

SB 659 Financial Systems Council Establishment Tes

Uploaded by: Amanda Rodriguez

Position: FAV



BILL NO: SB659

TITLE: 21st Century Financial Systems Council - Establishment

COMMITTEE: Budget and Taxation

HEARING DATE: March 9th, 2023

POSITION: FAVORABLE

ABOUT: TurnAround, Inc. was founded in 1978 and serves as the designated rape crisis center for Baltimore City and Baltimore County. TurnAround offers comprehensive services, including legal support, counseling, case management, and emergency shelter to those who have endured intimate partner violence, sexual violence, and human trafficking in Baltimore City, Baltimore County, and Howard County.

The pandemic was one of the most challenging periods for TurnAround – but also for a lot of other victim service providers and non-profits around the state. We saw dramatic increases in not just instances of violence, but also startling increases in level of violence – increases strangulations and near homicides. We also saw an increase in teen and adolescent sexual assault survivors seeking help – they were trapped in the house with their abuser with nowhere to turn. Some of our data points, showed an increased need of over 300%. As an example, our average numbers of calls for service pre-pandemic was around 2,500 to 3,000 this last year the number was over 10,000. We are not seeing these numbers decrease now – instead they’ve plateaued to what is now our new normal.

The other significant challenge we faced was financial – agencies around us were folding because of the economic downturn – and I remember telling one of my staff as we walked from the building in March of 2020 – no layoffs that’s the goal. We relied on our funders to help us get through a very tough period were we as the service provider was living invoice to invoice.

What a lot of our community does not realize that non-profits like TurnAround are mainly funded through reimbursable grants, which means every month we expend hundreds of thousands of dollars in payroll, bednights for fleeing survivors of violence, direct assistance for survivors who are literally starting their lives over after abuse and then wait sometimes for more than 60 days to get reimbursed by the state. We are required to have a cushion of cash at all times and don’t have the resources to have large reserves and banks rarely offer significant lines of credit to non-profits. Ultimately, one late payment leads to serious ramifications for non-profits and, in turn, that means services may be delayed or even denied to some of our most vulnerable community members.

As early as December of this last year, we were owed nearly half a million by state and local funders in delayed payments. Non-profits were drafting furlough policies while we were reading news stories about billions of dollars in surplus.

The system used by the Comptroller currently shows us what has been paid and what is in their system is unpaid but invoiced. That is all we know – so we wait and hope that our payments come on time. Utilizing technology to ensure the sustainability of our state service providers is



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necessary for the safety of those who are impacted by intimate partner violence, sexual violence and human trafficking.

We request a favorable report for SB659. Thank you.

FAV + Amendment - SB659? - 21st Century Financial

Uploaded by: Brooke Lierman

Position: FAV

Testimony in Support of SB659
21st Century Financial Systems Council – Establishment
Budget and Taxation Committee – March 9, 2023

The Goal: The State of Maryland must have a single accounting system across all units of state government to ensure accurate and timely payment of receipts, transparency and tracking of dollars, and expedient payments to vendors, contractors, and non-profits. The system must be secure and accessible. As amended, this bill, brought in partnership with the Treasurer and Secretary of Budget and Management, creates a directive to investigate, adopt, and implement a new accounting system for the government of the state to meet our state’s full array of needs and do so in a secure and transparent way.

The outcome of this new directive will be called the 21st Century Financial Systems Enterprise, and will:

- begin the process to replace outdated technology that all of Maryland’s state agencies rely upon,
- determine the needs of the Comptroller’s Office and partnering agencies, and finally,
- develop and oversee an implementation plan for this new system.

This bill directs the Comptroller’s Office, the State Treasurer’s Office, the Secretary of the Department of Budget and Management, the Secretary of the Department of Information Technology, and the Secretary of the Department of General Services to coordinate on this effort. The Comptroller’s Office will produce regular reports for the Governor and General Assembly addressing the accomplishments, plans for future, and legislative proposals borne out of this effort.

The original bill text established a “council” to accomplish these goals, but – after consultation with partners – we opted to submit an amendment to reorganize the language to be a directive from the Legislature rather than creating an additional layer of bureaucracy.

Why it Matters: The State of Maryland must modernize existing technologies to effectively process the volume of financial data it is responsible for and balance our books each year. To provide streamlined customer service, timely payments, and accurate accounting, we must bring our data technologies up to date.

Maryland is one of the only states that uses a legacy enterprise system called the Financial Management Information System, or FMIS, which is comprised of accounting, budgeting, purchasing and inventory applications, and mechanisms to produce reports – including those relating to Minority Business Enterprise and Small Business Reserve funds which are of high priority to my administration. FMIS runs on outdated mainframe technology, as opposed to modern cloud computing systems that are now standard in nearly every other state. Programming on these legacy systems is done in an obsolete computer language, is extremely expensive to maintain, and does not offer the range of services and efficiencies that new systems offer.

Why you should vote for this bill: We need to begin a thoughtful but expedient process to replace the outdated FMIS system and guarantee continued service to vendors, businesses, and non-profits who rely on timely payments as well as to balance our books every year. This bill will help us to undertake that process.

I urge a favorable report on SB659.



Brooke E. Lierman
Comptroller of Maryland



SENATE BILL 659

P1, S1

3lr2502
CF HB 709

By: **The President (By Request – Office of the Comptroller)**

Introduced and read first time: February 7, 2023

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 ~~21st Century Financial Systems Council Establishment~~

3 ~~FOR the purpose of establishing the 21st Century Financial Systems Council to modernize~~
4 ~~the financial management information systems infrastructure in the State;~~
5 ~~specifying the responsibilities and priorities of the Council; establishing the position~~
6 ~~of the 21st Century Financial Systems Director in the Office of the Comptroller; and~~
7 ~~generally relating to the 21st Century Financial Systems Council.~~

1 **Comptroller - Modernization of State Financial Systems - Report**

2 FOR the purpose of requiring the Office of the Comptroller, State Treasurer's Office,
3 Department of Budget and Management, Department of Information Technology,
4 Department of General Services, to confer on the modernization of the financial
5 management information systems infrastructure in the State; and requiring the
6 Comptroller to submit a report of findings and recommendations to certain committees of
7 the General Assembly on or before a certain date.

8 BY adding to
9 Article – State Government
10 Section 4–113
11 Annotated Code of Maryland
12 (2021 Replacement Volume and 2022 Supplement)

1 **Preamble**

2 **WHEREAS, substantial risk and waste is generated from the continued use of the State**
3 **of Maryland’s existing accounting and payments platform, the Financial Management**
4 **and Information System (FMIS), due to the limited number of development resources,**
5 **cybersecurity risks, and difficulties delivering functional enhancements to meet**

6 evolving end-user needs and legislative mandates;

7 WHEREAS, the State must consider how future systems will integrate across the
8 State’s broader ecosystems and understand that there is substantial
9 risk if key finance functions remain fractured and residing in multiple systems;

10 WHEREAS, the State’s financial systems and applications are operated and
11 maintained by different Departments, contributing to a complex information
12 technology ecosystem and governance challenges, the Comptroller - as chief
13 financial officer for the State – should lead the effort to consolidate these systems
14 under a single 21st Century Financial Enterprise that shall become the state’s
15 financial system of record in coordination with the following partner agencies:
16 the Office of the State Treasurer, the Department of Budget and Management,
17 the Department of Information Technology, and the Department of General
18 Services;

19 WHEREAS, because the State has multiple Information Technology
20 modernization initiatives currently underway that may impact the
21 implementation of a new financial management and payroll system, a
22 coordinated strategy and strong legislative directive is required to minimize
23 additional IT complexities, technical debt, process inefficiency, and
24 overall cost.

13 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
14 That the Laws of Maryland read as follows:

15 Article – State Government

16 4–113.

17 ~~(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS~~
18 ~~INDICATED.~~

19 ~~(2) “COUNCIL” MEANS THE 21ST CENTURY FINANCIAL SYSTEMS~~
20 ~~COUNCIL.~~

21 ~~(3) “DIRECTOR” MEANS THE 21ST CENTURY FINANCIAL SYSTEMS~~
22 ~~DIRECTOR.~~

~~1 (4) "ENTERPRISE" MEANS THE 21ST CENTURY FINANCIAL SYSTEMS~~
~~2 ENTERPRISE.~~

~~3 (B) THERE IS A 21ST CENTURY FINANCIAL SYSTEMS COUNCIL.~~

~~4 (C) THE COUNCIL CONSISTS OF THE FOLLOWING MEMBERS:~~

~~5 (1) THE COMPTROLLER, OR THE COMPTROLLER'S DESIGNEE;~~

~~6 (2) THE STATE TREASURER, OR THE TREASURER'S DESIGNEE;~~

~~7 (3) THE SECRETARY OF BUDGET AND MANAGEMENT, OR THE~~
~~8 SECRETARY'S DESIGNEE;~~

~~9 (4) THE SECRETARY OF INFORMATION TECHNOLOGY, OR THE~~
~~10 SECRETARY'S DESIGNEE; AND~~

~~11 (5) THE SECRETARY OF GENERAL SERVICES, OR THE SECRETARY'S~~
~~12 DESIGNEE.~~

~~13 (D) (1) THE PRESIDENT OF THE SENATE MAY APPOINT ONE MEMBER OF~~
~~14 THE SENATE TO SERVE IN AN ADVISORY CAPACITY ON THE COUNCIL.~~

~~15 (2) THE SPEAKER OF THE HOUSE MAY APPOINT ONE MEMBER OF THE~~
~~16 HOUSE OF DELEGATES TO SERVE IN AN ADVISORY CAPACITY ON THE COUNCIL.~~

~~17 (E) THE COMPTROLLER, OR THE COMPTROLLER'S DESIGNEE, SHALL~~
~~18 CHAIR THE COUNCIL.~~

~~19 (F) THE OFFICE OF THE COMPTROLLER SHALL PROVIDE STAFF FOR THE~~
~~20 COUNCIL.~~

~~21 (G) A MEMBER OF THE COUNCIL:~~

~~22 (1) MAY NOT RECEIVE COMPENSATION AS A MEMBER OF THE~~
~~23 COUNCIL; BUT~~

~~24 (2) IS ENTITLED TO REIMBURSEMENT FOR EXPENSES UNDER THE~~
~~25 STANDARD STATE TRAVEL REGULATIONS, AS PROVIDED IN THE STATE BUDGET.~~

1 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS
2 INDICATED.

3 (2) "FINANCIAL MANAGEMENT INFRASTRUCTURE" MEANS THE
4 INFORMATION TECHNOLOGY INFRASTRUCTURE THAT MANAGES
ALL PAYMENTS AND FUND TRANSFERS THROUGHOUT THE STATE
OF MARYLAND; CURRENTLY REFERRED TO AS THE "FINANCIAL
MANAGEMENT INFORMATION SYSTEM (FMIS).

5 (3) "21ST CENTURY FINANCIAL SYSTEMS ENTERPRISE"
6 MEANS THE INTENDED OUTCOME OF THIS PROCESS; A MODERN
'CLOUD-BASED' INFORMATION TECHNOLOGY INFRASTRUCTURE
THAT ADDRESSES ALL OF THE ONGOING CONCERNS ABOUT THE
OUTDATED EXISTING SYSTEM, FMIS.

7 (4) "DEPARTMENTS" MEANS THE:
(I) THE OFFICE OF THE COMPTROLLER;
(II) THE OFFICE OF THE STATE TREASURER;
(III) THE DEPARTMENT OF BUDGET AND
MANAGEMENT;
(IV) THE DEPARTMENT OF INFORMATION
TECHNOLOGY;
(V) THE DEPARTMENT OF GENERAL SERVICES.

26 (B) THE COUNCIL DEPARTMENTS SHALL:

1 (1) SET POLICIES, OBJECTIVES, AND PRIORITIES FOR THE
2 TRANSFORMATION OF THE STATE OF MARYLAND'S FINANCIAL MANAGEMENT
3 INFORMATION SYSTEMS INFRASTRUCTURE INTO THE 21ST CENTURY FINANCIAL
4 SYSTEMS ENTERPRISE;

5 (2) LEARN THE NEEDS AND PRIORITIES OF ALL USERS OF THE
6 FINANCIAL MANAGEMENT INFORMATION SYSTEMS AND FUTURE KNOWN USERS OF
7 THE 21ST CENTURY FINANCIAL SYSTEMS ENTERPRISE;

8 (3) COLLABORATE WITH CONSULTANTS TO CREATE A PROJECT
9 PROPOSAL FOR, AND OVERSEE IMPLEMENTATION OF, THE 21ST CENTURY FINANCIAL
SYSTEMS ENTERPRISE;

10 (4) OVERSEE, COORDINATE, AND AUTHORIZE THE ASSIGNMENT OF
11 RESOURCES TO DEVELOPMENT OF THE 21ST CENTURY FINANCIAL SYSTEMS
12 ENTERPRISE;

13 (5) ESTABLISH WORKING GROUPS AS NEEDED; AND

14 (6) RECOMMEND ANY LEGISLATIVE CHANGES CONSIDERED
15 NECESSARY BY THE ~~COUNCIL~~ DEPARTMENTS TO ADDRESS FINANCIAL MANAGEMENT
16 INFORMATION SYSTEMS ISSUES.

17
18 (C) THE OFFICE OF THE COMPTROLLER SHALL PRODUCE A
REPORT TO THE LEGISLATURE DETAILING THE STATUS OF THE 21ST
CENTURY FINANCIAL SYSTEMS ENTERPRISE EVERY SIX MONTHS,
BEGINNING ON OR BEFORE DECEMBER 31, 2023, UNTIL THE FINAL
SUBMISSION DUE ON OR BEFORE JANUARY 1, 2027.

19 (D) THE COUNCIL DEPARTMENTS SHALL SET PRIORITIES TO:

20 (1) STANDARDIZE FINANCIAL MANAGEMENT FOR ALL STATE
21 AGENCIES BY REQUIRING ALL STATE AGENCIES TO PARTICIPATE IN THE
22 ENTERPRISE;

23 (2) PROVIDE SUPPORT TO PARTICIPATING UNITS IN ACCORDANCE
24 WITH THE POLICIES AND OBJECTIVES ESTABLISHED BY THE ~~COUNCIL~~
DEPARTMENTS;

25 (3) CONFORM TO MODERNIZED BUSINESS AND TECHNOLOGY
26 STANDARDS; AND

27 (4) HOST AND MANAGE MODERNIZED APPLICATIONS AND SHARED
28 DATA FOR THE DELIVERY OF ALL ACCOUNTING SERVICES IN THE STATE;
29

~~30 (J) (1) THERE IS A 21ST CENTURY FINANCIAL SYSTEMS DIRECTOR IN
31 THE OFFICE OF THE COMPTROLLER.~~

~~32 (2) THE DIRECTOR SHALL BE APPOINTED BY AND SERVE AT THE
33 PLEASURE OF THE COMPTROLLER.~~

~~34 (3) THE DIRECTOR SHALL BE PART OF THE STAFF OF THE OFFICE OF
35 THE COMPTROLLER FOR ADMINISTRATIVE, STAFFING, AND BUDGETARY PURPOSES.~~

1 ~~(4) THE DIRECTOR SHALL:~~

2 **(15) USE AND MANAGE THE 21ST CENTURY FINANCIAL SYSTEMS**
3 **ENTERPRISE TO ACHIEVE THE GOALS AND OBJECTIVES SET BY THE**
4 **COUNCIL;**

3 **(H6) FACILITATE AND COORDINATE THE DELIVERY OF**
4 **PORTFOLIO PRODUCTS AND SERVICES;**

5 **(H7) ENSURE THE FAITHFUL EXECUTION OF ALL AGREEMENTS**
6 **ENTERED INTO ON BEHALF OF THE ~~COUNCIL~~DEPARTMENTS; AND**

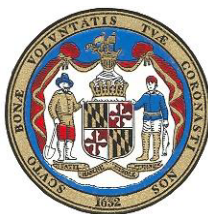
7 **(IV8) OVERSEE AND BE RESPONSIBLE FOR THE OVERSIGHT,**
8 **IMPLEMENTATION, AND MANAGEMENT OF THE 21ST CENTURY FINANCIAL**
9 **SYSTEMS ENTERPRISE.**

9 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
11 ~~October~~ July 1, 2023.

SB 659 - FAV Testimony.pdf

Uploaded by: Dereck Davis

Position: FAV



MARYLAND STATE TREASURER
Dereck E. Davis

Testimony of the Maryland State Treasurer's Office

Senate Bill 659: 21st Century Financial Systems Council - Establishment

Position: Favorable

Senate Budget and Taxation Committee

March 9, 2023

As part of a broader effort to modernize office policies and practices, the State Treasurer's Office (STO) respectfully requests that the Committee give favorable consideration to Senate Bill 659.

Like other agencies, STO is undertaking a full operational modernization to move towards a cloud-based system that will be more secure. This past year, it became even more apparent the ways in which outdated legacy technology can impact the limits of STO's work. For the agency to operate at the highest level, investing time and resources in IT remains a top priority.

The promise of a 21st Century Financial Systems Enterprise as the replacement for the Financial Management Information System (FMIS) will modernize payment processes, safeguard against cybersecurity threats, and enhance coordination across State government. STO and all other agencies that interface with FMIS stand to benefit from the changes proposed under Senate Bill 659. Most notably, the requirement for STO to collaborate with the Comptroller's Office and other State agencies ensures that the proper policies, objectives, and priorities are implemented throughout the transition.

For the foregoing reasons, STO requests that the Committee give Senate Bill 659 a favorable report. Please contact Laura Atas, Deputy Treasurer for Public Policy (latas@treasurer.state.md.us), with any questions.

SB659 Testimony.pdf

Uploaded by: Helene Grady

Position: FAV



Maryland

DEPARTMENT OF BUDGET
AND MANAGEMENT

WES MOORE
Governor

ARUNA MILLER
Lieutenant Governor

HELENE GRADY
Secretary

MARC L. NICOLE
Deputy Secretary

Testimony of Helene T. Grady, Secretary of the Department of Budget and Management in support of SENATE BILL 659/HOUSE BILL 709 - Comptroller - Modernization of State Financial Systems - Report

DATE: March 9, 2023

COMMITTEE: Senate Budget and Taxation

I appreciate Comptroller Lierman taking the lead and prioritizing this issue. The Modernization of State Financial Systems bill is a much-needed directive to research, adopt, and implement a new accounting system for the State of Maryland. Our state government needs to modernize its existing technologies to process a large volume of financial data effectively and efficiently. To provide the streamlined customer service that Marylanders deserve, we must bring our antiquated payment systems up to date.

Maryland is currently one of the only states still using the Financial Management Information System (FMIS), which comprises accounting, budgeting, purchasing, and inventory applications and mechanisms to produce reports for our departments. FMIS runs on an outdated mainframe technology instead of the modern cloud computing systems that are now standard in nearly every other state. Programming on these archaic systems is performed in an almost obsolete computer language, therefore hiring programmers to work in the system has become challenging.

With the passage of the Modernization of State Financial Systems bill, we will be able to develop strategies and best practices to help state agencies prepare for the replacement of outdated technology, determine the needs of the Comptroller's Office and partner agencies, and finally, develop and oversee an implementation plan for this new system. This bill directs the Comptroller's Office, the State Treasurer's Office, the Department of Budget and Management, the Department of Information Technology, and the Department of General Services to coordinate this effort. I look forward to working with my partners in government - Comptroller Lierman and Treasurer Davis - on this important effort.

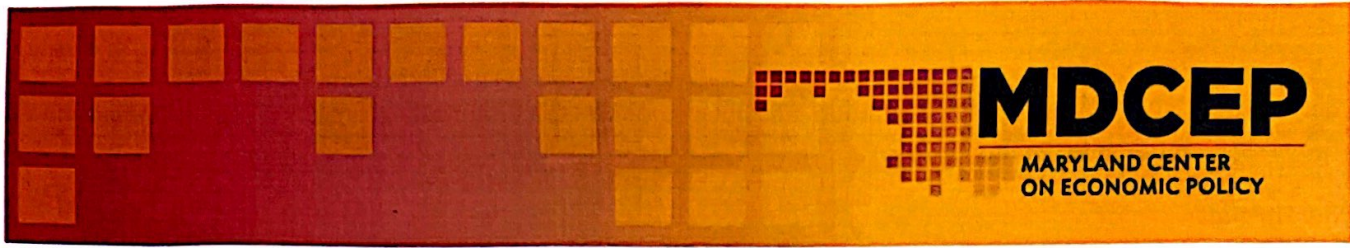
I urge you to vote favorably for the Modernization of State Financial Systems bill. The State of Maryland must begin to replace the outdated FMIS system to guarantee continued service to vendors, businesses, and non-profits who rely on timely payments while also maintaining administrative order and processes within our agencies.

Helene T. Grady, Secretary
Maryland Department of Budget and Management

SB659 - FAV Panel Written Testimony.pdf

Uploaded by: Justin Hayes

Position: FAV



MDCEP

MARYLAND CENTER
ON ECONOMIC POLICY

MARCH 9, 2023

Overhauling the State's Accounting System is Critical to a Well-Functioning State Government

Position Statement in Support of Senate Bill 659

Given before the Senate Budget and Taxation Committee

Kali Schmitz

Maryland's accounting system sits at the heart of state government operations, ensuring that employees, vendors, nonprofits that partner with the state, and others receive payments in a timely fashion. And, the system must also be able to respond to the government's unique needs for transparency and complying with public accounting best practices so that policymakers and the public can understand how the state is using our shared resources. **The Maryland Center on Economic Policy supports Senate Bill 659** because it would begin the process to replace the state's outdated accounting and payments system as soon as possible.

Maryland has one of the oldest accounting and payment processes in the country, relying on outdated mainframe technology rather than using modern cloud-based systems that most other states now use. Relying on outdated technology makes it harder for state agencies to perform basic functions of government and to comply with evolving transparency and reporting standards. It also creates a significant risk of delayed payments to vendors and nonprofits. This can have broader implications, as the state government is one of the largest employers in the state and its purchases of products and services help support other local businesses.

While state policymakers should address this need with urgency, replacing such a critical piece of technology must be done thoughtfully and with sufficient resources. SB 659 sets up a process to ensure all stakeholders are included in this planning process and that the state can plan to allocate appropriate funds and staff to oversee and execute this vital project.

For these reasons, the Maryland Center on Economic Policy respectfully requests that the Budget and Taxation Committee make a favorable report on Senate Bill 659.

Equity Impact Analysis: Senate Bill 659

Bill summary

This bill directs the Comptroller's Office to lead a multi-agency effort between the State Treasurer's Office, the Secretary of the Department of Budget and Management, the Secretary of the Department of Information Technology, and the Secretary of the Department of General Services to prepare for the timely replacement of the existing accounting and payments system, determine the needs of the partner agencies involved, and finally,

develop the RFP and oversee implementation. The bill also directs the Comptroller to produce regular reports to the Legislature on the status of this effort.

Background

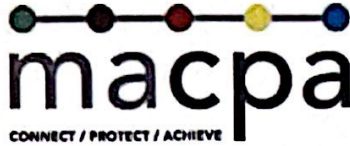
Maryland has one of the oldest accounting and payment processes in the country, relying on outdated mainframe technology rather than using modern cloud-based systems that most other states now use. This has the potential to affect state employees, vendors, nonprofit organizations, and other stakeholders.

Equity Implications

The investments and services provided by our state government are critical to opening doors to opportunity and undoing past harms. None of this is possible without well-maintained technological and financial infrastructure. To the extent that the current outdated system results in delayed payments to small businesses and nonprofit organizations that are responsible for providing services to Marylanders, having outdated financial systems can affect the well-being of Maryland families. While a different set of computer systems was involved, the state's mishandling of unemployment insurance claims during the COVID-19 pandemic illustrates how relying on outdated technology can harm Marylanders, especially workers of color. Effective financial systems are also necessary for the state to comply with tracking and transparency best practices, including tracking needed to comply with the state's goals for contracting with small, women-owned, and minority-owned businesses.

Impact

Senate Bill 659 would potentially **improve racial and economic equity** in Maryland.



March 9, 2023

The Honorable Guy Guzzone
Budget and Taxation Committee
Miller Senate Office Building
Annapolis, MD 21401

RE: SB 659, "21st Century Financial Systems Council - Establishment" FAVORABLE

Dear Chair Guzzone and members of the Committee:

The Maryland Association of CPAs (MACPA) is a professional organization representing the CPA profession in Maryland, with more than 8,000 members statewide, and a history of serving the public interest since 1901. Our members provide services to individuals, not-for-profit organizations, small and medium-sized businesses, as well as Maryland's largest businesses.

MACPA is in favor of all efforts to improve the operations and efficiency of the state's financial systems. We support the Comptroller's initiative to establish the 21st Century Financial Systems Council. Modernization of the state's financial management information systems (FMIS) infrastructure is incredibly important to the continuity of operations for the state. Having the right FMIS in place will result in simplifying many of the overly complex and outdated accounting, purchasing, inventorying, and reporting processes currently in place. A modern FMIS provides access to data to evaluate spending, allows for more informed budget decisions and helps to clearly articulate future funding needs to lawmakers.

With guidance from the 21st Century Financial Systems Council, Maryland can procure a properly designed FMIS that will enhance financial policy compliance, transparency, management, execution, and long-term sustainment.

MACPA appreciates the opportunity to offer these comments, and we respectfully request a favorable report for SB 659.

Sincerely,

Rebekah J. Brown, CPA
Chief Executive Officer, MACPA

MACPA | 901 Dulaney Valley Road | Suite 800 | Towson, MD 21204



**SB 659 - 21st Century Financial Systems Council - Establishment
Senate Budget and Taxation Committee**

March 9th, 2023

SUPPORT

Robin McKinney

Chair Guzzone, Vice-Chair and members of the committee, thank you for the opportunity to submit testimony in support of Senate Bill 659. This bill would create a council to oversee upgrading Maryland's financial management system.

CASH Campaign of Maryland promotes economic advancement for low-to-moderate income individuals and families in Baltimore and across Maryland. CASH accomplishes its mission through operating a portfolio of direct service programs, building organizational and field capacity, and leading policy and advocacy initiatives to strengthen family economic stability. CASH and its partners across the state achieve this by providing free tax preparation services through the IRS program 'VITA', offering free financial education and coaching, and engaging in policy research and advocacy. **Almost half of CASH's tax preparation clients earn less than \$20,000.**

One of the challenges identified by the Comptroller's Transition Committee is that Maryland is using an outdated financial management system. To address this concern, the workgroup recommended for the Comptroller's Office to, "collaborate with the Treasurer and Secretary of the Department of Budget and Management to implement a new accounting system for the State to replace the current accounting system (FMIS)." The full transition committee report can be found here: [Transition Report Comptroller of Maryland 2023](#).

CASH receives multiple grants paid by state agencies, several of which are reimbursement grants. There have been several instances of data not being updated properly by agencies that led to the Comptroller holding back our payments. In one case, CASH had over \$200,000 in funding held up by a \$15 flag from Department of Labor, which they had never billed and immediately put into flag status.

HB 659 creates a 21st Century Financial Systems Council will ensure that the Comptroller's Office, and other relevant agencies and stakeholders will work together to investigate the best practices in implementing a better financial management system. Modernizing infrastructure will make the process more efficient and transparent for state agencies, businesses, and nonprofits across the state. Upgrading the system will be a prolonged process and require input from many different sources. SB 659 will create the 21st Century Financial Systems Director position to facilitate and coordinate the process of upgrading Maryland's financial management systems and oversee the implementation.

SB 659 will start the process of converting Maryland to a new financial management system that will be safe, effective, and the needs and priorities for all users will be considered.

We encourage you to return a favorable report for SB 659.

Creating Assets, Savings and Hope



Tuesday March 7, 2023

Maryland Minority Contractors Association, Inc. Testimony.

Senate Bill 659

Good afternoon, Chair Guzzone and Vice Chair Rosapepe

I am here to express the support of Maryland Minority Contractors Association, Inc. for SB 659 introduced at the request of Comptroller Brooke Lierman. Madame Comptroller has stated that Maryland's accounting and bill payment system is one of the oldest in the country. I have no doubt that the state's vintage system has caused many issues and until updated will continue to cause considerable delays in the processing of vendor invoices. Along with achievement of the level of participation mandated under law on state contracts, prompt payment is a priority concern for MMCA, Inc. members. We, therefore, wholeheartedly and unconditionally applaud the creation of the 21st Century Financial System Executive Council to investigate and provide guidance for the replacement of the existing legacy system, develop a request for proposal or other procurement mechanism for selection of one or more vendors to offer a modern system that affords both accountability and transparency and to oversee implementation of the new system.

Maryland Minority Contractors Association, Inc. urges a favorable report of Senate Bill

Thank you,
Pless Jones Sr.



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FAX 443-881-4146
www.msatp.org

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Christine Giovetti
Board of Trustees Delegate

Giavante' Hawkins
Executive Director

To: Budget and Tax Committee

From: The Maryland Society of Accounting and Tax Professionals, Inc.

Re: SB0659 By: The President (By Request – Office of the Comptroller

Contact Person: **Giavante Hawkins**, Executive Director

Position: SUPPORT

21st Century Financial Systems Council - Establishment

The MD Society of Accounting and Tax Professionals (MSATP) has 2,000 CPAs and Professional Tax members, representing over 700,000 Maryland residents. The MD Society of Accounting and Tax Professionals supports bill HB709.

As the Executive Director of MSATP, I have been in constant communication with the Comptroller's office on issues that members or clients of members face. It has been brought to my attention on numerous occasions by staff and Directors at the Comptroller's office that the systems are outdated, and they cannot complete their duties within the office efficiently due to the old financial systems. It creates frustration in the state's accounting industry and clients.

Modernizing the Comptroller's financial system, and all state financial systems, should be a top priority to increase efficiency throughout the state of Maryland. Still, it is understood that an executive council is required to manage the project and oversee implementation, as it will be a large overhaul with a tremendous amount of data with high importance to making sure the system integrates and works well.

Therefore, we urge a FAVORABLE report on SB0659.



BILL NO: SB659

TITLE: 21st Century Financial Systems Council - Establishment

COMMITTEE: Budget and Taxation

HEARING DATE: March 9th, 2023

POSITION: FAVORABLE

ABOUT: TurnAround, Inc. was founded in 1978 and serves as the designated rape crisis center for Baltimore City and Baltimore County. TurnAround offers comprehensive services, including legal support, counseling, case management, and emergency shelter to those who have endured intimate partner violence, sexual violence, and human trafficking in Baltimore City, Baltimore County, and Howard County.

The pandemic was one of the most challenging periods for TurnAround – but also for a lot of other victim service providers and non-profits around the state. We saw dramatic increases in not just instances of violence, but also startling increases in level of violence – increases strangulations and near homicides. We also saw an increase in teen and adolescent sexual assault survivors seeking help – they were trapped in the house with their abuser with nowhere to turn. Some of our data points, showed an increased need of over 300%. As an example, our average numbers of calls for service pre-pandemic was around 2,500 to 3,000 this last year the number was over 10,000. We are not seeing these numbers decrease now – instead they’ve plateaued to what is now our new normal.

The other significant challenge we faced was financial – agencies around us were folding because of the economic downturn – and I remember telling one of my staff as we walked from the building in March of 2020 – no layoffs that’s the goal. We relied on our funders to help us get through a very tough period were we as the service provider was living invoice to invoice.

What a lot of our community does not realize that non-profits like TurnAround are mainly funded through reimbursable grants, which means every month we expend hundreds of thousands of dollars in payroll, bednights for fleeing survivors of violence, direct assistance for survivors who are literally starting their lives over after abuse and then wait sometimes for more than 60 days to get reimbursed by the state. We are required to have a cushion of cash at all times and don’t have the resources to have large reserves and banks rarely offer significant lines of credit to non-profits. Ultimately, one late payment leads to serious ramifications for non-profits and, in turn, that means services may be delayed or even denied to some of our most vulnerable community members.

As early as December of this last year, we were owed nearly half a million by state and local funders in delayed payments. Non-profits were drafting furlough policies while we were reading news stories about billions of dollars in surplus.

The system used by the Comptroller currently shows us what has been paid and what is in their system is unpaid but invoiced. That is all we know – so we wait and hope that our payments come on time. Utilizing technology to ensure the sustainability of our state service providers is



BILL NO: SB659
TITLE: 21st Century Financial Systems Council - Establishment
COMMITTEE: Budget and Taxation
HEARING DATE: March 9th, 2023
POSITION: FAVORABLE

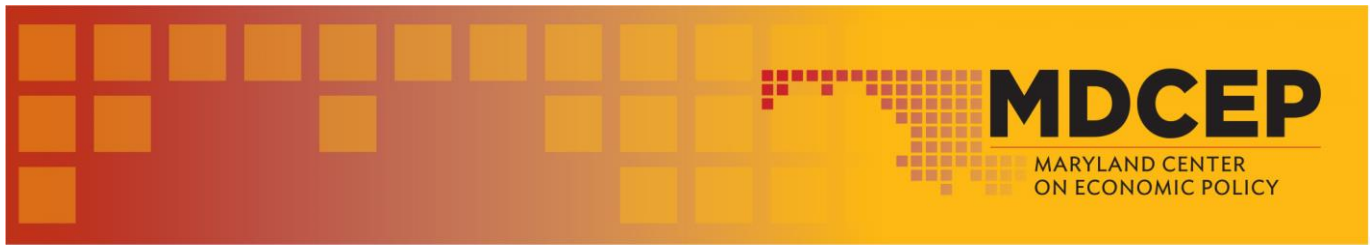
necessary for the safety of those who are impacted by intimate partner violence, sexual violence and human trafficking.

We request a favorable report for SB659. Thank you.

SB 659_MD Center on Economic Policy_FAV.pdf

Uploaded by: Kali Schumitz

Position: FAV



MARCH 9, 2023

Overhauling the State's Accounting System is Critical to a Well-Functioning State Government

Position Statement in Support of Senate Bill 659

Given before the Senate Budget and Taxation Committee

Maryland's accounting system sits at the heart of state government operations, ensuring that employees, vendors, nonprofits that partner with the state, and others receive payments in a timely fashion. And, the system must also be able to respond to the government's unique needs for transparency and complying with public accounting best practices so that policymakers and the public can understand how the state is using our shared resources. **The Maryland Center on Economic Policy supports Senate Bill 659** because it would begin the process to replace the state's outdated accounting and payments system as soon as possible.

Maryland has one of the oldest accounting and payment processes in the country, relying on outdated mainframe technology rather than using modern cloud-based systems that most other states now use. Relying on outdated technology makes it harder for state agencies to perform basic functions of government and to comply with evolving transparency and reporting standards. It also creates a significant risk of delayed payments to vendors and nonprofits. This can have broader implications, as the state government is one of the largest employers in the state and its purchases of products and services help support other local businesses.

While state policymakers should address this need with urgency, replacing such a critical piece of technology must be done thoughtfully and with sufficient resources. SB 659 sets up a process to ensure all stakeholders are included in this planning process and that the state can plan to allocate appropriate funds and staff to oversee and execute this vital project.

For these reasons, the Maryland Center on Economic Policy respectfully requests that the Budget and Taxation Committee make a favorable report on Senate Bill 659.

Equity Impact Analysis: Senate Bill 659

Bill summary

This bill directs the Comptroller's Office to lead a multi-agency effort between the State Treasurer's Office, the Secretary of the Department of Budget and Management, the Secretary of the Department of Information Technology, and the Secretary of the Department of General Services to prepare for the timely replacement of the existing accounting and payments system, determine the needs of the partner agencies involved, and finally,

develop the RFP and oversee implementation. The bill also directs the Comptroller to produce regular reports to the Legislature on the status of this effort.

Background

Maryland has one of the oldest accounting and payment processes in the country, relying on outdated mainframe technology rather than using modern cloud-based systems that most other states now use. This has the potential to affect state employees, vendors, nonprofit organizations, and other stakeholders.

Equity Implications

The investments and services provided by our state government are critical to opening doors to opportunity and undoing past harms. None of this is possible without well-maintained technological and financial infrastructure. To the extent that the current outdated system results in delayed payments to small businesses and nonprofit organizations that are responsible for providing services to Marylanders, having outdated financial systems can affect the well-being of Maryland families. While a different set of computer systems was involved, the state's mishandling of unemployment insurance claims during the COVID-19 pandemic illustrates how relying on outdated technology can harm Marylanders, especially workers of color. Effective financial systems are also necessary for the state to comply with tracking and transparency best practices, including tracking needed to comply with the state's goals for contracting with small, women-owned, and minority-owned businesses.

Impact

Senate Bill 659 would potentially **improve racial and economic equity** in Maryland.

SB 659 Support.pdf
Uploaded by: Maddie Long
Position: FAV



**Testimony in support of
Senate Bill 659: 21st Century Financial Systems Council – Establishment**

**Senate Budget and Taxation Committee
Position: Favorable**

March 9, 2023

Strong Schools Maryland is a network of education advocates dedicated to ensuring the full funding and faithful implementation of the Blueprint for Maryland's Future.

Strong Schools Maryland urges a favorable vote on Senate Bill 659.

The Blueprint for Maryland's Future envisions a World-Class system of public schools for our state's students. This vision, of a globally competitive public education system and a re-imagining of what is possible for our students to achieve, requires investment. This Legislative Session, Strong Schools Maryland is devoting time and resources to supporting efforts of generating future revenue for long-term Blueprint funding, which includes modernizing our tax systems .

Right now, Maryland has one of the most outdated accounting systems in the country. As a result, necessary services to vendors, businesses, and nonprofits have been lacking. Replacing this system is a much-needed step toward modernizing our state government infrastructure and ensuring the Controller's office has all the resources to function effectively. This is essential to ensuring revenue generating initiatives, such as those designated to fund the Blueprint, will be implemented properly.

For these reasons, we urge a favorable report on Senate Bill 659.

*For more information, contact Maddie Long:
maddie@strongschoolsmaryland.org*

MACPA Written - SB 659 _ 21st Century Financial Sy

Uploaded by: MB Halpern

Position: FAV



March 9, 2023

The Honorable Guy Guzzone
Budget and Taxation Committee
Miller Senate Office Building
Annapolis, MD 21401

RE: SB 659, "*21st Century Financial Systems Council - Establishment*" FAVORABLE

Dear Chair Guzzone and members of the Committee:

The Maryland Association of CPAs (MACPA) is a professional organization representing the CPA profession in Maryland, with more than 8,000 members statewide, and a history of serving the public interest since 1901. Our members provide services to individuals, not-for-profit organizations, small and medium-sized businesses, as well as Maryland's largest businesses.

MACPA is in favor of all efforts to improve the operations and efficiency of the state's financial systems. We support the Comptroller's initiative to establish the 21st Century Financial Systems Council. Modernization of the state's financial management information systems (FMIS) infrastructure is incredibly important to the continuity of operations for the state. Having the right FMIS in place will result in simplifying many of the overly complex and outdated accounting, purchasing, inventorying, and reporting processes currently in place. A modern FMIS provides access to data to evaluate spending, allows for more informed budget decisions and helps to clearly articulate future funding needs to lawmakers.

With guidance from the 21st Century Financial Systems Council, Maryland can procure a properly designed FMIS that will enhance financial policy compliance, transparency, management, execution, and long-term sustainment.

MACPA appreciates the opportunity to offer these comments, and we respectfully request a favorable report for SB 659.

Sincerely,

Rebekah J. Brown, CPA
Chief Executive Officer, MACPA

(3.8) SB 659 -21st Century Financial Systems Council

Uploaded by: Robin McKinney

Position: FAV



SB 659 - 21st Century Financial Systems Council - Establishment
Senate Budget and Taxation Committee
March 9th, 2023
SUPPORT

Chair Guzzone, Vice-Chair and members of the committee, thank you for the opportunity to submit testimony in support of Senate Bill 659. This bill would create a council to oversee upgrading Maryland's financial management system.

CASH Campaign of Maryland promotes economic advancement for low-to-moderate income individuals and families in Baltimore and across Maryland. CASH accomplishes its mission through operating a portfolio of direct service programs, building organizational and field capacity, and leading policy and advocacy initiatives to strengthen family economic stability. CASH and its partners across the state achieve this by providing free tax preparation services through the IRS program 'VITA', offering free financial education and coaching, and engaging in policy research and advocacy. **Almost half of CASH's tax preparation clients earn less than \$20,000.**

One of the challenges identified by the Comptroller's Transition Committee is that Maryland is using an outdated financial management system. To address this concern, the workgroup recommended for the Comptroller's Office to, "collaborate with the Treasurer and Secretary of the Department of Budget and Management to implement a new accounting system for the State to replace the current accounting system (FMIS)." The full transition committee report can be found here: [Transition Report Comptroller of Maryland 2023](#).

CASH receives multiple grants paid by state agencies, several of which are reimbursement grants. There have been several instances of data not being updated properly by agencies that led to the Comptroller holding back our payments. In one case, CASH had over \$200,000 in funding held up by a \$15 flag from Department of Labor, which they had never billed and immediately put into flag status.

HB 659 creates a 21st Century Financial Systems Council will ensure that the Comptroller's Office, and other relevant agencies and stakeholders will work together to investigate the best practices in implementing a better financial management system. Modernizing infrastructure will make the process more efficient and transparent for state agencies, businesses, and nonprofits across the state. Upgrading the system will be a prolonged process and require input from many different sources. SB 659 will create the 21st Century Financial Systems Director position to facilitate and coordinate the process of upgrading Maryland's financial management systems and oversee the implementation.

SB 659 will start the process of converting Maryland to a new financial management system that will be safe, effective, and the needs and priorities for all users will be considered.

We encourage you to return a favorable report for SB 659.

Creating Assets, Savings and Hope

Testimony SB659 2023_T. Araya-Turnaround.pdf

Uploaded by: Tania Araya

Position: FAV

Comptroller Lierman, thank you for bringing this important piece of legislation forward. Mr. Chairman, Mr. Vice-chairman and members of the committee.

My name is Tania Araya and I am the Director of Programs at TurnAround – a designated rape crisis center, and a comprehensive intimate partner violence and human trafficking service provider. We were founded in 1978 and serve Baltimore City, County and Howard County.

Last fiscal year, our staff fielded more than 13,000 calls and provided critically needed services to 4,000 individuals. The demand for our services increased by more than 300% during the pandemic and has yet to return to pre-pandemic figures.

During the pandemic, we also faced serious financial challenges as agencies around us were closing because of the economic downturn. We were determined however, to keep our doors open with no layoffs. We relied on our funders to help us get through this very tough period as we were existing from invoice to invoice.

Non-profits like TurnAround are mainly funded through reimbursable grants -- which means every month we expend hundreds of thousands of dollars in payroll and emergency shelter placements and direct assistance for survivors fleeing violence and starting their lives over. We sometimes wait more than 60 days to get reimbursed by the state. We are required to have reserves at all times, but are unable to maintain large reserves. And banks rarely offer significant lines of credit to non-profits. Last December, we were owed nearly half a million by state and local funders in delayed payments. At the same time, many non-profits were drafting furlough policies as we heard the news about billions of dollars in surplus. Non-profits contend with serious outcomes with just one late payment as services may be delayed or even denied to our most vulnerable community members.

Utilizing enhanced technology to ensure the sustainability of our state service providers is necessary for the safety of those who are impacted by abuse in Maryland. I request a favorable decision for this bill. Thank you for your time and consideration.

SB0659_FAV_FairFundingCoalition.pdf

Uploaded by: Trap Jervey

Position: FAV

MARYLAND FAIR FUNDING COALITION

Contact: Trap Jervey, trap@marylandrise.org

TESTIMONY ON SB 659 Comptroller - Modernization of State Financial Systems - Report

Senate Budget and Tax Committee
March 9, 2023

SUPPORT

The Maryland Fair Funding Coalition is a group of more than a dozen organizations across the state that have come together to ensure that the state has the resources it needs to make significant new investments in education funding. Great public schools are part of the foundation of a thriving community. They reflect our understanding that every child has something to contribute and embody our commitment to providing the support children need to learn and thrive. Strong schools build the groundwork for our future prosperity by creating tomorrow's skilled workforce and making Maryland an attractive place for families and businesses.

The Coalition supports proposals focused on making Maryland's tax code fairer. Right now, Maryland has one of the most outdated accounting systems in the country. As a result, necessary services to vendors, businesses, and nonprofits have been lacking. Replacing this system is a much-needed step toward modernizing our state government infrastructure and ensuring the Controller's office has all the resources to function effectively.

This bill directs the Comptroller to lead a multi-agency effort to prepare for the timely and effective replacement of the current financial systems, determine the needs of all involved agencies, and oversee implementation of the new system. Along with the Comptroller, this process will include the State Treasurer's office, the Department of Budget and Management, The Department of Information Technology, and The Department of General Services.

This process will take both time and money, and it will require the full support of all branches of government for its success. As such, the General Assembly should pass this bill to show that they are committed to the project, and to ensure implementation begins as soon as possible.

Therefore, we urge a favorable report on Senate Bill 659

SB0659_FAV_MarylandRise (1).pdf

Uploaded by: Trap Jervey

Position: FAV



Contact: Trap Jervey, trap@marylandrise.org

TESTIMONY ON SB 659
Comptroller - Modernization of State Financial Systems - Report

Senate Budget and Tax Committee
March 9, 2023

SUPPORT

Maryland Rise is a non-partisan, not-for-profit organization working to promote economic opportunity for all Marylanders, not just the wealthy and well-connected.

Maryland Rise supports proposals focused on making Maryland's tax code fairer. Right now, Maryland has one of the most outdated accounting systems in the country. As a result, necessary services to vendors, businesses, and nonprofits have been lacking. Replacing this system is a much-needed step toward modernizing our state government infrastructure and ensuring the Controller's office has all the resources to function effectively.

This bill directs the Comptroller to lead a multi-agency effort to prepare for the timely and effective replacement of the current financial systems, determine the needs of all involved agencies, and oversee implementation of the new system. Along with the Comptroller, this process will include the State Treasurer's office, the Department of Budget and Management, The Department of Information Technology, and The Department of General Services.

This process will take both time and money, and it will require the full support of all branches of government for its success. As such, the General Assembly should pass this bill to show that they are committed to the project, and to ensure implementation begins as soon as possible.

Therefore, we urge a favorable report on Senate Bill 659

SB0659-BT_MACo_SWA.pdf

Uploaded by: Kevin Kinnally

Position: FWA



Senate Bill 659

21st Century Financial Systems Council - Establishment

MACo Position: **SUPPORT**
WITH AMENDMENTS

To: Budget and Taxation Committee

Date: March 9, 2023

From: Kevin Kinnally

The Maryland Association of Counties (MACo) **SUPPORTS** SB 659 **WITH AMENDMENTS**. This legislation envisions a thoughtful but expedient process to replace the State's outdated financial system to improve efficiency and service delivery. As county governments regularly interface with the system, MACo's amendment merely offers local input to help guide this critical transition.

MACo supports efforts to modernize State government and implement services that are accessible, equitable, transparent, and accountable to local governments, businesses, nonprofits, vendors, and others who rely on timely State agency transactions and payments. SB 659 establishes the 21st Century Financial Systems Council to set policies, objectives, and priorities for transforming the State's financial management information systems infrastructure into the 21st century financial systems enterprise, as defined by the bill.

Under the bill, the Council must (1) set policies, objectives, and priorities for the transformation of the Financial Management Information System (FMIS) infrastructure into the 21st Century Financial Systems Enterprise; (2) learn the needs and priorities of all FMIS users and future known users of the enterprise; (3) collaborate with consultants to create a project proposal for, and oversee implementation of, the enterprise; (4) oversee, coordinate, and authorize the assignment of resources to the enterprise; (5) establish working groups as needed; and (5) recommend any legislative changes considered necessary by the council to address FMIS issues.

Maryland has one of the country's oldest accounting and payment processing systems. Modernizing the financial system, SB 659 could reduce costs, increase efficiencies, and provide the necessary flexibility to meet dynamic end-user requirements.

As part of a true partnership with the State, county governments can offer valuable input to help accomplish this goal. As such, MACo urges amendments to require the 21st Century Financial Systems Council to consider local input on policies, objectives, and priorities for transforming the State's financial system.

Accordingly, MACo urges a **FAVORABLE WITH AMENDMENTS** report for SB 659.