

**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- begin the process to replace outdated technology that all of Maryland's state agencies rely upon,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

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

Introduced and read first time: February 7, 2023

Assigned to: Budget and Taxation

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## 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 21<sup>st</sup> 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 21<sup>ST</sup> 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 21<sup>ST</sup> CENTURY FINANCIAL**  
9           **SYSTEMS ENTERPRISE.**

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