

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

***Operating Budget Data***

(\$ in Thousands)

	<u>FY 13</u> <u>Actual</u>	<u>FY 14</u> <u>Working</u>	<u>FY 15</u> <u>Allowance</u>	<u>FY 14-15</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Fund	\$43,026	\$36,339	\$41,462	\$5,123	14.1%
Contingent & Back of Bill Reductions	0	-638	-92	545	
<b>Adjusted General Fund</b>	<b>\$43,026</b>	<b>\$35,701</b>	<b>\$41,369</b>	<b>\$5,668</b>	<b>15.9%</b>
Special Fund	10,922	11,504	8,279	-3,225	-28.0%
Contingent & Back of Bill Reductions	0	0	-6	-6	
<b>Adjusted Special Fund</b>	<b>\$10,922</b>	<b>\$11,504</b>	<b>\$8,272</b>	<b>-\$3,231</b>	<b>-28.1%</b>
Federal Fund	0	853	969	116	13.5%
<b>Adjusted Federal Fund</b>	<b>\$0</b>	<b>\$853</b>	<b>\$969</b>	<b>\$116</b>	<b>13.5%</b>
Reimbursable Fund	28,475	58,523	52,045	-6,478	-11.1%
Contingent & Back of Bill Reductions	0	-10,709	0	10,709	
<b>Adjusted Reimbursable Fund</b>	<b>\$28,475</b>	<b>\$47,814</b>	<b>\$52,045</b>	<b>\$4,231</b>	<b>8.8%</b>
<b>Adjusted Grand Total</b>	<b>\$82,423</b>	<b>\$95,872</b>	<b>\$102,655</b>	<b>\$6,783</b>	<b>7.1%</b>

- The budget bill includes a cost containment reduction that reduces fiscal 2014 general fund spending by approximately \$462,000 from the department's fiscal 2014 general fund appropriation. The appropriation reduces employee reclassifications by \$212,000 and consulting services by \$250,000.
- The fiscal 2015 allowance is \$102.7 million, which is \$6.8 million more than the fiscal 2014 working appropriation.
- Major Information Technology (IT) project development accounts for \$43.8 million, which is \$4.2 million more than in fiscal 2014.

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

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***Personnel Data***

	<b><u>FY 13 Actual</u></b>	<b><u>FY 14 Working</u></b>	<b><u>FY 15 Allowance</u></b>	<b><u>FY 14-15 Change</u></b>
Regular Positions	130.00	133.00	134.00	1.00
Contractual FTEs	<u>1.88</u>	<u>4.00</u>	<u>4.00</u>	<u>0.00</u>
<b>Total Personnel</b>	<b>131.88</b>	<b>137.00</b>	<b>138.00</b>	<b>1.00</b>

***Vacancy Data: Regular Positions***

Turnover and Necessary Vacancies, Excluding New Positions	4.77	3.59%
Positions and Percentage Vacant as of 12/31/13	26.50	19.92%

- The fiscal 2015 allowance includes a new Assistant Attorney General position. The fiscal 2015 cost of the position is approximately \$72,000.
- The Department of Information Technology (DoIT) received 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. There is also 1 new position to support the 700 MegaHertz Public Safety Communication System
- Vacancy rates have ranged from 18 to 30% since 2010. The January 2014 vacancy rate is 20%.

## *Analysis in Brief*

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### **Major Trends**

***Oversight of Major IT Projects:*** DoIT oversees State agency 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.

***Web Systems:*** The State’s IT master plan identifies the Internet as essential in engaging citizens and providing services. In fiscal 2013, agencies transferred regular positions and funds into the department to support web services. DoIT also contracts with a private vendor to develop web services. The department has not developed any indicators that show progress toward offering more services on the Internet. **The Department of Legislative Services (DLS) recommends that DoIT develop indicators that measure progress toward realizing this vision.**

***State Agency Support:*** The department also supports systems used by State agencies, such as telecommunications systems, wireless networks, a data network, and statewide financial and personnel systems. Surveys suggest that the service provided is perceived to be satisfactory.

### **Issues**

***The Department Should Provide Data That Measures the Effectiveness of Data Security Efforts:*** An audit from 2012 made recommendations concerning State data security. In calendar 2013, DoIT has provided additional resources to address cyber security. **DLS recommends committee narrative requiring that the department develop Managing for Results indicators for State cyber security**

***Response to the Joint Chairmen’s Report Request for a Strategy for the Use of Contractors and State Personnel:*** The 2014 *Joint Chairmen’s Report* requested that DoIT report to the budget committees on a strategy for the use of contractors and personnel in State IT operations. DoIT was asked to identify which tasks are the best for a contractor and which are the best for a State employee. The department developed recommendations concerning the use of contractors and State employees. The State has difficulty hiring and keeping IT staff. Recent initiatives, such as using more contractors and reclassifying positions, address some of these issues. But other issues remain unresolved. **The department should discuss the merits of modifying IT personnel policies. This should include a discussion of what policies need to be modified.**

***Need to Reset the Development of the Medicaid Enterprise Restructuring Project:*** Concerns were raised about this project during the 2013 session. On January 31, 2014, the Department of Health and Mental Hygiene issued a cure notice, which specified what the contractor had to deliver to avoid being in default. At this point it is unclear how the issues will be resolved. The project is likely to be delayed. **DLS recommends reducing the general fund appropriation by \$2 million.**

**Recommended Actions**

	<b><u>Funds</u></b>
1. Reduce funding for personnel support for voting system project.	\$ 203,521
2. Reduce funding for the Medicaid Enterprise Restructuring Project.	2,000,000
3. Reduce funding for State Children, Youth and Families Information System.	150,000
4. Increase department turnover rate.	159,000
5. Adopt narrative requiring the Department of Information Technology to track web services offered by State agencies.	
6. Adopt narrative requiring the Department of Information Technology to track cyber security efforts.	
<b>Total Reductions</b>	<b>\$ 2,512,521</b>

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**Department of Information Technology**

***Operating Budget Analysis***

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**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, the State’s data network, and the State’s telecommunications and wireless systems.
- **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.

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### **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.

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<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 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 2014

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## **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.

### **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 75% in fiscal 2013. Progress was also made with projects that need changes to the scope in the project's baseline. The number of projects with a rebaselined<sup>1</sup> scope declined from 33% in fiscal 2009 to 19% in fiscal 2013, though fiscal 2012 and 2013 were somewhat higher than fiscal 2011. The data also shows that the percent of projects deviating from costs (either 5% or \$250,000) declined from 27% in fiscal 2009 to 8% in fiscal 2011 and then increased to 16% in fiscal 2013.

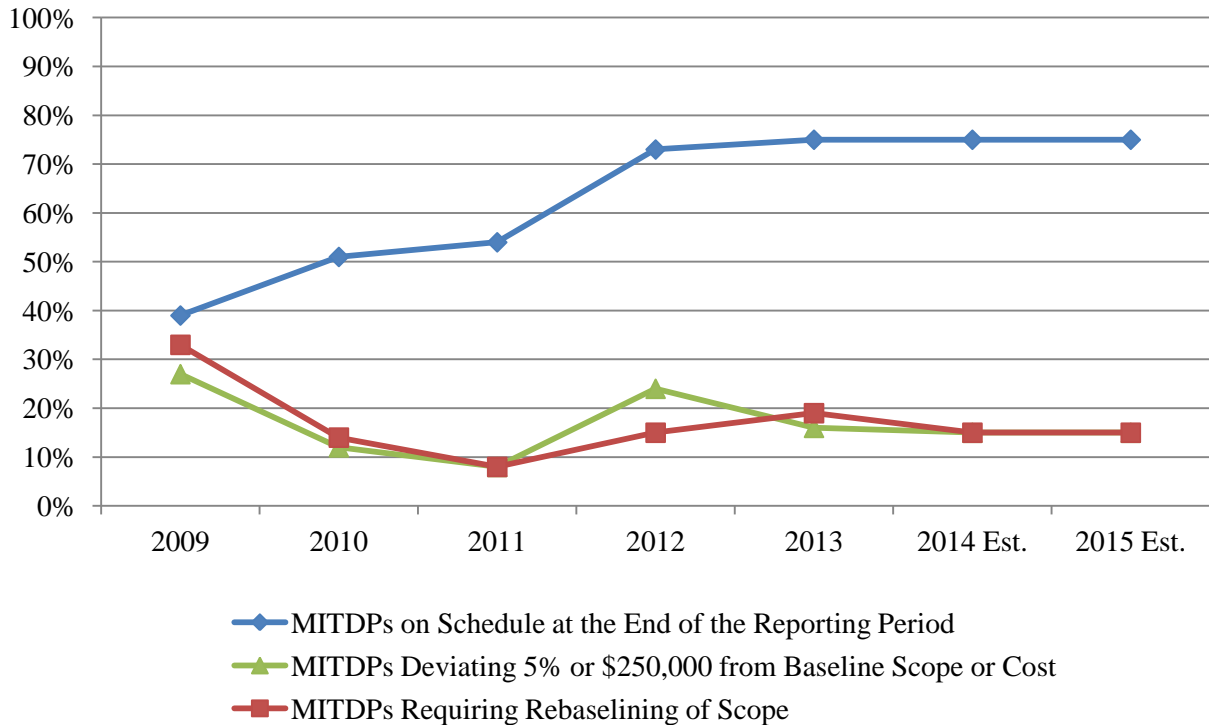
DoIT did not have an oversight role in developing Maryland's Health Exchange Project. Consequently, the MFR data does not include this project.

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<sup>1</sup> A baseline can be prepared for the scope, schedule, or budget. It is the initial measurement to which a project team manages and is held accountable. Deviation from the baseline in any of those areas is likely to result in a compensating action to get back into alignment with the baseline. For instance, if a project begins to slip from its baseline schedule, to get back on track, the project manager may need to add more resources or reduce the scope. Either of these actions could cause a baseline problem in the scope or cost areas. At that point an effort is made to determine, according to the Project Management Plan (prepared in Phase 3, planning), how to mitigate risks that cause scope, schedule, or cost risks and then to establish a plan of action in the event that a risk becomes an issue. If circumstances make it necessary or desirable to establish a new baseline of cost, schedule, or scope, the process by which this is achieved is referred to as rebaselining.



**Exhibit 2**  
**Major Information Technology Project Planning Performance Measures**  
**Fiscal 2009-2015 Est.**



MITDP: Major Information Technology Development Project

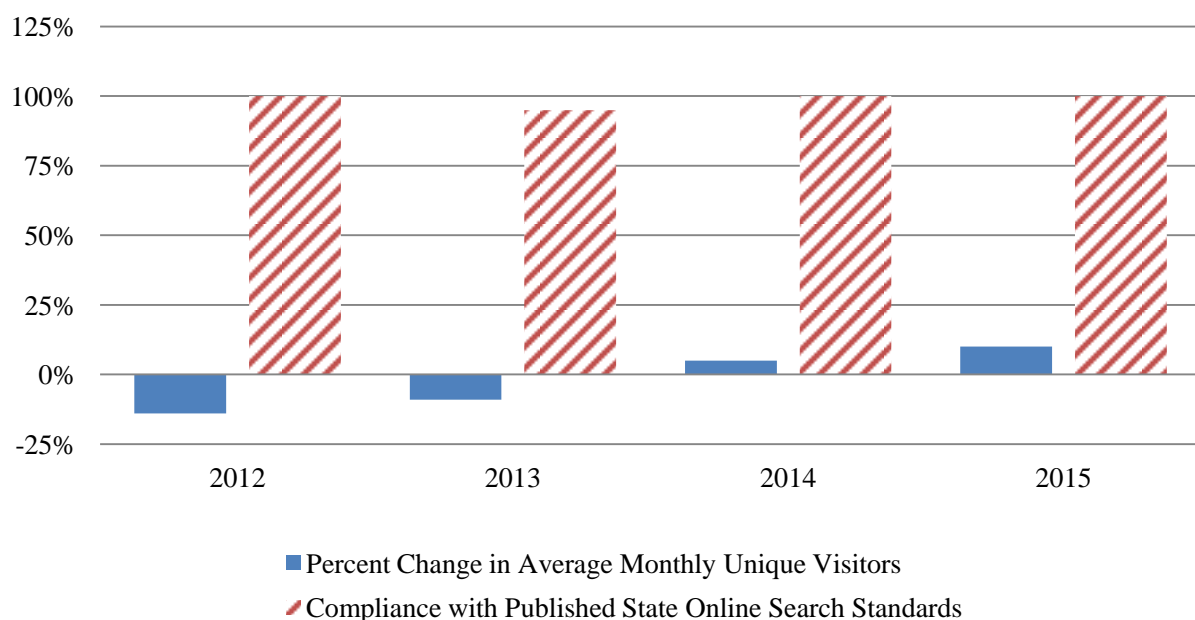
Source: Department of Information Technology

## 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.” The Internet has become ubiquitous, and there are growing expectations from citizens that services are to be provided on the Internet.

**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 and 2013.

**Exhibit 3**  
**Maryland Portal Directory Performance Indicators**  
**Fiscal 2012-2015**



Source: Department of Information Technology

In fiscal 2013, 8 regular positions and approximately \$1 million from other State agencies transferred into DoIT’s budget as part of a centralized IT support initiative. In fiscal 2015, this unit focuses 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 Geographic 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;

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- 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 websites. DoIT's role will be to develop standards and provide resources for agencies. **The department should brief the committees on the progress made since the transfer of these positions.**

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 (up to date data). **In addition to providing resources for agency websites, the department should direct some of its MFR efforts to developing indicators that measure the quality of State websites.**

The State should also be expanding the number of services that are offered on the Internet. DoIT has made efforts to expand the number of services offered on the Internet. 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. 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, such as the Department of Business and Economic Development's Central Business Licensing and Registration portal, the Motor Vehicle Administration (MVA)'s Android Driver Practice Exam, and the Maryland Emergency Management Agency's (MEMA) Maryland Prepares.

This contract provides the State an opportunity to expand web services. But from the MFR data, it is unclear to what extent the State is expanding the number of services offered on the Internet. The web systems programs have a vision of "providing citizens with easy access to Maryland government data and State agencies with secure and reliable statewide web applications." **The Department of Legislative Services (DLS) recommends that DoIT develop MFR indicators that measure progress toward realizing this vision. Narrative requiring DoIT to include MFR measurement data is recommended.**

### **3. State Agency Support**

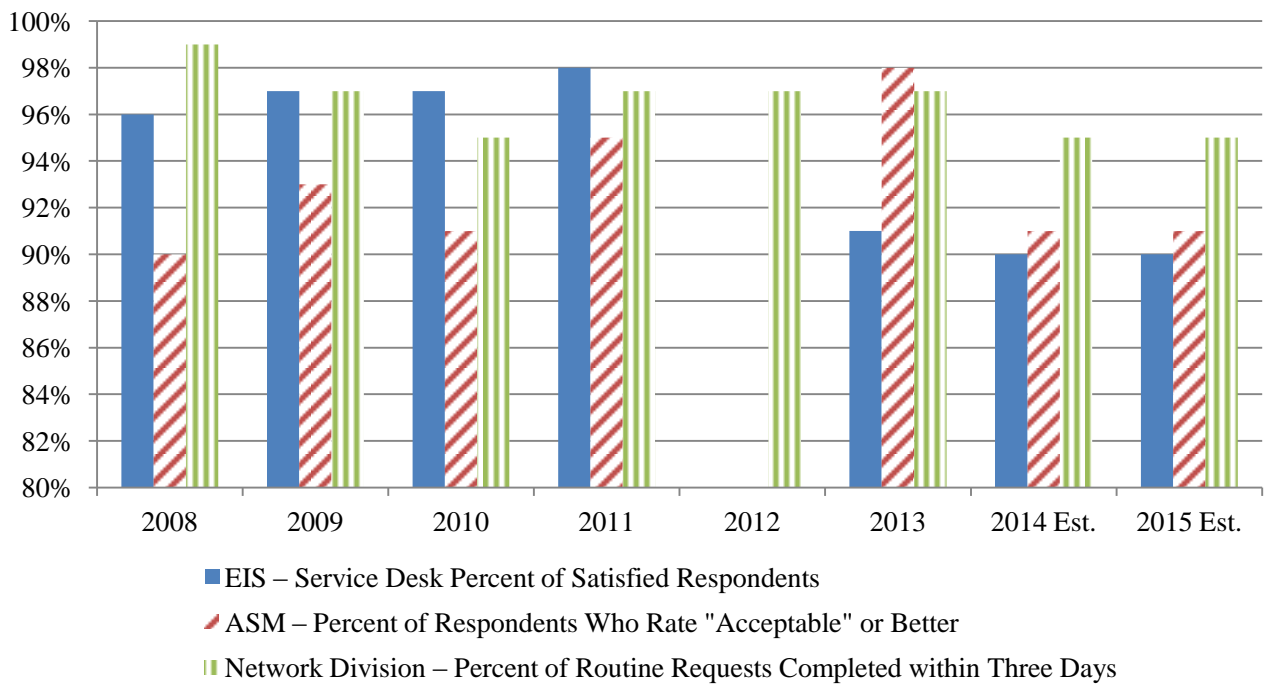
DoIT also supports systems that State agencies use. EIS operates a help desk and the local area networks in Annapolis and Baltimore. ASM operates the FMIS, which supports the agency-based financial and human resources systems. The Networks Division operates telephone

systems, networkMaryland, and the State’s wireless system. The department’s MFR initiative also measures the effectiveness of these services.

**Exhibit 4** shows that from fiscal 2008 to 2011 at least 96% of EIS help desk respondents rate the service favorable. There was no survey in fiscal 2012, and the favorable rating dropped to 91% in fiscal 2013. The drop is attributable to a change in the survey. Beginning in fiscal 2013, the choices were expanded to include “neutral.” DoIT advises that 7% of respondents chose “neutral” and 2% chose either “dissatisfied” or “very dissatisfied.”

Since fiscal 2008, over 90% 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.

**Exhibit 4**  
**Agency Support Systems Performance Indicators**  
**Fiscal 2008-2015 Est.**



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 2014 Actions**

### **Cost Containment**

As a cost containment measure, the budget bill includes deficiency appropriation removing approximately \$462,000 from the department's fiscal 2014 general fund appropriation. The appropriation reduces employee reclassifications by \$212,000 and consulting services by \$250,000.

Reclassifications are reduced due to a high level of vacancies. In recent years, low salaries have led to vacancies approaching, and often exceeding, 20%. To fill positions, \$1 million in funds to reclassify positions were approved in fiscal 2014. Reclassifying the positions has taken longer than anticipated, and positions have remained vacant, thus reducing the need for these funds.

There are three across-the-board withdrawn appropriations that offset the increase in deficiency appropriations. This includes reductions to employee and retiree health insurance, funding for a new Statewide Personnel IT system, and retirement reinvestment. These actions are fully explained in the analyses of the Department of Budget and Management (DBM) – Personnel, this analysis (see below), and the State Retirement Agency (SRA), respectively.

With respect to the Statewide Personnel System, the fiscal 2014 cash need was not as large as anticipated, so \$10.7 million in general funds are reduced. To reduce costs, the project has been bid as a cloud application. (Cloud computing means to store data and applications on the Internet with a vendor, instead of storing them in State-owned facilities.) There are other states, such as Nebraska, and local governments that now have personnel systems in the cloud. The latest estimate reduces total costs by \$6.0 million, for a total cost of \$60.0 million. This has also slowed the completion date of the project.

### **Proposed Budget**

The fiscal 2015 allowance proposes \$102.7 million in spending. **Exhibit 5** shows that this is \$6.8 million more than the fiscal 2014 working appropriation. A large and volatile share of the budget is funding for major IT projects, which total \$43.8 million in fiscal 2015. Cash flow requirements for these projects change substantially from year-to-year. In fiscal 2015, State agency projects increase by \$4.3 million, Statewide Personnel System costs (which is managed by DoIT) increase by \$2.4 million, and Central Collection Unit system modernization (also managed by DoIT) decrease by \$2.5 million.

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

<b>How Much It Grows:</b>	<b>General Fund</b>	<b>Special Fund</b>	<b>Federal Fund</b>	<b>Reimb. Fund</b>	<b>Total</b>
2014 Working Appropriation	\$35,701	\$11,504	\$853	\$47,814	\$95,872
2015 Allowance	<u>41,369</u>	<u>8,272</u>	<u>969</u>	<u>52,045</u>	<u>102,655</u>
Amount Change	\$5,668	-\$3,231	\$116	\$4,231	\$6,783
Percent Change	15.9%	-28.1%	13.5%	8.8%	7.1%

**Where It Goes:**

**Personnel Expenses**

New positions .....	\$72
Annualized salary increase .....	381
Increments for filled positions .....	181
Employee and retiree health insurance .....	-292
Reclassifications* .....	30
Employee retirement .....	153
Turnover adjustments .....	122
Other fringe benefit adjustments .....	-139

**Service Contracts**

Google cloud fees .....	-227
Geographic Information System support for MEMA and DHMH .....	471
Enterprise architect contract .....	100
Cyber security consulting, training, and software license contracts .....	998
Financial management and consultant contracts .....	186
networkMaryland software licenses and maintenance contracts .....	378
Expand networkMaryland through the One Maryland Broadband Network .....	218
Consultants supporting major information technology (IT) projects .....	264
Web systems server and licensing costs .....	140
Restoration of one-time fiscal 2014 consultant fee cost containment .....	250
Reduced State-paid video relay costs at the Telecommunications Access of Maryland .....	-1,000

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**Where It Goes:**

**Construction, Hardware, and Maintenance Costs**

Maryland FiRST maintenance costs .....	1,021
networkMaryland equipment lease and purchase savings .....	-431
MEMA office equipment .....	104

**Statewide Charges and Fees**

Office telephone and telecommunication costs .....	-207
Annapolis Data Center .....	-159

**Department of Information Technology Major IT projects**

Statewide Personnel System* .....	2,403
Central Collection Unit system modernization .....	-2,463

**Major Information Technology Development Project Fund**

State agency major IT projects .....	4,255
Other Changes.....	-26

**Total** **\$6,783**

DHMH: Department of Health and Mental Hygiene  
MEMA: Maryland Emergency Management Agency

\*Adjusting to reflect fiscal 2014 cost containment.

Note: The fiscal 2014 working appropriation reflects negative deficiencies and contingent reductions. The fiscal 2015 allowance reflects back of the bill and contingent reductions.

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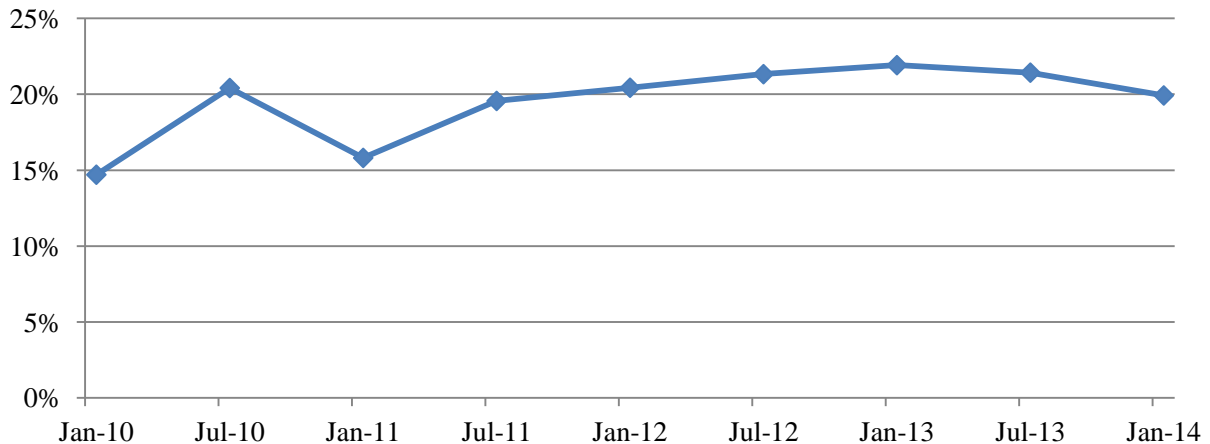
There is one across-the-board reduction and one contingent reduction reflected in the Governor’s spending plan for the fiscal 2015 allowance. This affects funding for employee and retiree health insurance and retirement reinvestment. These actions are fully explained in the analyses of DBM – Personnel and SRA.

**Personnel**

This budget contains two significant personnel changes since the fiscal 2014 budget was enacted; a new position is proposed in fiscal 2015, and a position was reclassified into the Executive Pay Plan (EPP). The allowance includes a new Assistant Attorney General position. The position will support procurement, which is significant since the department relies heavily on contracts and serves as a procurement agency that reports to BPW for Statewide IT procurements. The total salary and fringe benefit cost is \$71,892, including \$63,341 in salary. In addition, a senior program manager position was reclassified into the EPP. The position is filled by the former Secretary and is responsible for DoIT’s cyber security programs.

Past analyses have raised concerns about DoIT’s chronically high level of vacant positions. **Exhibit 6** shows that the department has consistently had vacancy rates in excess of at least 15% and often rates in excess of 20%. Over the period, the number of positions vacant has ranged from 17.5 to 30.5, with an average of 24.5 positions vacant. This is an average vacancy rate of 20%.

**Exhibit 6**  
**Vacancy Rates in January and July**  
**Calendar 2010-2014**



Source: Department of Budget and Management

To a large extent, these high vacancies are attributable to uncompetitive salaries. For example, DoIT advises that a State IT programmer classification is grade 13 on the Standard State Salary Schedule. The midpoint salary is \$44,796 per year. According to a usnews.com survey, the IT developer’s (industry equivalent) salary was \$89,280 in 2011. Another example is 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. Insofar as State employees did not receive any raises from fiscal 2010 to 2012 (the first salary increase was a 2% general salary increase on January 1, 2013), it is unlikely that salaries have become much more competitive since fiscal 2010.

To address this, the fiscal 2014 budget includes approximately \$1,170,000 to reclassify positions. This was proposed by the Administration and approved by the General Assembly. Based on progress in the first six months of the year, it appears that reducing turnover by reclassifying positions will take longer than anticipated. The vacancy rate is still high and the department has not completed reclassifying positions. The January 2014 vacancy rate was 20%. DBM has tacitly acknowledged that the positions will not be reclassified this fiscal year. As a cost containment measure, approximately \$212,000 has been withdrawn.

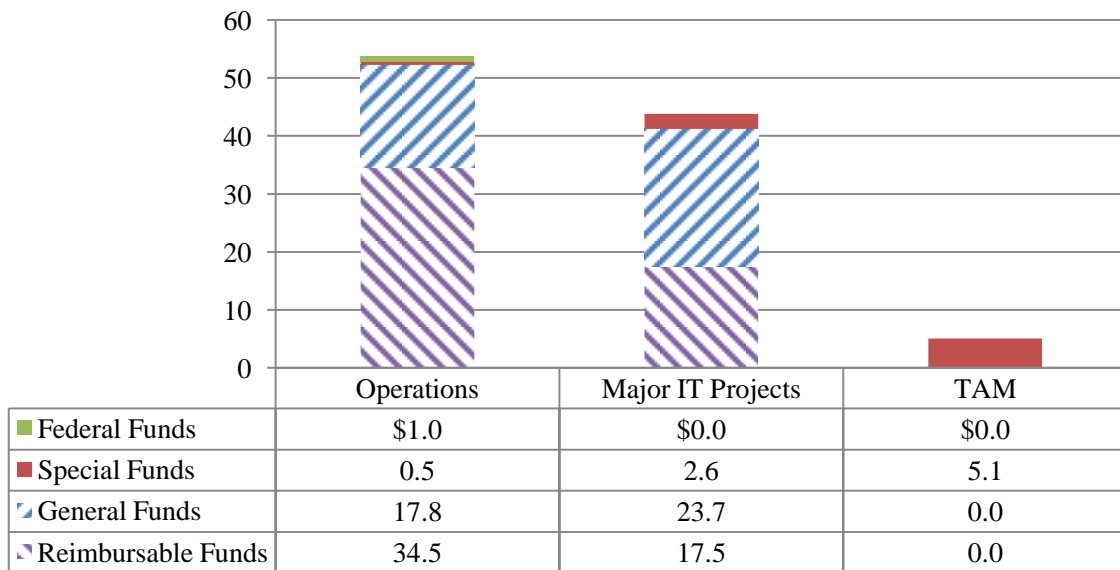


## Operations and Project Spending

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 7** shows that approximately \$46 million, which is 43% of DoIT’s funding, supports major IT projects. Operations are supported by approximately \$54 million (52% of spending) and another \$5 million (5% of spending) supports TAM.

The department receives \$52 million in reimbursable funds from State agencies and \$41 million in general funds. Special funds (\$8 million) and federal funds (\$1 million) are 9% of the budget.

**Exhibit 7**  
**Spending by Purpose and Fund**  
**Fiscal 2015**  
**(\$ in Millions)**



IT: information technology

TAM: Telecommunications Access of Maryland

Note: Federal funds are appropriated to support mapping operations.

Source: Governor’s Budget Books, Fiscal 2014

## 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 (known then as the Office of Information Technology) in approving projects from the fund.

### MITDPF Funded Projects

**Exhibit 8** shows fund transactions for the MITDPF for fiscal 2011 through the proposed budget in fiscal 2015. A number of points may be made from the exhibit.

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<b>Exhibit 8</b>				
<b>Major Information Technology Development Project Fund Data</b>				
<b>Fiscal 2012-2015</b>				
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Opening Fund Balance	\$19,522,741	\$13,894,320	\$27,232,042	\$500,000
<b>Revenues</b>				
General Fund	3,060,102	29,316,732	15,351,500	23,668,423
Special Fund – Investment Interest	260,407	345,070	300,000	300,000
Special Fund – Appropriations	1,000,000	369,870	11,652,535	175,560
Reversion to Fund Balance for Completed MITDPs <sup>1</sup>	5,862,431			
<b>Total Available Revenues</b>	<b>\$29,705,681</b>	<b>\$43,925,992</b>	<b>\$54,536,077</b>	<b>\$24,643,983</b>
<b>Expenditures</b>				
Transferred/Expected to Be Transferred to Agencies	-9,948,931	-16,693,951		
Reallocation from Prior Years Expended <sup>1</sup>	-5,862,431			
<i>Fiscal 2014 Obligations</i>				-500,000
Requested Expenditures			-54,036,077	-24,143,983
<b>End-of-year Fund Balance</b>	<b>\$13,894,320</b>	<b>\$27,232,042</b>	<b>\$500,000</b>	<b>\$0</b>

MITDP: Major Information Technology Development Projects

<sup>1</sup>In fiscal 2012, \$5,862,431 of prior appropriations was reapplied to new projects.

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

Source: Department of Legislative Services; Department of Information Technology; Department of Budget and Management, February 2014

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- The allowance includes \$23.7 million in general funds, which represents 96.0% of the fund’s fiscal 2015 revenues.
- Special funds total \$475,560. This includes \$175,560 in support for the Maryland Transit Administration’s share of Computer Aided Dispatch/Records Management System (CAD/RMS) and \$300,000 in interest earnings to support the purchase of 700 megahertz (MHz) radios.
- The fund also reprograms \$500,000 in funds from the Comptroller’s Modernized Integrated Tax System project (\$439,700) and from the DoIT project oversight (\$60,300) that are no longer necessary. These funds support the purchase of additional 700 MHz radios.
- The remaining available revenues in fiscal 2015 are from the fund’s opening balance that consists of funds appropriated in previous years.

Fiscal 2015 appropriations are detailed in **Exhibit 9**. The fiscal 2015 allowance includes funding for two new projects, the State Board of Elections’ Voting System Replacement and Governor’s Office for Children’s (GOC) State Children, Youth, and Families Information System (SCYFIS).

**Exhibit 9**  
**Major Information Technology Development Project Fund**  
**Projects Receiving New Fiscal 2015 Funding (Excluding Carryover Project Funding)**

<u>Agency</u>	<u>Project Name</u>	<u>Project Description</u>	<u>MITDPF Funding</u>	<u>Comment</u>
<b>Ongoing Projects</b>				
Department of Information Technology (DoIT)	Enterprise Budget System	Replace legacy budget system used by the Department of Budget and Management (DBM). Because DoIT will be managing this project for DBM, DoIT will procure a project management team.	\$1,500,000	Appropriation includes \$500,000 to begin planning and \$50,000 for project oversight. Current system’s primary subject matter expert has retired. System is among the highest risk to fail of all State systems. Old technologies (such as COBOL) make it difficult to find programmers. <b>The Department of Legislative Services (DLS) recommends approval.</b>

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<u>Agency</u>	<u>Project Name</u>	<u>Project Description</u>	<u>MITDPF Funding</u>	<u>Comment</u>
Dept. of Health and Mental Hygiene (DHMH)	Financial restructuring of DDA	Replace financial system that was not designed to manage the current volume of transactions.	386,950	The Developmental Disabilities Administration’s (DDA) fiscal 2015 appropriation includes \$238,050 in federal funds. Project has high risks related to funding, interdependencies (State and Medicaid systems), major organizational changes, and supportability. The current system was not designed to manage DDA’s current volume of transactions. Problems include chronic over and underspending; large waiting lists; and a requirement to prospectively pay providers that complicate the billing process. <b>DLS recommends approval.</b>
DHMH	Medicaid Enterprise Restructuring Project	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.	9,692,729	Fiscal 2015 also includes \$66.4 million in federal funds. Concerns have been raised about major risks related to funding (general fund cost is \$26.0 million), interoperability (integrate with federal and the Department of Human Resources (DHR) systems), and implementation (large and complex project with tight deadlines). <b>DLS recommends reducing fiscal 2015 appropriations for the Medicaid Enterprise Restructuring Project (MERP).</b>
DHMH	Medicaid Enterprise Restructuring Project 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 now is October 2014. The project is scheduled to achieve this.	184,647	Fiscal 2015 funding is the final appropriation. The funding primarily supports development, implementation, integration and testing, and operations and maintenance. Coding is periodically revised. The scope and cost of the project are limited. No high risks have been identified. The project is scheduled to be completed in fiscal 2015. <b>DLS recommends approval.</b>

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<u>Agency</u>	<u>Project Name</u>	<u>Project Description</u>	<u>MITDPF Funding</u>	<u>Comment</u>
DHMH	Long-term Services and Support Tracking System	Implement a system to track long-term care services as well as develop a standardized assessment and in-home services verification tool.	5,500,000	The appropriation supports development, integration and testing, operation and maintenance, and oversight costs. The State is receiving \$5.0 million in federal funds. The project is considered low risk. <b>DLS recommends approval.</b>
DHR	Enterprise Content Management System	Develop a system that can digitally capture, manage, store, preserve, and deliver content as well as documents.	986,461	DHR’s fiscal 2014 appropriation includes \$986,461 in federal funds. These funds support project oversight and the first year of operations and maintenance. The third phase should be completed by the end of fiscal 2014. <b>DLS recommends approval.</b>
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.	240,000	Project is still in the planning phase. DHR’s fiscal 2015 appropriation also includes \$240,000 in federal funds. Planning costs total \$830,000, and this is the final planning appropriation. The current system is prone to errors and difficult to enhance since skills to support it are not readily available. <b>DLS recommends approval.</b>
Maryland State Dept. of Education	Race to the Top Educator Information 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. Most of the eight subprojects are complete. <b>DLS recommends approval.</b>

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<u>Agency</u>	<u>Project Name</u>	<u>Project Description</u>	<u>MITDPF Funding</u>	<u>Comment</u>
Dept. of State Police (DSP)	CAD/RMS	Establish a system to coordinate statewide public safety information sharing.	720,720 <sup>1</sup>	The CAD/RMS comprises 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 supportability, which requires acceptance of new business processes, and DSP is concerned about end-user rejection. <b>DLS recommends approval.</b>
DSP	Automated Licensing and Registration Tracking System	Automate and streamline the process by which a citizen requests approval to purchase a firearm.	250,000	The fiscal 2014 budget included a supplemental appropriation to begin this project. The project is generally low risk; the exception is organizational culture. Since this project will result in a shift from a paper to an electronic process, detailed training and new procedures are expected. <b>DLS recommends approval.</b>
DSP	E911 Upgrade	Upgrade the DSP 9-1-1 system to provide a statewide system that allows communication between barracks.	50,000	The contract was approved in November 2012. The project is currently being implemented in all counties on the Eastern Shore. <b>DLS recommends approval.</b>
MDE	Permit Tracking System Modernization	Enhance permit tracking by adding a component that allows access through the Internet.	500,000	MDE advises that the project took longer to initiate due to a vacant position. The position has been filled, and work is beginning. The system is expected to use proven technology, which reduces risk. An objective is to reduce the burden on the industry and enhance regulatory customer service. <b>DLS recommends approval.</b>
DSP	700 Megahertz (MHz) Equipment	Equipment for Public Safety Communication System	2,220,991 <sup>1</sup>	State Police, DHMH, DHR, and DPSCS equipment. <b>DLS recommends approval</b>
<i>Subtotal</i>			<i>\$22,282,498</i>	

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<u>Agency</u>	<u>Project Name</u>	<u>Project Description</u>	<u>MITDPF Funding</u>	<u>Comment</u>
<b>New Projects</b>				
Governor’s Office for Children	State Children, Youth, and Families Information System	Convert the current data system for children placed in out-of-home residential programs to the Structured Query Language Internet application.	\$300,000	At this point, only general funds have been identified for this project. The IT contract will expire in May 2014. <b>DLS is concerned about the lack of progress and recommends reducing funding.</b>
State Board of Elections	Voting system replacement	Replace the State’s current optical scan voting equipment, which is at the end of its useful life.	2,061,485	Funding is split between the State and local governments, so another \$2,061,485 in special fund revenues is appropriated in the SBE budget. The project has a number of high risks, such as sponsorship (loss of support), funding (availability of funds), interdependencies (separate contract for ballot printing), organizational culture, and supportability (during presidential election). <b>DLS is concerned that some of the 15 labor categories in the contract appear duplicative. DLS recommends reducing redundant funding.</b>
<b>Subtotal</b>			<b>\$2,361,485</b>	
<b>Total Fiscal 2015 Allowance</b>			<b>\$24,643,983</b>	
<b>Fund Sources</b>				
General Funds			\$23,668,423	
Special Funds <sup>1</sup>			\$975,560	
<b>Total Funds</b>			<b>\$24,643,983</b>	

CAD/RMS: Computer Aided Dispatch/Records Management System  
 COBOL: Common Business Orientated Language  
 DHMH: Department of Health and Mental Hygiene  
 DHR: Department of Human Resources  
 DPSCS: Department of Public Safety and Correctional Services  
 ICD: International Classification of Diseases  
 MDE: Maryland Department of the Environment  
 MITDPF: Major Information Technology Development Project Fund

<sup>1</sup> Special fund totaling \$175,560 support the Maryland Transportation Authority’s share of CAD/RMS, and \$809,000 for 700 MHz equipment.

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

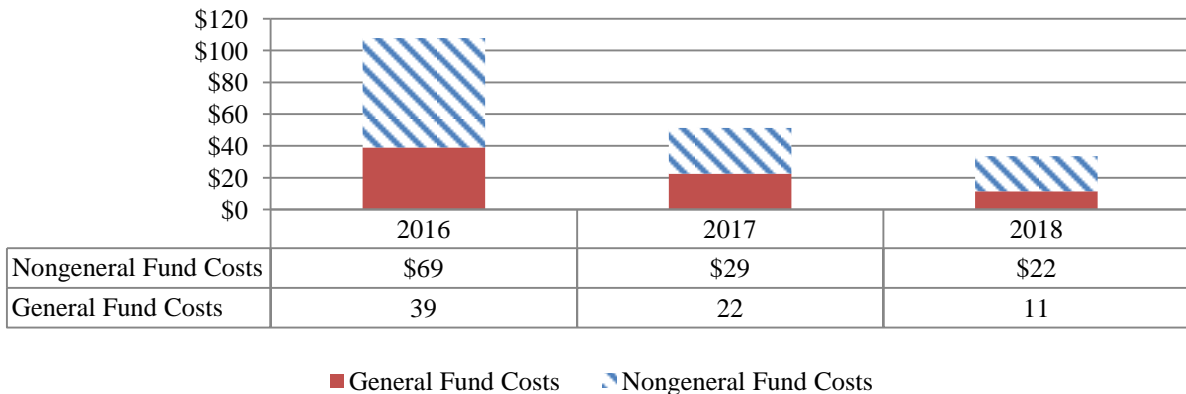
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The SCYFIS received \$295,000 in fiscal 2014. To date, GOC has identified two major components for the initial project, system conversion, and hosting. The agency would like the system to be available on the web. The current contractor was unable to convert the system. A new contract will need to be procured. The application will be moved to a DoIT hosting center, and DoIT will provide the maintenance. The project documents are somewhat vague, and it appears the project is moving more slowly than anticipated. DoIT advises that \$100,000 should be expended this year, which is about one-third of the appropriation.

**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 out-year costs of projects that are in the SDLC. This includes projects planned that have not yet received any appropriations. In fiscal 2016, \$108 million in total appropriations and \$39 million in general fund appropriations are expected. The plan does not project expenditures in fiscal 2019.

**Exhibit 10**  
**Major Information Technology Development Project Fund**  
**Projected Out-year Expenditures**  
**Fiscal 2016-2018**  
**(\$ in Millions)**



Note: This excludes transportation and higher education projects.

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



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There are also a number of projects that are being planned, whose total project costs have not been estimated. These 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 11** lists planning projects whose total project costs have not been identified.

**Exhibit 11**  
**Planning Projects**  
**(\$ in Thousands)**

<u>Agency</u>	<u>Project</u>	<u>Prior Funds</u>	<u>2015</u>	<u>2016</u>
OPD	Employee Mobility	\$0	\$150	\$0
GOC	State Children, Youth, and Families Information System	295	300	2,200
Comptroller	Integrated Tax System	0	0	510
DBM	Enterprise Business System	550	1,500	0
DHMH	Hospital Management Information System Replacement	0	0	275
DHMH	Decision Support System	0	0	275
DHMH	Financial Restructuring of Developmental Disabilities Administration	975	387	0
DHR	Enterprise Content Management Solution II	0	0	620
DHR	Data Warehousing and Dashboard	0	0	450
DJS	Automated Statewide System and Information System Tools Upgrade	294	0	0
<b>Total</b>		<b>\$2,114</b>	<b>\$2,337</b>	<b>\$4,330</b>

DBM: Department of Budget and Management  
 DHMH: Department of Health and Mental Hygiene  
 DHR: Department of Human Resources  
 DJS: Department of Juvenile Services  
 GOC: Governor’s Office of Children  
 OPD: Office of the Public Defender

Source: Department of Information Technology, January 2014

## ***Issues***

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### **1. The Department Should Provide Data That Measures the Effectiveness of Data Security Efforts**

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 1 per day. In 2012, two states reported data breaches. Utah reported that health and Medicaid data for nearly 800,000 residents had been stolen. Hackers got into South Carolina’s tax collection agency and may have obtained bank account numbers for as many 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 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, the Office of Legislative Audits (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, DHMH, 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;

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- 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.

### **Department's Response to Legislative Audit**

In calendar 2013, the budget committees were briefed on this audit, and DoIT agreed to make security a greater priority. The department clearly has made efforts to improve security.

When the audit was released in fall 2012, DoIT had few resources allocated, and none dedicated directly to cyber security. At the present time, the department has 6 personnel dedicated to system and data security responsibilities including a director, 4 security specialists (3 with Certified Information Systems Security Professional certification), and a training and outreach coordinator. The group is divided between regular State positions and contractors.

State positions include the director, who is the former Secretary of DoIT, a chief information security officer, and a security engineer. The 3 contractors consist of a senior security specialist, a security specialist, and a training and outreach coordinator. The contractors are supplied by a local company. Through this contract, DoIT can obtain up to 10 cyber human resources, if necessary. The contractors are primarily focused on statewide cyber security, with DoIT providing daily management and execution of day-to-day system and data security functions for DoIT, DBM, and other agencies under the DoIT umbrella.

In summer 2013, the Governor created a statewide Director of Cybersecurity. The director has created a statewide cyber security advisory forum comprised of a dozen chief information officers from small, medium, and large agencies to review policy and assist with security matters across State government. One recent product of this group was the implementation of a systematic framework on how to classify, and when to report, cyber security incidents. A significant review and enhancement to the State's comprehensive Information Security Policy is forecasted for summer 2014. As part of

the summer 2013 agency IT master planning process, an annex was created and distributed in which agencies were required to self-assess their compliance, with evidence, to State security controls as delineated in policy. The information gathered was compiled and assessed by the Director of Cybersecurity, thereby allowing agencies to be measured against overall compliance to policy as well as against each other. This served as a baseline exercise. The DoIT security team is in the process of preparing and conducting a follow-up exercise that will allow agencies to more comprehensively demonstrate that they comply with State policy, validate that they possess documented security plans, and quantify the gains made from the initial baseline.

Recognizing that the “insider” threat is the most prevalent cyber risk in our industry of State government, the State implemented a monthly, modularized cyber security training and awareness program in September 2013 for all Executive Branch employees. At the end of January, 2014, over 40,000 employees were actively enrolled in the program with performance being closely monitored by DoIT.

While similar to the agency system and data security self-assessments required of agencies last summer which served as a baseline, the current effort underway will revisit the agencies with a more comprehensive review of security processes, plans, and compliance to State policy. DoIT security staff will personally intervene in this exercise and extract supporting documentation or recommend the creation of written artifacts when deficiencies are identified. As agencies complete the described process, a comparison to last year’s baseline will allow us to measure progress.

Cyber security is a vital concern, and the department has responded to the audit by increasing its security efforts and addressing issues raised in the audit. The State has in place MFR, which is a process by which key goals are identified. The process also develops performance measures so that the effectiveness of programs can be evaluated. **DLS recommends committee narrative requiring that the department develop MFR indicators for State cyber security.**

The audit also noted that current State law governing protections for personal identifiable information (PII), such as Social Security numbers, did not apply to PII held by State agencies. Consequently, DoIT had not established a formal oversight process for ensuring that State agencies took appropriate actions to protect information systems and data. **The department should brief the committees on how State law applies to PII held by State agencies and the processes to protect this information.**

## **2. Response to Joint Chairmen’s Report Request for a Strategy for the Use of Contractors and State Personnel**

The 2014 *Joint Chairmen’s Report* requested that DoIT report to the budget committees on a strategy for the use of contractors and personnel in State IT operations. DoIT was asked to identify which tasks are the best for a contractor and which are the best for a State employee.

In its response, the department examined factors that influence the decision to hire employees or procure a contract. One key concern is that there is both a high demand for qualified IT personnel

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and a limited supply of them. This means that the State must compete with local and federal government agencies and private companies for employees. DoIT considers Maryland to be in a “technology corridor” that is quite competitive. In this environment, a number of State factors makes hiring employees difficult, such as:

- ***State Salaries Are Often Below Market:*** As discussed earlier, a State IT director’s midpoint salary was \$75,148 in 2013, compared to the median salary of an IT manager that was \$118,010 in calendar 2011;
- ***State Classifications Have Been Outpaced by the Market:*** In many cases there are no IT classifications equivalent to today’s IT skills. Many are obsolete or nonexistent. This poses challenges when advertising for jobs since State classification titles do not often come up in key word searches used by applicants;
- ***State Benefits Often Do Not Match Private Sector Compensation Packages:*** In many job classifications, State benefits are attractive and can make up for lower pay. However, many employers offer attractive packages with other perks, such as telecommuting, free cafeterias, and onsite physicians;
- ***Job Security Does Not Enhance the State’s Ability to Recruit:*** Often, job security is not a key factor in attracting and retaining talent. Flexibility, work-life balance, salary, and professional growth are more important;
- ***The State Offers Limited Opportunities for Training and Professional Growth:*** Most IT firms offer continuous training, and the State offers little; and
- ***The State Does Not Offer a Portfolio of the Most Current Technologies:*** Many of the technologies used in Maryland are outdated. There are applications that are over 20 years old and many of the skills needed are not the skills that IT professionals coming out of school have.

DoIT notes that the IT landscape is changing. Today there are many more IT services available than in the past. For instance, there is now an initiative to move email services into the Google cloud service. Previously, agencies procured their own email and would need to use their own personnel to maintain email service. Now Google provides the service, reducing the need for personnel. As previously mentioned, the State also contracts with NIC to provide web-based services. This migration to services reduces the need for the State to hire IT employees.

The department concludes its report with the following recommendations:

- critical IT positions must be filled on a timely basis;
- more IT applications, platforms, and infrastructure should be acquired as services;

- rapid change in the IT landscape requires flexible and incremental adjustments to personnel requirements;
- certain State IT positions should be market competitive; and
- State government should help stimulate flow in the IT workforce pipeline.

The department's response raises issues about the appropriateness of the State salary schedule for IT employees. The State has difficulty hiring and keeping IT staff. Recent initiatives, such as using more contractors and to reclassifying positions, address some of these issues. But other issues remain unresolved. Considering the nature of IT jobs and the IT workforce, the State may consider removing IT staff from the salary schedule and creating a separate salary schedule for them. Insofar as job security is not rated as highly by IT professionals, the State may also consider making these employees at-will. **The department should discuss the merits of modifying IT personnel policies. This should include a discussion of what policies need to be modified.**

### **3. Need to Reset the Development of the Medicaid Enterprise Restructuring Project**

In recent years, the Medicaid and DoIT budget analyses have commented on the procurement of a replacement Medicaid Management Information System (MMIS), or as it is now known, the Medicaid Enterprise Restructuring Project (MERP). However, in the past 12 months, progress on the MERP has significantly deteriorated. At the time of writing, the Department of Health and Mental Hygiene (DHMH) had just sent the MERP contractor, Computer Sciences Corporation (CSC), a cure letter detailing improvements that need to be made, otherwise DHMH would consider CSC to be in default. At that point, DHMH in conjunction with DoIT would consider the options on how to move forward with the MERP. CSC has an outstanding contract claim against DHMH for \$62 million related to alleged delays on the part of DHMH and work that the contractor claims to be out of scope.

The MERP is DHMH's chosen replacement for its legacy MMIS system; Medicaid's backbone claims processing system. The existing MMIS was originally installed in 1995 and is considered to be outdated technologically, inflexible, costly to maintain, requires numerous workarounds, and has never been fully integrated into the State's legacy Medicaid enrollment system, the Client Automated Resource Eligibility System.

DHMH has articulated a number of advantages that can be obtained by replacing the current MMIS including implementing new provider reimbursement methodologies that are impossible under the current system; the development of real-time adjudication of eligibility to improve access to care for enrollees and also to improve provider claims processing; and improving all aspects of management oversight of the State's largest program (for example, obtaining better data for policy decisionmaking as well as enhancing fraud control).

The project was awarded to CSC with BPW approval in February 2012 and a notice to proceed issued on April 1, 2012. It should be noted that CSC has a subcontractor, CNSI, which has extensive experience in building MMIS systems in other states. The underlying program that is the basis of the proposed MERP system is actually one developed by CNSI for Washington State to be customized for Maryland.

### **Concerns Raised during the 2013 Session**

Although concerns were raised in the 2013 session about the challenges facing the MERP, and it was noted that the project schedule had slipped (at that time to October 2014) and appeared to be slipping further, it was not until after session that the scale of the challenges became clear. Among the issues were the lack of an adequate Integrated Master Schedule (IMS), quality of deliverables, requirements gaps, and disagreement over project scope.

Concerns over performance prompted the department to withhold payments to CSC that were due in connection with monthly status reports. For example, it withheld payments totaling \$1.95 million associated with the May and June 2013 monthly status reports. In its fiscal 2013 year-end report on the MERP, DoIT also noted that DHMH had implemented a corrective action plan to address issues.

At various points over summer 2013, DHMH indicated that some improvement was being made. However, this improvement apparently did not last, and DoIT's fiscal 2014 mid-year report on the MERP continued to point out all of the same issues noted above about the IMS, poor quality of work on double-sided double-density data systems, and requirements gaps. By December 2013, DoIT was recommending that DHMH send a directive letter detailing specific actions that needed to be corrected for the project to move forward.

### **Cure Notice Issued**

That directive, or cure notice, was issued by DHMH on January 31, 2014, and limited itself to issues related to the IMS (with notice that other failures of performance would be addressed in future correspondence). Specifically, the notice stated that DMHH would find CSC in default if by February 10, 2014, CSC had not delivered:

- an IMS that includes such things as resource estimates to accomplish all tasks, a realistic date to deliver the MERP on the contractually required date, and if that date is not achievable, by when and the reason for the delay;
- a root cause analysis (what happened, how it happened, and why it happened) of all baseline date changes since a baseline schedule from October 2012 was set and all inaccuracies on status dates in the most recently submitted schedules; and

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- a corrective action plan to correct all of the impacts from baseline data alterations, restore confidence in CSC’s project management oversight processes and personnel, explain how CSC intends to re-assert control over the IMS, and address all tasks that are currently late or are forecasted to be late.

CSC asked DHMH to extend the cure period, and the department agreed to extend it until February 14, 2014. It should also be noted that CSC has filed a contract claim against DHMH for \$62 million. As noted above, a portion of this claim, \$20 million, relates to work that CSC argues is outside the scope of the contract. The remaining \$42 million is based on alleged delays on the part of the department, *i.e.*, the department’s inability to respond appropriately to CSC has caused costly delays.

At the time of writing, the CSC response to the cure notice had been received by the department and is being evaluated. This process could take several weeks. Regardless of the outcome of that evaluation, both DHMH and DoIT still believe that the development of the MERP should move forward as the need for the system has not diminished. The question is how to move forward: under the current contract, or pursuing an alternative strategy. Each possibility presents its own risk:

- **Continuing with the Current Vendor.** There is much to suggest that simply moving ahead under the current vendor is high-risk. Even if CSC is able to satisfy the current cure notice, there are still other deliverables that have been deemed unacceptable by the department that need to be remediated. As noted prior, while previous efforts by the department to get CSC to improve product quality appeared to result in some temporary improvement, sustaining improvement, meeting acceptable quality standards, and delivering the required deliverables would appear to be a significant challenge for CSC at this point.

Additionally, it needs to be reiterated that the department and CSC are at the beginning of what is potentially supposed to be a long-term relationship. However, the department and CSC clearly have a fractured relationship, which will make a long-term fiscal agent relationship difficult to manage.

It should also be noted that if CSC is ultimately unable to deliver the MERP, the State is unlikely to be able to claim federal funds for any work that needs to be repeated. Given that the federal share of the MERP is 90%, repeating any part of this work at the State’s expense is likely to be very expensive, and the State’s exposure to potentially higher costs increases the longer the current contract continues.

- **Ending the Current Contract and Pursuing an Alternative Strategy.** Although there is clear dissatisfaction with the performance of CSC, changing course midstream also presents risks. For example, it would likely result in the delay of the implementation of a MERP system. This would require additional maintenance costs for the existing MMIS contract (CSC is the current contractor for that maintenance contract). Delays could also result in a higher State share of any total project development cost in that the current federal match rate



of 90% is only in place through calendar 2015. Delays could also result in the loss of project management expertise in the independent project management office contracted by DHMH.

At this point, as noted above, DHMH and DoIT are waiting to see if CSC's response to the cure notice is sufficient to not find them in default. If not, an alternative proposal that would allow the project to move forward could involve the technical solution from CNSI by completing the existing work done on Systems Requirements Documents and Systems Design Documents, developing a workable IMS, and moving forward with development by CNSI, presumably through a sole source contract. This solution has the benefit of continuing with the technical solution preferred by DHMH, preserving much of the work done to date on required documentation (limiting additional costs and also limiting the potential time lost by in-house subject matter experts if work need to be repeated), and limiting delays. DHMH would pursue a separate RFP for the fiscal agent operations and also likely expand the current project management contract to oversee the work done by CNSI.

This solution depends on the resolution of current and any future contract claims by CSC. It will also require the waiver of a noncompete clause that CSC has in its contract with CNSI, without which there could be a considerable delay and potential expense if the State wishes to continue with the CNSI technical solution.

## **Conclusion**

Maryland's current experience with its MMIS replacement project is not unique. Other states have had issues with similar projects (including those done by CNSI). At this point, regardless of how the project moves forward, its immediate path is not smooth, and some delay in the project can be expected. Further, depending on the path forward chosen by the department, there could be significant budgetary impact.

**While recommending that the project proceed, DLS also makes the following additional recommendations:**

- **based on anticipated projects delays, a fiscal 2015 general fund reduction of \$2,000,000. This recommendation will be made in the DoIT budget analysis;**
- **the addition of budget bill language requiring DHMH and DoIT to submit a report to the budget committees affirming the successful completion of all system requirements documents and system design documents, the development of an adequate IMS, and revised budget estimates prior to any funding being spent on the development phase in the System Development Life Cycle process; and**
- **beginning July 1, 2014, and continuing until the MERP go-live date, quarterly updates on the MERP in the format used by DoIT for its fiscal year-end major IT development project reports.**

## ***Recommended Actions***

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- |   | <b><u>Amount<br/>Reduction</u></b> |
|---|------------------------------------|
| 1. Reduce funding for personnel support for the new voting system by 15%. The fiscal 2015 allowance includes \$4.1 million for the new voting system Major Information Technology Development project. The State share (\$2.06 million) is included in the budget of the Major Information Technology Development Project Fund, and the local share (\$2.06 million) is in the budget of the State Board of Elections (SBE). Of the \$4.1 million planned for fiscal 2015, \$2.7 million will be used for consultants in 15 labor categories. Several of these labor categories could be combined to reduce cost. In addition, some labor categories appear duplicative of existing positions within SBE. This action reduces the local share. An action recommended in the SBE budget analysis proposes to reduce the local share. | \$ 203,521 GF                      |
| 2. Reduce funding for the Medicaid Enterprise Restructuring Project. Concerns have been raised about this project in past sessions. On January 31, 2014, the Department of Health and Mental Hygiene sent a cure notice to the contractor. The notice identifies major problems with the project. This is expected to delay the project and reduce the amount of general funds required in fiscal 2015.   | 2,000,000 GF                       |

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3. Reduce funding for the State Children, Youth and Families Information System. Although this is the initial appropriation in the Major Information Technology Development Project Fund, the project did receive \$295,000 in fiscal 2014. Documents provided indicate sufficient information technology staffing has not been in place, so the project is moving slowly. Initial planning documents indicate little progress has been made. The Department of Information Technology indicates that \$100,000 is expected to be spent and that the remaining \$195,000 will be available in fiscal 2015. 150,000 GF
  
4. Increase department turnover rate. Since 2010, the department's vacancy rate has averaged approximately 20.0%. To some extent, this is attributable to an uncompetitive salary structure. In fiscal 2014, over \$1 million was provided to reclassify positions. Because the process is not moving as quickly as anticipated, a cost containment measure reduces these funds by approximately \$212,000. In January 2014, the vacancy rate was 20.0%. The budget assumes a turnover rate of 3.6%. Increasing budgeted turnover by two percentage points, for a rate of 5.6%, provides the agency with funds sufficient to hire almost three-quarters of its vacant positions. The reduction can be distributed across the department by budget amendment. 150,000 GF  
9,000 SF
  
5. Adopt the following narrative:

**Tracking Web Services Offered by State Agencies:** The Department of Information Technology's (DoIT) has the mission to "develop and manage an effective and efficient web technologies framework so that Maryland government information is readily accessible to citizens and agencies." In recent years, efforts have been made to provide additional resources for State agencies to expand the number of services that are offered on the web. However, the State does not provide data showing the extent to which the numbers of services provided on the Internet are expanding. Through the Managing for Results (MFR) initiative, the State attempts to measure how effectively agencies are providing services. DoIT should develop MFR performance measures regarding the extent to which agencies are expanding the number of services offered on the Internet. Indicators measuring quality and ease of use for websites should also be developed. These measurements should be submitted with the MFR data provided in the annual budget submission.

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<b>Information Request</b>	<b>Author</b>	<b>Due Date</b>
Tracking web service offered by State agencies	DoIT	With the fiscal 2016 budget

6. Adopt the following narrative:

**Tracking Cyber Security Efforts:** Cyber security is an integral part of the Department of Information Technology’s (DoIT) mission. Recently, there have been some high-profile security breaches at the State and federal level. Cyber threats are real, and the State should have an effective cyber security program. In the past year, DoIT has deployed additional resources to improve cyber security in State agencies. Through the Managing for Results (MFR) initiative the State attempts to measure how effectively agencies are providing services. However, the State currently does not measure cyber security efforts. DoIT should develop MFR performance measures related to cyber security efforts. These measurements should be submitted with its MFR data provided in the annual budget submission.

<b>Information Request</b>	<b>Author</b>	<b>Due Date</b>
Tracking cyber security efforts	DoIT	With the fiscal 2016 budget
<b>Total Reductions</b>		<b>\$ 2,512,521</b>
<b>Total General Fund Reductions</b>		<b>\$ 2,503,521</b>
<b>Total Special Fund Reductions</b>		<b>\$ 9,000</b>

## *Current and Prior Year Budgets*

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### **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 2013</b>					
Legislative Appropriation	\$38,074	\$19,086	\$0	\$61,493	\$118,653
Deficiency Appropriation	5,189	0	0	0	5,189
Budget Amendments	523	908	0	2,056	3,487
Reversions and Cancellations	-760	-9,072	0	-35,075	-44,907
<b>Actual Expenditures</b>	<b>\$43,026</b>	<b>\$10,922</b>	<b>\$0</b>	<b>\$28,475</b>	<b>\$82,423</b>
<b>Fiscal 2014</b>					
Legislative Appropriation	\$32,002	\$11,496	\$300	\$58,523	\$102,320
Budget Amendments	4,337	8	553	0	4,898
<b>Working Appropriation</b>	<b>\$36,339</b>	<b>\$11,504</b>	<b>\$853</b>	<b>\$58,523</b>	<b>\$107,218</b>

Note: The fiscal 2014 working appropriation does not include deficiencies or contingent reductions. Numbers may not sum to total due to rounding.

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## **Fiscal 2013**

Spending in fiscal 2013 totaled \$82.4 million. This is \$36.2 million less than appropriated by the General Assembly in the fiscal 2013 budget bill. A deficiency appropriation of \$5.2 million was added to the MITDPF budget to support the purchase of 700 MHz radios for the Department of State Police (\$4.4 million), the Department of General Services (\$0.4 million), MEMA (\$0.2 million), and the Maryland Department of the Environment (\$0.1 million).

Additional funding was added to DoIT's budget through budget amendments, which included approximately:

- \$523,000 in general funds from various agencies to support statewide GIS, as proposed in the fiscal 2013 budget bill;
- \$48,000 in special funds to support a general salary increase for employees;
- \$860,000 in special funds to support tower improvements in St. Mary's County;
- \$1,706,000 in reimbursable funds from agencies to centralize State web and GIS functions; and
- \$350,000 in reimbursable funds from MEMA for IT support.

Fiscal 2013 cancellations and reversions totaled almost \$45 million. The most significant cancellations and reversions include approximately:

- \$738,000 in general funds related to statewide charges that must be cancelled if unspent, such as charges for the Annapolis Data Center, Statewide Personnel System, Office of the Attorney General, and telecommunications;
- \$6,291,000 in special funds supporting MITDPF projects include CAD/RMS, 700 MHz equipment purchases, and the Medicaid Enterprise Restructuring Project;
- \$2,049,000 in special funds supporting TAM;
- \$648,000 in special funds supporting the Central Collection Unit modernization project;
- \$23,968,000 in reimbursable funds supporting the Statewide Personnel System major IT project;
- \$4,838,000 in reimbursable funds supporting MITDPF projects;

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- \$3,136,000 in reimbursable funds supporting major IT project oversight costs performed by Strategic Planning;
- \$2,435,000 in reimbursable funds supporting in the Networks Division for voice over Internet protocol equipment; and
- \$534,000 in reimbursable funds supporting centralized web services.

**Fiscal 2014**

To date, budget amendments have added \$4.9 million to the fiscal 2014 budget, including approximately:

- \$4,200,000 in general funds into the MITDPF to support the long-term services and support project;
- \$98,000 in general funds and \$6,000 in special funds for a general salary increase for State employees;
- \$39,000 in general funds and \$2,000 in special funds for employee increments; and
- \$553,000 in federal funds to support development of the National Public Safety Broadband Network.

## ***Audit Findings***

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Audit Period for Last Audit:	February 9, 2009 to February 8, 2012
Issue Date:	August 2013
Number of Findings:	7
Number of Repeat Findings:	1
% of Repeat Findings:	14.3%
Rating: (if applicable)	n/a

**Finding 1:** In August 2010, DoIT was awarded an \$115.2 million federal grant to expand Maryland’s fiber optic network by approximately 1,300 miles and to add 1,000 anchor institutions to the network. This is the One Maryland Broadband Network (OMBN) project. Because the department regularly adds sites to networkMaryland, a project manager to prepare the work was in place. The auditor found that the department did not execute a timely task order modification to expand the scope of the contract to include a substantial (from 20 to 1,000) increase in workload. The task order was not executed until 20 months after the decision was made.

**Finding 2:** OMBN project controls were not adequate with respect to the approval and monitoring of some engineering and construction services. For example, some work orders for subcontractors were not signed by DoIT or the project manager. Also, DoIT did not always obtain the required documentation to verify the accuracy of engineering and construction services. OLA reviewed seven construction services payments totaling \$2.8 million and could not obtain a milestone acceptance form, which documents the project manager’s inspection and progress of the work, for five payments totaling \$2.2 million.

**Finding 3:** OLA also found that DoIT did not adequately monitor the largest sub-recipient, the Inter-County Broadband Network (ICBN). Initially, DoIT did not document its review of invoices supporting ICBN expenditures. This was resolved in February 2012 when DoIT began documenting the review. The department also did not conduct any documented site visits or make arrangements for an independent audit. After the audit period, DoIT advises that the department did audit ICBN and found no material differences.

**Finding 4:** DoIT’s bid periods were sometimes shorter than the minimum required by DoIT policy, and electronic bid data was not adequately secured. The department’s policy is that all bids receive at least a 20-day bidding time period. OLA examined 13 procurements and found that the competitive period lasted from 2 to 10 days. The concern is that the short period may result in a lack of competition so that the State may not get the best value for the procurement. Some bids were also sent to group



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accounts that were not properly restricted, which could risk the undetected exposure of competitive bid information.

**Finding 5:** DoIT could not provide documentation of its monitoring of major IT development projects. DoIT conducts quarterly portfolio reviews. OLA advises that of the 20 projects reviewed in fiscal 2011, the department could only provide documentation for 2 reviews. For the remainder, DoIT was only able to demonstrate that the reviews were scheduled. The department also requires independent verification and validation (IV&V), but could not identify how recommendations stemming from IV&V were addressed.

**Finding 6:** The audit report notes that the new cloud messaging and collaboration services for State agencies place limited controls on agencies and users. There are few restrictions on the ability to share files, and owners can designate different editors, including editors outside State government. DoIT advises that the ability to share documents is an important feature and that users must first log in. This approach has more control than some other methods of sharing documents. DoIT has also modified the security policy and restricted the placement of nonpublic data on the file storage service.

**Finding 7:** OLA's notes that the networkMaryland's disaster recovery plan (DRP) has not been updated since October 2007. DoIT advises that the DRP will be updated annually.

\*Bold denotes item repeated in full or part from preceding audit report.

# Major Information Technology Projects

## Department of Information Technology Enterprise Budget System

<b>Project Status</b>	Planning.		<b>New/Ongoing Project:</b>	New.				
<b>Project Description:</b>	Replace legacy budget system used by the Department of Budget and Management (DBM).							
<b>Project Business Goals:</b>	The justification provided is that the system is at a high risk of failure. Old technologies (COBOL) make it difficult to find programmers. The goal is to have a “fully functional and supportable budget system.”							
<b>Estimated Total Project Cost<sup>1</sup>:</b>	n/a.		<b>Estimated Planning Project Cost<sup>1</sup>:</b>	\$2,050,000				
<b>Project Start Date:</b>	March 2013.		<b>Planning Completion Date:</b>	June 2014.				
<b>Schedule Status:</b>	The project is in the planning phase and project management plans are being developed.							
<b>Cost Status:</b>	Information Technology Project Requests include initial planning costs. These costs have not changed since calendar 2013.							
<b>Scope Status:</b>	Initial scope has been identified.							
<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>	Interdependencies with other projects are a high risk since the project will need to interface with personnel and financial systems, which are being replaced. There are concerns about resource availability, since DBM staff may be occupied at certain times of the budget cycle.							
<b>Additional Comments:</b>	Planning is beginning in the last two years of a term-limited administration. Current system’s primary subject matter expert has retired. Given the high risk of failure and turnover of executive, planning should not just be thorough but should also move forward purposefully to meet the deadline.							
<b>Fiscal Year Funding (\$ in Thousands)</b>	<b>Prior Years</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>Balance to Complete</b>	<b>Total</b>
Personnel Services	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Professional and Outside Services	550.0	1,500.0	0.0	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
<b>Total Funding</b>	<b>\$550.0</b>	<b>\$1,500.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$2,050.0</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 Statewide Personnel System

<b>Project Status<sup>1</sup></b>	Implementation.	<b>New/Ongoing Project:</b>	Ongoing.					
<b>Project Description:</b>	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. The first phase was a recruitment module which has been deployed. The second phase is the remaining personnel system.							
<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>	\$60,374,048	<b>Estimated Planning Project Cost<sup>1</sup>:</b>	\$25,166,458					
<b>Project Start Date:</b>	January 2008.	<b>Projected Completion Date:</b>	December 2015.					
<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 was implemented in August 2012. Phase 2 is being bid as a cloud contract, which was awarded in December 2013. The project is expected to be operational in calendar 2015.							
<b>Cost Status:</b>	Since the award of the cloud contract, total costs are reduce by \$6 million.							
<b>Scope Status:</b>	The scope has not changed since calendar 2013.							
<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 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>Balance to Complete</b>	<b>Total</b>
Personnel Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Professional and Outside Services	17,871	14,351	6,705	389	0	0	0	39,316
Other Expenditures	6,392	3,192	5,595	5,990	0	0	0	21,169
<b>Total Funding</b>	<b>\$24,263</b>	<b>\$17,543</b>	<b>\$12,300</b>	<b>\$6,379</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$60,486</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>	\$17,491,499	<b>Estimated Planning Project Cost<sup>1</sup>:</b>	\$9,745,108					
<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 successfully rebid the request for proposal (RFP). The project is currently completing the requirement analysis phase. Hardware and commercial off the shelf (COTS) software is tested in spring 2014. DoIT is both the implementing and oversight agency. To manage this, DoIT hires contractual staff (often through staffing companies) to manage the project.							
<b>Cost Status:</b>	The cost estimate remains at \$17.5 million.							
<b>Scope Status:</b>	Scope has been reduced to a core system (without features unique to the State) for the new RFP.							
<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 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>Balance to Complete</b>	<b>Total</b>
Personnel Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Professional and Outside Services	10,638	1,654	3,246	1,652	0	0	0	17,191
Other Expenditures	150	0	0	150	0	0	0	300
<b>Total Funding</b>	<b>\$10,788</b>	<b>\$1,654</b>	<b>\$3,246</b>	<b>\$1,802</b>	<b>\$0</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 13 Actual</u>	<u>FY 14 Working Appropriation</u>	<u>FY 15 Allowance</u>	<u>FY 14 - FY 15 Amount Change</u>	<u>Percent Change</u>
<b>Positions</b>					
01 Regular	130.00	133.00	134.00	1.00	0.8%
02 Contractual	1.88	4.00	4.00	0.00	0%
<b>Total Positions</b>	<b>131.88</b>	<b>137.00</b>	<b>138.00</b>	<b>1.00</b>	<b>0.7%</b>
<b>Objects</b>					
01 Salaries and Wages	\$ 10,582,893	\$ 14,032,581	\$ 14,273,049	\$ 240,468	1.7%
02 Technical and Spec. Fees	108,134	228,310	234,922	6,612	2.9%
03 Communication	7,791,396	8,563,258	8,355,805	-207,453	-2.4%
04 Travel	70,562	76,482	77,340	858	1.1%
06 Fuel and Utilities	6,088	600	1,000	400	66.7%
07 Motor Vehicles	3,871	25,296	6,410	-18,886	-74.7%
08 Contractual Services	52,264,431	78,581,716	76,358,439	-2,223,277	-2.8%
09 Supplies and Materials	130,995	82,501	92,100	9,599	11.6%
10 Equipment – Replacement	9,425,110	4,556,991	2,705,331	-1,851,660	-40.6%
11 Equipment – Additional	910,092	805,458	373,068	-432,390	-53.7%
12 Grants, Subsidies, and Contributions	0	20,925	22,275	1,350	6.5%
13 Fixed Charges	267,624	243,864	253,992	10,128	4.2%
14 Land and Structures	862,010	0	0	0	0.0%
<b>Total Objects</b>	<b>\$ 82,423,206</b>	<b>\$ 107,217,982</b>	<b>\$ 102,753,731</b>	<b>-\$ 4,464,251</b>	<b>-4.2%</b>
<b>Funds</b>					
01 General Fund	\$ 43,026,418	\$ 36,338,593	\$ 41,461,740	\$ 5,123,147	14.1%
03 Special Fund	10,921,771	11,503,541	8,278,633	-3,224,908	-28.0%
05 Federal Fund	0	853,072	968,642	115,570	13.5%
09 Reimbursable Fund	28,475,017	58,522,776	52,044,716	-6,478,060	-11.1%
<b>Total Funds</b>	<b>\$ 82,423,206</b>	<b>\$ 107,217,982</b>	<b>\$ 102,753,731</b>	<b>-\$ 4,464,251</b>	<b>-4.2%</b>

Note: The fiscal 2014 appropriation does not include deficiencies. The fiscal 2015 allowance does not include contingent reductions.

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

<u>Program/Unit</u>	<u>FY 13 Actual</u>	<u>FY 14 Wrk Approp</u>	<u>FY 15 Allowance</u>	<u>Change</u>	<u>FY 14 - FY 15 % Change</u>
01 Major IT Development Project Fund	\$ 29,316,732	\$ 20,389,410	\$ 24,643,983	\$ 4,254,573	20.9%
01 State Chief of Information Technology	7,007,598	12,161,302	12,636,969	475,667	3.9%
02 Enterprise Information Systems	3,924,024	4,401,214	4,633,360	232,146	5.3%
03 Application Systems Management	5,499,670	6,217,754	7,208,723	990,969	15.9%
04 Networks Division	16,284,513	19,429,200	20,657,705	1,228,505	6.3%
05 Strategic Planning	3,153,451	5,637,699	5,545,996	-91,703	-1.6%
06 Major IT Development Projects	10,839,973	29,966,453	19,197,901	-10,768,552	-35.9%
07 Web Systems	2,258,189	2,896,415	3,102,013	205,598	7.1%
09 Telecommunications Access of Maryland	4,139,056	6,118,535	5,127,081	-991,454	-16.2%
<b>Total Expenditures</b>	<b>\$ 82,423,206</b>	<b>\$ 107,217,982</b>	<b>\$ 102,753,731</b>	<b>-\$ 4,464,251</b>	<b>-4.2%</b>
General Fund	\$ 43,026,418	\$ 36,338,593	\$ 41,461,740	\$ 5,123,147	14.1%
Special Fund	10,921,771	11,503,541	8,278,633	-3,224,908	-28.0%
Federal Fund	0	853,072	968,642	115,570	13.5%
<b>Total Appropriations</b>	<b>\$ 53,948,189</b>	<b>\$ 48,695,206</b>	<b>\$ 50,709,015</b>	<b>\$ 2,013,809</b>	<b>4.1%</b>
Reimbursable Fund	\$ 28,475,017	\$ 58,522,776	\$ 52,044,716	-\$ 6,478,060	-11.1%
<b>Total Funds</b>	<b>\$ 82,423,206</b>	<b>\$ 107,217,982</b>	<b>\$ 102,753,731</b>	<b>-\$ 4,464,251</b>	<b>-4.2%</b>

Note: The fiscal 2014 appropriation does not include deficiencies. The fiscal 2015 allowance does not include contingent reductions.