

Department of Legislative Services

Maryland General Assembly

2002 Session

FISCAL NOTE

Revised

Senate Bill 491

(Senator Hoffman, *et al.*)

Budget & Taxation and Finance Commerce & Government Matters and Appropriations

**Department of Budget and Management - Major Information Technology
Development Projects**

This bill requires an agency or unit of the Executive Branch of State government, other than a public higher education institution, to obtain approval from the Chief of Information Technology before making expenditures for a “major information technology development project.” The bill also replaces the Information Technology Investment Fund (ITIF) with the Major Information Technology Development Project Fund (MITDPF).

The bill is effective June 1, 2002.

Fiscal Summary

State Effect: Increasing the number of projects subject to review by the Chief of Information Technology and increasing the level of the chief’s review would not materially affect State finances or operations.

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: The bill requires the consent of the Chief of Information Technology for major information technology (IT) development projects and authorizes the chief to review any IT project for consistency with the statewide IT master plan. Any IT project

selected for review may not be implemented without the approval of the chief and the Secretary of Budget and Management. The chief is responsible for providing technical assistance, advice, and recommendations to any agency or unit of State government concerning IT matters.

Under the bill, a “major information technology development project” is an IT development project that: (1) has a total estimated development cost of at least \$1 million; (2) is undertaken to support a critical business function associated with the public health, education, safety, or financial well-being of Maryland’s citizens; or (3) the Secretary of Budget and Management has determined to require the special attention and consideration given to a major IT development project.

The bill establishes MITDPF and repeals ITIF. The bill requires the unencumbered balance in ITIF to be transferred to MITDPF effective July 1, 2002. The bill requires the Chief of Information Technology to administer MITDPF.

The bill requires the Governor to submit with the budget: (1) a summary showing the MITDPF’s unencumbered balance as of the close of the prior fiscal year and a listing of any encumbrances; (2) an estimate of projected revenue from each of MITDPF’s specified sources of funding for a budget’s fiscal year; and (3) a descriptive listing of projects reflecting projected costs for the fiscal year for which the budget is submitted and any estimated future year costs.

Generally, MITDPF may be used for major IT development projects. However, up to \$1 million each fiscal year from MITDPF may be used for: (1) educationally related IT projects; (2) application service provider initiatives; or (3) IT projects, including pilots and prototypes. Any agency, unit of State government, or local government may request that the chief support the cost of an IT project with moneys from MITDPF.

By November 1 of each year, the chief must report to the Governor and the budget committees of the General Assembly on: (1) MITDPF’s financial status and a summary of its operations for the preceding fiscal year; (2) an accounting for the preceding fiscal year of all moneys for each of the specified revenue sources, including any expenditures from MITDPF; and (3) a description of each project receiving moneys from MITDPF and the status of each project with a comparison of estimated and actual costs and any known or anticipated changes in scope or costs.

All projects listed in Volume V of the *Governor’s Fiscal 2003 Operating Budget* are subject to the bill’s provisions.

The bill authorizes the Department of Budget and Management to conduct emergency procurements to obtain necessary resources to implement the bill. The bill authorizes the Secretary of Budget and Management to create new programs to implement the bill.

Current Law: A unit of the Executive Branch may not purchase, lease, or rent IT unless consistent with the statewide IT master plan. The Secretary of Budget and Management may review any IT project for consistency with the master plan. An IT project selected for review may not be implemented without the Secretary's approval. An Executive Branch State governmental unit must advise the chief of any IT proposal involving resource sharing, the exchange of goods or services, or a gift, contribution, or grant of real or personal property. If the value is at least \$100,000 and the Secretary of Budget and Management and the unit agree to proceed with the proposal, the proposal must be advertised for at least 30 days in the *Contract Weekly*, and submitted simultaneously to the Legislative Policy Committee for a 60-day review and comment period, during which time the committee may recommend that the proposal be treated as a procurement contract under Division II of the State's procurement laws. After the committee's comment and review period, the proposal is subject to approval by the Board of Public Works.

The chief is responsible to the Secretary of Budget and Management for carrying out the following duties: (1) developing, maintaining, and enforcing statewide IT standards, policies, and procedures; (2) providing technical assistance, advice, and recommendations to the Secretary; (3) reviewing major IT projects for consistency with statewide plans, policies, and standards; (4) reviewing each unit's annual project plan to make information and services available to the public over the internet; (5) developing and maintaining a statewide IT master plan; and (6) adopting by regulation and enforcing nonvisual access standards for IT procurement and services.

Excluded from review by the IT chief are changes relating to or the purchase, lease, or rental of IT by: (1) public institutions of higher education solely for academic or research purposes; (2) the Maryland Port Administration; or (3) the University System of Maryland.

ITIF is a special, nonlapsing fund subject to a ceiling on the amount of moneys that may be credited to it during a fiscal year. The ceiling must be included in the Governor's annual State budget proposal. Any revenues earned in excess of the ceiling are credited to the State's general fund. The IT chief is responsible for administering ITIF and overseeing projects funded with moneys from ITIF.

By November 1 of each year, the chief must report to the Governor and the budget committees of the General Assembly on: (1) ITIF's financial status and a summary of its

operations for the preceding fiscal year; (2) an accounting for the preceding fiscal year of all moneys for each of the specified revenue sources, including any expenditures from ITIF; and a description of each project receiving moneys from ITIF and the status of each project with a comparison of estimated and actual costs and any known or anticipated changes in scope or costs.

Background: Section 36 of Chapter 102 of 2001, the Fiscal 2002 Operating Budget, required the Department of Budget and Management (DBM) to develop a definition of a “major information technology project.” The definition developed by DBM is substantially similar to the definition contained in this bill. However, under the definition developed by DBM, a major information technology project is one whose total estimated development cost is at least \$3 million. Section 36 also required DBM to create a fifth volume of the *Maryland Operating Budget Book for Fiscal 2003* that summarizes major information technology projects by agency, and includes separate detail for each project.

State Fiscal Effect: Included in Volume V of the *Governor’s Fiscal 2003 Operating Budget* are 21 major IT projects with a total project cost that is slightly over \$237 million. Excluded from that list are projects for the Maryland Department of Transportation, net.work.Maryland, and the Public Safety Communications System. Because the floor for the projects listed in Volume V is \$3 million, which is more than the bill’s \$1 million floor, it is anticipated that the number of major IT projects subject to review and approval by the IT chief will grow. The exact number of projects and the total project cost cannot be accurately estimated at this time.

It is anticipated that ITIF’s unencumbered fund balance closeout for fiscal 2002 will be approximately \$110,000.

The costs of any emergency procurements under the bill cannot be accurately estimated; however, it is assumed that these costs could be handled with existing budgeted resources.

DBM advises that the bill would require: (1) \$200,000 in contractual services in fiscal 2003 to align the ADPICS and R*STARS systems; and (2) seven additional staff members beginning in fiscal 2004 at a cost of \$318,600 to process MITDPF requests. The Department of Legislative Services disagrees with this assessment.

Additional Information

Prior Introductions: None.

Cross File: HB 835 (Delegate Rawlings, *et al.*) – Commerce and Government Matters.

Information Source(s): Department of General Services, University System of Maryland, Department of Budget and Management, Department of Public Safety and Correctional Services, Department of Legislative Services

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