

Department of Legislative Services
 Maryland General Assembly
 2003 Session

FISCAL AND POLICY NOTE

Senate Bill 253
 Finance

(Senator Teitelbaum, *et al.*)

State Government - Department of Technology - Creation and Duties

This bill creates a Department of Technology as a principal department of State government.

The bill is effective July 1, 2003.

Fiscal Summary

State Effect: General fund expenditures could increase by approximately \$588,800 in FY 2004, which accounts for a 90-day start-up delay. Out-year estimates reflect annualization and inflation. Revenues would not be affected.

(in dollars)	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	588,800	327,400	344,700	363,200	382,900
Net Effect	(\$588,800)	(\$327,400)	(\$344,700)	(\$363,200)	(\$382,900)

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Bill Summary: The bill requires the Secretary of Technology to: (1) provide technical assistance, advice, and recommendations to the Secretary of Budget and Management concerning information technology (IT) matters; (2) direct the development,

maintenance, and enforcement of statewide IT standards, policies, and procedures; (3) review each unit's annual project plan to make information and services available over the Internet; and (4) develop and maintain a statewide IT master plan.

The bill requires the Secretary to report annually to the General Assembly and the Joint Technology Oversight Committee on the status and problems of technology programs being developed. The bill also adds the Secretary to the membership of the State Information Technology Board.

The bill transfers the administration of the Major Information Technology Development Project Fund (MITDPF) to the Secretary of Technology.

The bill repeals provisions establishing the IT Chief within the Department of Budget and Management (DBM) and transfers the IT Chief's duties in developing the State's nonvisual access clause to the Secretary of Technology.

Current Law: The IT Chief in DBM is responsible for the following duties: (1) developing, maintaining, and enforcing statewide IT standards, policies, and procedures; (2) providing technical assistance, advice, and recommendations to the Secretary and any unit of State government; (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.

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 monies from MITDPF.

The IT Chief must review major IT development projects in most executive branch units. Before a major IT development project within these counties may be implemented, the IT Chief must consent to the project. The IT Chief may 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.

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 monies for each of the specified revenue sources, including any expenditures from MITDPF; and (3) a description of each project receiving monies 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.

In consultation with the State Information Technology Board, the IT Chief is responsible for development and implementation for the State's nonvisual access policy for IT and Internet services.

The Joint Technology Oversight Committee sunsets June 30, 2005.

State Expenditures: This bill establishes a new cabinet level position with oversight over the State's IT projects. Most of the new department's functions are currently performed by the State IT Chief. The bill transfers those functions, and the staff who perform them, from DBM to the new department. The transfers under the bill include approximately 140 positions and certain contractual services, with associated costs of about \$45 million. The bill also transfers the MITDPF appropriation of approximately \$8.9 million.

Because the bill requires the IT Secretary to provide technical assistance to the Secretary of Budget and Management, it is assumed that the internal IT functions that the IT Chief currently handles at DBM would be performed by the new Department of Technology. It is further assumed that the new department could be housed in its current offices without a need for rent or moving expenditures. However, because certain administrative functions are performed at the departmental level within DBM, the new department would need a procurement administrator, a financial administrator, and a personnel administrator. The new department would also need its own intradepartmental IT infrastructure apart from DBM's.

General fund expenditures could increase by an estimated \$588,800 in fiscal 2004, which accounts for the bill's October 1, 2003 effective date. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Salaries and Fringe Benefits	\$161,200
IT Equipment	300,000
Other Operating Expenses	<u>127,600</u>
Total FY 2004 State Expenditures	\$588,800

Future year expenditures reflect: (1) full salaries with 4.5% annual increases and 3% employee turnover; and (2) 1% annual increases in ongoing operating expenses.

Additional Information

Prior Introductions: A similar bill, SB 648, was introduced in the 2002 session but was withdrawn.

Cross File: None.

Information Source(s): Department of Budget and Management, Department of Legislative Services

Fiscal Note History: First Reader - February 23, 2003
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