

Department of Legislative Services
Maryland General Assembly

FISCAL NOTE

House Bill 561 (Delegate Morgan)

Appropriations

Information Technology Reform Act

This bill directs the Department of Budget and Management (DBM) to: (1) review and implement all information technology projects and systems of each unit of the executive branch of the State government; and (2) plan long-term information technology objectives to deliver State services more efficiently and to streamline unnecessary structures. The bill requires DBM to perform various duties, including developing a statewide information technology master plan, centralizing database management, and maintaining data security. Each unit of the executive branch is required to submit an annual information technology needs assessment to the department that includes all the requirements and justifications the unit finds necessary to carry out its functions.

The bill requires DBM to establish: (1) a new Technical Track within the State Personnel Management System to attract information technology professionals into State government on a competitive basis with private industry; and (2) alter the level of compensation for information technology professionals.

Fiscal Summary

State Effect: DBM expenditures would increase by an indeterminate but significant amount to meet the salary adjustments for informational technology professionals required by this bill. DBM expenditures would increase by an indeterminate amount depending on the cost of developing a long-term plan and the number of positions it would have to hire as a result of this bill.

Local Effect: None.

Small Business Effect: None.

Fiscal Analysis

Bill Summary: The department must: (1) develop a statewide information technology master plan consistent with the standards established by this bill; (2) include all information technology projects and systems in a single budget under the Chief of Information Technology; (3) procure all information technology that the department approves from the information technology assessments submitted by each unit; (4) centralize database management and network management to reduce overall costs; (5) standardize data formats; (6) maintain data security; (7) provide for information technology management within the State government; and (8) provide personnel necessary to implement this bill.

Each unit of the executive branch is required to submit an annual information technology needs assessment to the department that includes all the requirements and justifications the unit finds necessary to carry out its functions. The department is required to include in the annual budget an amount the department determines to be necessary to procure the information technology specified in the needs assessment.

A unit of the executive branch of State government may not purchase, lease, or rent information technology without DBM approval, and unless DBM determines otherwise, IT projects can only be implemented by DBM.

The bill requires DBM to establish a new Technical Track within the State Personnel Management System to attract information technology professionals into State government on a competitive basis with private industry, and establish a level of compensation that is based on the educational background, professional experience, and supervisor evaluations of the individual; the competitive salaries offered by private sector employers; and the overall need of DBM for information technology professionals.

Background: The following information is taken from the February 24, 1998 Operating Budget Report prepared by the Department of Legislative Services.

The Master Plan: In May 1995, the Office of Information Technology distributed an information technology planning document which set forth the theme of the administration's information technology direction, universal citizen access, and maximum customer satisfaction. The document is the basic planning document for information technology. This document marked the beginning of the process toward developing a technology master plan

for the State. DBM contracted with Arthur Andersen to compile an information technology master plan.

The Information Technology Board requires each State agency to submit several agency master plan technology documents to the Office of Information Technology. These documents provide a statement of the agency's mission and how the agency proposes to provide citizen access to services, the current status of citizen access, and a business plan to meet the specific goals of the agency technology master plan. Each agency is required to submit an information processing budget document that is in accord with the business plans.

The current State budget does not include a line item for State information technology. The Office of Information Technology has developed a database of information technology projects from individual agency IT business plans and the IT budget documents. The database indicates executive branch agencies and the Judiciary spent \$234.8 million on IT projects in fiscal 1997, and identifies approximately \$263.5 million for IT projects in the fiscal 1998 appropriation. The Governor's fiscal 1999 budget identifies approximately \$305.8 million for IT projects, of which \$71.4 million is for development and \$234.4 million is for ongoing production of existing applications. These amounts do not include DBM, which did not prepare an IT plan.

The Information Technology Database: The Office of the Chief of Information Technology provided the Department of Legislative Services with an information technology database for fiscal 1999, but the database was incomplete and many reports did not work. The IT database should contain the detailed record of every project included in an agency IT plan submitted to DBM.

The Information Technology Salary Structure: In December 1997, the IT staff prepared a report on "Information Technology Human Resources Vulnerability Assessment and Stabilization Measures" for the Information Technology Board. The report indicates that current turnover in IT positions is 24% for managers and 35% for programmers and technical support staff. The IT office found the salary disparity with comparable positions in county and other state governments to range from 27.8% to 51.9%.

State Expenditures: This bill will cause State expenditures to increase as a result of: (1) the increased salaries to information technology professionals; and (2) the new DBM staff positions and consulting service to fulfill the requirements of the bill.

Salary Structure: DBM expenditures would increase by approximately \$31,385,100 to meet the salary adjustments for IT professionals required by this bill. Currently, DBM has experienced high turnover among its IT staff due to its uncompetitive salary structure. The

fiscal 1999 budget contains \$87,180,889 for information technology positions. DBM advises that it would have to increase the salaries of its current staff by 36% in order to pay its staff a salary which is competitive with the private sector. Therefore, it is expected that DBM expenditures will increase by approximately \$31,385,100 in fiscal 1999.

However, DLS notes that the \$87,180,889 includes the entire IT staff. Approximately 45% of the entire staff holds IT professional positions. The salary adjustments provided in this bill only apply to the IT professional positions. As a consequence, the required salary adjustment required by the bill would be substantially less than DBM's estimate.

The Long-Term Plan and New Staff Positions: DBM expenditures would increase by an indeterminate amount depending on the cost of developing a long-term plan and the number of positions DBM would have to hire as a result of this bill.

DBM advises that it will cost approximately \$2 million to hire a consulting firm to develop the long-term plan required by the bill. The current master plan does not meet the bill's requirements. Additionally, DBM advises that its expenditures will increase by approximately \$781,600 annually in order to hire 22 new staff members, as follows:

- 11 IT administrator positions to coordinate and handle budget preparations of the State's IT program;
- eight procurement positions to handle the State's IT procurement;
- two administrative aides to assist the new procurement staff; and
- one administrative officer to handle personnel matters.

The Department of Legislative Services advises that the bill's requirements could be met with eight new positions, as follows:

- four IT administrator positions to coordinate and handle budget preparations of the State's IT program;
- two procurement positions to handle the State's IT procurement;
- one network administrator; and
- one database management position.

Although managing information technology systems collectively could eliminate current redundancies associated with operating many systems, decentralization allows each agency to tailor its system to its particular needs. Currently, many agencies run their own networks, including the University of Maryland, the Department of Transportation, and the Department of Human Resources. The University of Maryland advises that requiring DBM to approve and implement all IT projects would hamper the University of Maryland's ability to maintain modern IT systems. The University of Maryland advises that it needs to plan, build, and maintain systems in conjunction with current business requirements and academic needs which are best reviewed and managed at the institutional level.

Information Sources: Department of Budget and Management, University of Maryland, Department of Legislative Services

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