an MOU is integral to the function of that agency, then it is logical that the same level of oversight that is expected for systems operated by the agency or through a contract procured by the agency apply.

2. Security Audit

Security is a real concern for the State. The Privacy Rights Clearinghouse, a nonprofit consumer organization, noted that there were 535 data breaches reported in 2011, which is more than one per day. In 2012, two states reported data breaches. Utah reported that health and Medicaid data for nearly 800,000 residents has been stolen. Hackers got into South Carolina's tax collection agency and may have obtained bank account numbers for as much as 3.3 million taxpayers.

DoIT recognizes the importance of data security. Its security policy provides guidance for securing confidential information, which is defined as nonpublic information, that if disclosed, would result in a highly negative impact to the State of Maryland, its employees or citizens, and may include

information deemed as private, privileged, or sensitive. The goal is to avoid data breaches whereby confidential information is compromised.

Office of Legislative Audits Reviews Data Security

In September 2012, OLA released an audit of State *Information System Data Security*. The audit had two objectives:

- to evaluate State law and DoIT's 2010 *Information Security Policy* against best practices as well as the federal government and other states' policies; and
- to assess compliance with certain aspects of DoIT's policy by selected State agencies.

OLA reviewed DoIT policies and practices from May to December 2011. It also reviewed and tested the policies and practices of the Comptroller of Maryland, the Department of Health and Mental Hygiene, the Department of Human Resources, the Department of Public Safety and Correctional Services, and MVA. These are all agencies with substantial amounts of confidential information.

The audit identified the following 12 findings:

- current State law governing protections for personal identifiable information did not apply to State agencies;
- DoIT did not have a formal process to enforce its security policy;
- DoIT needs to be more responsive to emerging technologies;
- DoIT could improve guidance to help agencies address security issues;
- DoIT had not developed recommended practices for implementing data loss prevention solutions;
- State agencies did not consistently document security categorization;
- lack of agency-specific security policies in some agencies;
- risk management policies were not fully implemented;
- security awareness training was not always provided;
- data on portable devices was not always properly protected;

- agencies were in various stages of implementing data loss prevention tools and techniques; and

- agencies had varied practices in implementing vulnerability scanning and penetration testing.

DoIT should brief the committees on its *Information Security Policy* and practices. This should include a discussion of:

- **providing additional guidance and enforcement of State agency security practices, including having agencies:**

  - **document security categorization;**

  - **provide security awareness training; and**

  - **implement data loss prevention tools and techniques;**

- **improving processes to address emerging technologies; and**

- **developing recommended practices for implementing data loss solutions.**

3. Can the State Improve Disaster Recovery?

Today, most State agencies have IT systems that are essential to efficiently managing their operations. Should those systems become inoperable, performing the most rudimentary operation would be a struggle for many agencies. Consequently, agencies are expected to have a disaster recovery plan (DRP). DoIT defines a DRP as "an IT-focused plan designed to restore operability of targeted systems, applications, or a computer facility due to a natural or man-made extended interruption of an agency's business services."

To assist agencies, the department has developed *State of Maryland Information Technology (IT) Disaster Recovery Guidelines Version 4.0*. These guidelines are posted on the DoIT website and can be found in seconds through the search feature.

These guidelines are the extent to which the department supports agency disaster recovery efforts. The department does not provide any guidance beyond the policy. In some areas, such as GIS, the State has successfully consolidated contracts to take advantage of economies of scale. This can result in some combination of reduced costs and/or improved services. Insofar as there are many agencies with individual disaster recovery plans and contracts, it may make sense for the department to review this issue to determine if consolidation can reduce costs. **The department should brief the committees on the need for disaster recovery plans in agencies as well as the opportunity to consolidate contracts to improve services or reduce costs.**

Recommended Actions

		Amount Reduction	
1.	Increase the department's turnover rate to 5%. Since January 2010, the vacancy rate has been approximately 20%. From 2005 to 2010, the vacancy rate was routinely over 5%. In February 2013, there are 28.5 vacant positions, even though 10.0 vacant positions were abolished in January 2013. The agency received substantial increases in salaries, which should reduce vacancies. Nonetheless, experience suggests that it will be difficult to reduce the rate below 5% in a matter of months. Increasing the turnover rate by 5% reduces the budget by approximately $179,000. Since general funds are 60% of turnover, the general fund reduction is $107,000.	$ 107,000	GF
2.	Reduce funds for enterprise architect contract. The agency deleted 1 regular position. To do the work of an enterprise architect, the department will receive $255,000 to hire a contractor to do this work. This is an important position for the central information technology organization to have. Reducing the appropriation by $100,000 leaves $155,000 for an enterprise architect. The department should reclassify the position instead of hiring a contractor.	100,000	GF

3. Adopt the following narrative:

Policy for the Use of Contractors and State Personnel: The Department of Information Technology (DoIT) relies heavily on outside contractors. So much so that the amount budgeted for contractors is many times larger than the amount budgeted for the department's personnel. A key advantage is that using them can keep the State more nimble. The State also has difficulty keeping positions filled. However, the State also needs employees to manage contracts, and some responsibilities are most appropriately performed by State employees. DoIT should develop a policy that identifies which functions are best for contractors and which are best for State employees. In developing this policy, the department should review best practices, as well as policies and practices of the other states with central IT agencies. This report should be completed by November 27, 2013.

Information Request	Author	Due Date
Policy for the use of contractors and State personnel	DoIT	November 27, 2013

Total General Fund Reductions **$ 207,000**

Appendix 1

Current and Prior Year Budgets

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

	General Fund	Special Fund	Federal Fund	Reimb. Fund	Total
Fiscal 2012					
Legislative Appropriation	$15,169	$21,477	$0	$26,082	$62,727
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	50	-896	300	2,625	2,079
Reversions and Cancellations	-404	-10,144	0	-4,355	-14,904
Actual Expenditures	**$14,814**	**$10,436**	**$300**	**$24,351**	**$49,902**
Fiscal 2013					
Legislative Appropriation	$38,074	$19,086	$0	$61,493	$118,653
Budget Amendments	523	798	0	2,056	3,377
Working Appropriation	**$38,597**	**$19,884**	**$0**	**$63,550**	**$122,031**

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

Fiscal 2012

Spending in fiscal 2012 totaled $49.9 million, which is $12.8 million less than appropriated by the General Assembly. Budget amendments include approximately:

- $300,000 in federal funds to support mapping of Maryland, west of the Chesapeake Bay;

- $50,000 in general funds and $4,000 in special funds to support a $750 one-time bonus for State employees;

- $900,000 in special funds transferred from the major IT project to support DHMH's Health Care Reform IT initiative; and

- $2,625,000 in reimbursable funds to support agencies' networkMaryland operations ($1,300,000), statewide mapping software ($765,000), cloud computing software ($450,000), and Maryland Emergency Management IT operations support ($110,000).

Cancellations and reversions include approximately:

- $404,000 in general fund reversions, of which $318,000 were attributable to the Annapolis Data Center and $64,000 supported DBM paid telecommunications charges. These items are charged by DBM, and unspent amounts are reverted to the general fund;

- $4,355,000 in reimbursable funds, including $3,682,000 attributable to agency charges for independent verification and validation that were supported by procurements from fiscal 2011 and were no longer necessary, $267,000 in salaries not spent because positions were vacant, and $67,000 that supported the Capital Budget Information System enhancement maintenance contract; and

- $10,144,000 in special funds attributable to delays in the DBM Central Collection Unit's IT project ($5,182,000) and to transfers of prior-year MITDPF funds reallocated to new projects ($4,962,000).

Fiscal 2013

To date, budget amendments have added $3.4 million to the fiscal 2013 appropriation, increasing the budget to $122.0 million. Budget amendments include:

- $1.6 million in reimbursable funds, and $523,151 in general funds from various agencies to consolidate web and GIS in DoIT, as required by Sections 19 and 20 of the fiscal 2013 budget bill;

- $110,839 in reimbursable funds for web systems support from MDOT, consistent with a MOU between the two agencies as agreed to in October 2012;

- $750,000 in special funds to support construction of a tower in St. Mary's City, consistent with a MOU between DoIT and St. Mary's County as agreed to in June 2012;

- $350,000 in reimbursable funds from MEMA to provide IT operations support; and

- $47,853 in special funds for the fiscal 2013 general salary increase.

Major Information Technology Projects

Department of Information Technology
Enterprise Budget System

Project Status[1]	Planning.	**New/Ongoing Project:**	New.
Project Description:	Replace legacy budget system used by the Department of Budget and Management (DBM).		
Project Business Goals:	Though none are identified in the Information Technology Information Request (ITPR), the justification provided is that system is at a high risk of failure. Old technologies (COBOL) make it difficult to find programmers.		
Estimated Total Project Cost[1]**:**	n/a.	**Estimated Planning Project Cost**[1]**:**	$2,050,000
Project Start Date:	March 2013.	**Planning Completion Date:**	December 2015.
Schedule Status:	The project has not yet begun planning.		
Cost Status:	ITPR includes initial planning costs.		
Scope Status:	Initial scope has been identified.		
Project Management Oversight Status:	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.		
Identifiable Risks:	Initiation has identified resource availability and organizational culture as high risks. Medium risk is assigned to interdependencies. As the project moves through planning, risk assessments may change.		
Additional Comments:	Planning is beginning in the last two years of a term-limited administration. Current system's primary subject matter expert is retiring in 2013. Given the high risk of failure and possibility for turnover of executive, planning should not just be thorough, but should also move forward purposefully to meet the deadline.		

Fiscal Year Funding ($ in Thousands)	**Prior Years**	**FY 2014**	**FY 2015**	**FY 2016**	**FY 2017**	**FY 2018**	**Balance to Complete**	**Total**
Personnel Services	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Professional and Outside Services	0.0	550.0	1,500.0	0.0	0.0	0.0	0.0	2,050.0
Other Expenditures	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Funding	**$0.0**	**$550.0**	**$1,500.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$2,050.0**

[1] 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
Statewide Personnel System

Project Status[1]	Implementation.	**New/Ongoing Project:**	Ongoing.
Project Description:	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.		
Project Business Goals:	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.		
Estimated Total Project Cost[1]**:**	$66,270,415	**Estimated Planning Project Cost**[1]**:**	n/a.
Project Start Date:	January 2008.	**Projected Completion Date:**	December 2014.
Schedule Status:	The project has two phases: Phase 1 is recruitment and examination, and Phase 2 is core human resources and data warehouses. Phase 1 was implemented in August 2012. Phase 2 is being bid as a cloud contract, which could be awarded as early as March 2013.		
Cost Status:	Total costs remain $66 million. However, this could change if cloud contract is awarded and successful.		
Scope Status:	The scope has not changed since last year.		
Project Management Oversight Status:	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.		
Identifiable Risks:	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.		

Fiscal Year Funding ($ in Thousands)	**Prior Years**	**FY 2014**	**FY 2015**	**FY 2016**	**FY 2017**	**FY 2018**	**Balance to Complete**	**Total**
Personnel Services	$0	$0	$0	$0	$0	$0	$0	$0
Professional and Outside Services	22,017	25,795	17,993	0	0	0	0	65,806
Other Expenditures	176	50	50	0	0	0	0	276
Total Funding	**$22,193**	**$25,845**	**$18,043**	**$0**	**$0**	**$0**	**$0**	**$66,082**

[1] 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

Project Status[1]	Planning.	**New/Ongoing Project:**	Ongoing.
Project Description:	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.		
Project Business Goals:	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 to10% decrease in the cost of printing and mailing.		
Estimated Total Project Cost[1]**:**	$17,491,499	**Estimated Planning Project Cost**[1]**:**	$12,465,527
Project Start Date:	August 2008.	**Projected Completion Date:**	n/a.
Schedule Status:	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 modified the next RFP. The new RFP will bid a core system, and other State features not required in private collections systems will be developed later. DoIT is both the implementing and oversight agency. To mange 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.		
Cost Status:	The cost estimate remains at $17.5 million.		
Scope Status:	Scope has been reduced to a core system (without features unique to the State) for the new RFP.		
Project Management Oversight Status:	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.		
Identifiable Risks:	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).		

Fiscal Year Funding ($ in Thousands)	**Prior Years**	**FY 2014**	**FY 2015**	**FY 2016**	**FY 2017**	**FY 2018**	**Balance to Complete**	**Total**
Personnel Services	$0	$0	$0	$0	$0	$0	$0	$0
Professional and Outside Services	6,739	4,117	3,337	878	100	0	0	15,172
Other Expenditures	696	0	1,160	464	0	0	0	2,319
Total Funding	**$7,435**	**$4,117**	**$4,497**	**$1,342**	**$100**	**$0**	**$0**	**$17,491**

[1] 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

Object/Fund	FY 12 Actual	FY 13 Working Appropriation	FY 14 Allowance	FY 13 - FY 14 Amount Change	Percent Change
Positions					
01 Regular	122.00	130.00	133.00	3.00	2.3%
02 Contractual	4.00	4.00	4.00	0.00	0%
Total Positions	**126.00**	**134.00**	**137.00**	**3.00**	**2.2%**
Objects					
01 Salaries and Wages	$ 9,609,122	$ 13,370,690	$ 14,006,328	$ 635,638	4.8%
02 Technical and Spec. Fees	246,777	287,440	228,310	-59,130	-20.6%
03 Communication	8,328,362	7,091,711	8,560,783	1,469,072	20.7%
04 Travel	42,806	36,550	36,900	350	1.0%
06 Fuel and Utilities	533	1,750	600	-1,150	-65.7%
07 Motor Vehicles	-661	1,718	25,296	23,578	1372.4%
08 Contractual Services	31,027,341	84,734,675	73,994,277	-10,740,398	-12.7%
09 Supplies and Materials	59,493	81,030	81,500	470	0.6%
10 Equipment – Replacement	246,596	16,194,709	4,556,991	-11,637,718	-71.9%
11 Equipment – Additional	139,582	0	803,808	803,808	N/A
13 Fixed Charges	201,913	230,591	243,864	13,273	5.8%
Total Objects	**$ 49,901,864**	**$ 122,030,864**	**$ 102,538,657**	**-$ 19,492,207**	**-16.0%**
Funds					
01 General Fund	$ 14,814,203	$ 38,597,425	$ 32,219,465	-$ 6,377,960	-16.5%
03 Special Fund	10,436,427	19,883,724	11,496,416	-8,387,308	-42.2%
05 Federal Fund	300,000	0	300,000	300,000	N/A
09 Reimbursable Fund	24,351,234	63,549,715	58,522,776	-5,026,939	-7.9%
Total Funds	**$ 49,901,864**	**$ 122,030,864**	**$ 102,538,657**	**-$ 19,492,207**	**-16.0%**

Note: The fiscal 2013 appropriation does not include deficiencies. The fiscal 2014 allowance does not include contingent reductions.

Fiscal Summary
Department of Information Technology

Program/Unit	FY 12 Actual	FY 13 Wrk Approp	FY 14 Allowance	Change	FY 13 - FY 14 % Change
0A Major IT Development Project Fund	$ 3,060,102	$ 30,418,159	$ 16,189,410	-$ 14,228,749	-46.8%
0B Office of Information Technology	46,841,762	91,612,705	86,349,247	-5,263,458	-5.7%
Total Expenditures	**$ 49,901,864**	**$ 122,030,864**	**$ 102,538,657**	**-$ 19,492,207**	**-16.0%**
General Fund	$ 14,814,203	$ 38,597,425	$ 32,219,465	-$ 6,377,960	-16.5%
Special Fund	10,436,427	19,883,724	11,496,416	-8,387,308	-42.2%
Federal Fund	300,000	0	300,000	300,000	N/A
Total Appropriations	**$ 25,550,630**	**$ 58,481,149**	**$ 44,015,881**	**-$ 14,465,268**	**-24.7%**
Reimbursable Fund	$ 24,351,234	$ 63,549,715	$ 58,522,776	-$ 5,026,939	-7.9%
Total Funds	**$ 49,901,864**	**$ 122,030,864**	**$ 102,538,657**	**-$ 19,492,207**	**-16.0%**

Note: The fiscal 2013 appropriation does not include deficiencies. The fiscal 2014 allowance does not include contingent reductions.