

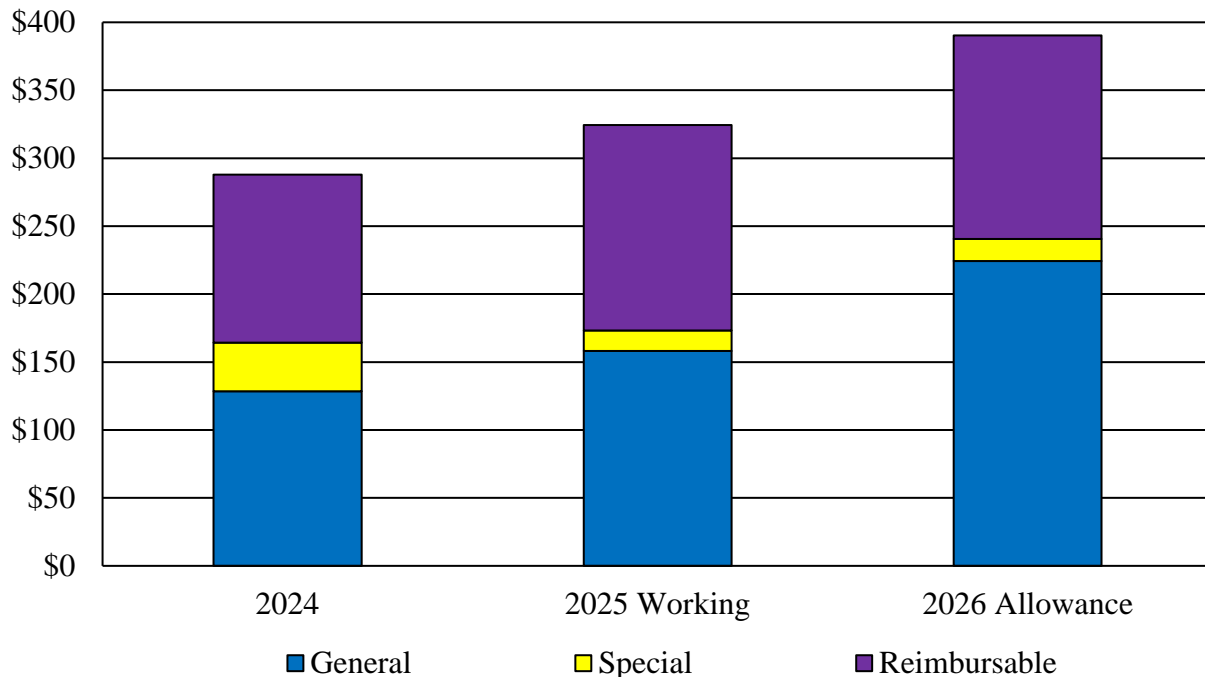
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Department of Information Technology

Executive Summary

The Department of Information Technology (DoIT) supports information technology (IT) needs in State agencies. This includes operations, major IT project development, security, web services, application management, and the State’s 700 megahertz (MHz) first responder radio system.

Operating Budget Summary

Fiscal 2026 Budget Increases \$65.9 Million, or 20.3%, to \$390.2 Million
(\$ in Millions)



Note: Numbers may not sum due to rounding. The fiscal 2025 working appropriation accounts for deficiencies. The fiscal 2026 allowance accounts for contingent reductions. The fiscal 2025 impacts of statewide salary adjustments are centrally budgeted in the Department of Budget and Management (DBM), and adjustments are not reflected in this agency’s budget. The fiscal 2026 impacts of the fiscal 2025 statewide salary adjustments appear in this agency’s budget. The fiscal 2026 statewide salary adjustments are centrally budgeted in DBM and are not included in this agency’s budget.

For further information contact: Yashodhara Rai

yashodhara.rai@mlis.state.md.us

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- The fiscal 2026 allowance increases by \$65.9 million, which includes a total increase of \$67.6 million in the Information Technology Investment Fund (ITIF). Of this \$67.6 million increase in the ITIF, \$52.6 million is attributable for all the Major Information Technology Development Projects (MITDP) and \$15 million is for expedited IT projects after accounting for the \$13.8 million in contingent reductions for expedited IT projects. Chapter 497 of 2024 renamed the Major Information Technology Development Project Fund (MITDPF) to the ITIF and created a new “expedited project” category.
- The fiscal 2026 allowance includes a proposed deficiency appropriation for fiscal 2025 of \$1.7 million in general funds to support the development of the New Campaign Reporting Information System (NCRIS) MITDP under the State Board of Elections (SBE).

Key Observations

- ***Funding for the ITIF More Than Doubles:*** The fiscal 2026 budget includes \$144.3 million funded through the ITIF, including \$15 million set aside for expedited IT projects after accounting for the \$13.8 million in contingent reductions for expedited IT projects. Three MITDPs under the Comptroller’s Office, namely the Financial Management Information Systems (FMIS) Modernization, the Central Payroll Bureau (CPB) Payroll System Modernization, and the Integrated Tax System projects, total \$69 million, or 53%, of the total ITIF in fiscal 2026 as these projects begin procurement and implementation.
- ***New Expedited Project Category Is Created:*** Chapter 497 of 2024 created a new category of IT projects called “expedited project”. The Act defines “expedited project” as an IT project that is not an MITDP but receives funds from the ITIF to support modernization projects. Each fiscal year, at least 20% of the amount included in the Governor’s allowance and appropriated to the ITIF must be set aside to support expedited projects. Any unspent amount set aside for expedited projects in the fiscal year must remain in the fund and be available for future expedited projects.
- ***Funding for the Security Program Decreases:*** The fiscal 2026 allowance includes \$60.3 million in general funds for the Security program, a 11.7% decrease in comparison to fiscal 2025. Cybersecurity remains the top priority among all the Chief Information Officers throughout the nation.

Operating Budget Recommended Actions

| | <u>Funds</u> |
|--|-----------------------|
| 1. Strike the contingent language that reduces general fund appropriations for expedited projects contingent on legislation eliminating the mandate for expedited projects. | |
| 2. Delete the general fund appropriation for the State Board of Elections Voter Registration and Election Administration Modernization Major Information Technology Development Project. | -\$ 602,614 |
| 3. Delete the general fund appropriation for expedited projects in the Information Technology Investment Fund to allow time for the agency to develop criteria and a list of projects. | -\$ 28,820,979 |
| 4. Reduce the general fund appropriation in the Information Technology Investment Fund for three Major Information Technology Development Projects to align the fiscal 2026 budgeted amount with the cashflows available for the projects. | -\$ 2,981,015 |
| 5. Adopt committee narrative requesting a report including clearly defined criteria to determine that an information technology project is an expedited project. | |
| 6. Add language restricting funds pending a report on the status of corrective actions related to the most recent fiscal compliance audit. | |
| 7. Delete 2.0 long term vacant positions. | -\$ 210,608 |
| 8. Delete general funds in the Radio Program as a technical correction. | -\$ 50,081 |
| 9. Reduce the fiscal 2025 proposed deficiency appropriation for the New Campaign Reporting Information System Major Information Technology Development Project based on expected costs. | -\$ 193,000 |
| 10. Add a section to reduce the funding for the Statewide 700 megahertz Radio System Operating Cost based on recent actual spending. | |
| Total Net Change to Fiscal 2025 Deficiency Appropriation | -\$ 193,000 |
| Total Net Change to Allowance | -\$ 32,665,297 |

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Operating Budget Analysis

Program Description

DoIT's goals are (1) to provide leadership and support to State agencies in areas of cybersecurity policy, artificial intelligence, risk and vulnerability assessment, technology implementation, awareness training, and incident response to raise the security posture of State government; (2) that State agency IT systems meet the State Information Technology Master Plan objectives of consolidation, interoperability, and standardization; (3) that the department provide efficient and high-quality online services to State agencies and the public; and (4) to provide efficient and high-quality IT services to State agencies. The department has the following programs:

- ***State Chief of Information Technology:*** Responsible for executive direction and major IT project oversight. This includes a chief operating officer and a chief data officer as well as enterprise architecture, project management, communication, and legislation.
- ***Security Management:*** Responsible for developing statewide security policies, enforcing policies, and supporting State agencies' security efforts. This includes cyber incident response, cyber risk and strategic analysis, vulnerability detection and assessment, intelligence and investigation, and software assurance.
- ***Application Systems Management:*** Responsibilities include application development, web systems, geographic information systems (GIS), and operating statewide systems such as FMIS.
- ***Infrastructure:*** Responsibilities include operating networkMaryland, the State's data network, voice systems, and maintaining and supporting shared services day-to-day operations for Executive Branch agencies.
- ***Radio or Statewide Interoperable Communications Division:*** Operates the Maryland First Responders Interoperable Radio System Team, which is the State's 700 MHz radio system. The system is used by State, local, and federal first responders.
- ***Chief of Staff:*** Provides departmentwide administrative support.

The department administers the ITIF. This is a nonlapsing fund that supports large IT initiatives as defined in §§ 3A-301 and 3A-302 of the State Finance and Procurement Article. Chapter 497 modified the existing criteria for MITDPs that meet one or more of the following criteria:

- the estimated total cost of development equals or exceeds \$5 million (previously the estimated total cost of development equaled or exceeded \$1 million);
- the project is undertaken to support a critical business function associated with the public health, education, safety, or financial well-being of the citizens of Maryland; and/or
- the Secretary of Information Technology determines that the project requires the special attention and consideration given to an MITDP.

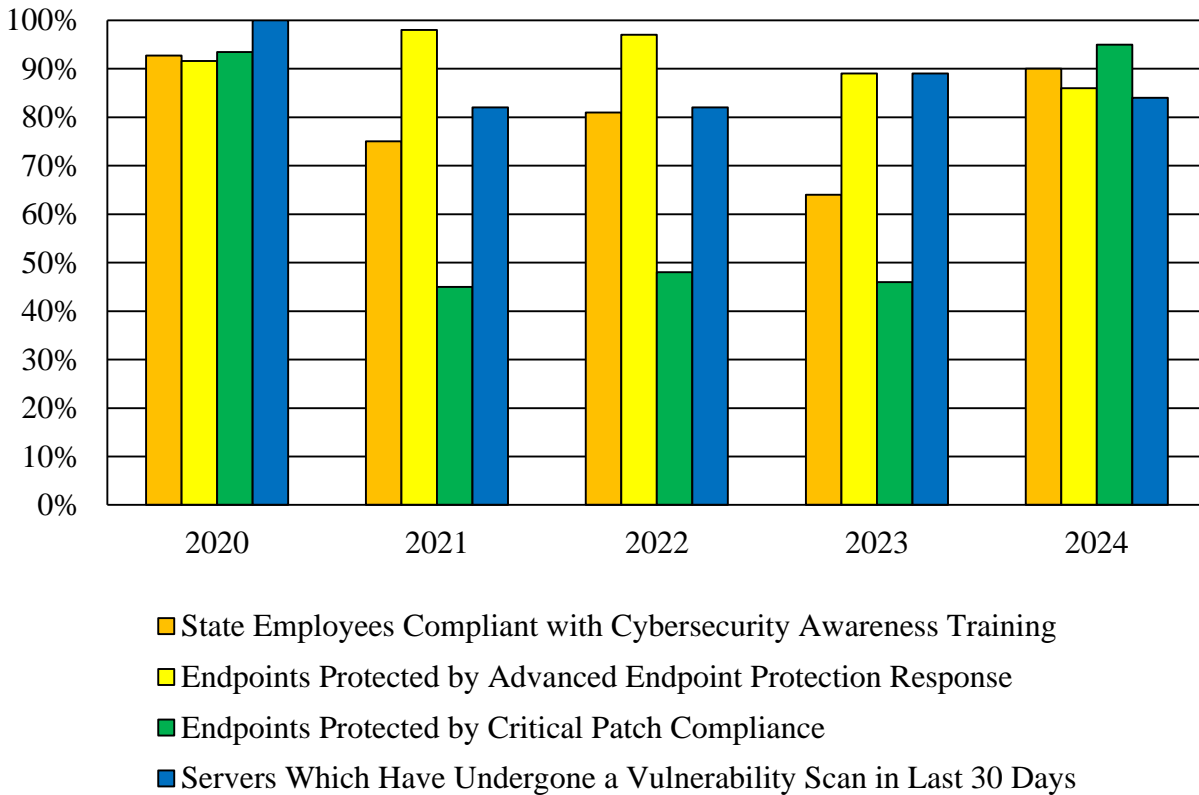
Performance Analysis: Managing for Results

1. Cybersecurity

DoIT’s first Managing for Results (MFR) goal is to provide “leadership and support to State agencies in areas of cybersecurity policy, risk and vulnerability assessment, technology implementation, awareness training, and incident response to raise the security posture of State government.” The objectives are (1) to reduce risk and improve response to cyberattacks and breaches and (2) to increase inter- and intra-agency alignment of IT business functions. To achieve both these objectives, Chapters 241, 242, and 243 of 2022 were enacted to centralize the State’s cyberdefense under DoIT’s Office of Security Management (OSM) and also required OSM to ensure and assist each State agency to complete an external assessment at least once every two years and remediate any cybersecurity vulnerabilities identified in the assessment. This is discussed in more detail in Issue 1 of the analysis.

Exhibit 1 shows performance measures that address the first objective. A common cybersecurity weakness is people who are vulnerable to social engineering. Training is now required so that individuals are aware of the dangers and are less likely to be tricked into giving away sensitive information. To measure this, DoIT measures the share of employees that are compliant with cybersecurity awareness training. DoIT’s training has monthly modules that employees are required to complete. DoIT works with agency security awareness training managers to implement the training. Compliance was quite high in fiscal 2020 but was lower from fiscal 2021 to fiscal 2023. DoIT advises that this was partly attributable to some agencies not removing former employees from the rolls in fiscal 2021 and 2022, and partly due to employees not completing the required training modules and assessments in fiscal 2023. Since then, DoIT has initiated more involved outreach to improve compliance, which has increased compliance to 90% in fiscal 2024.

**Exhibit 1
Cybersecurity Indicators
Fiscal 2020-2024**



Source: Department of Budget and Management

Endpoints include physical devices like mobile devices, desktop computers, as well as virtual machines, etc. that connect to a network system. Critical patches are software and operating system updates that aim to fix security vulnerabilities continuously. In fiscal 2024, 95% of devices were protected by critical patch compliance, which is the highest level in the reporting period of fiscal 2020 to 2024. **DoIT should comment on the reason for the increase in devices protected by critical patch compliance.**

End users are the personnel who use endpoints or physical devices for the State-related business functions. Starting in fiscal 2023, DoIT introduced a new endpoint detection and response (EDR) solution that continuously monitors end-user devices to detect and respond to cyber threats.

Prior to fiscal 2023, the endpoints covered and protected were above 90%. However, endpoints covered by EDR declined to 89% in fiscal 2023 and further decreased to 86% in fiscal 2024.

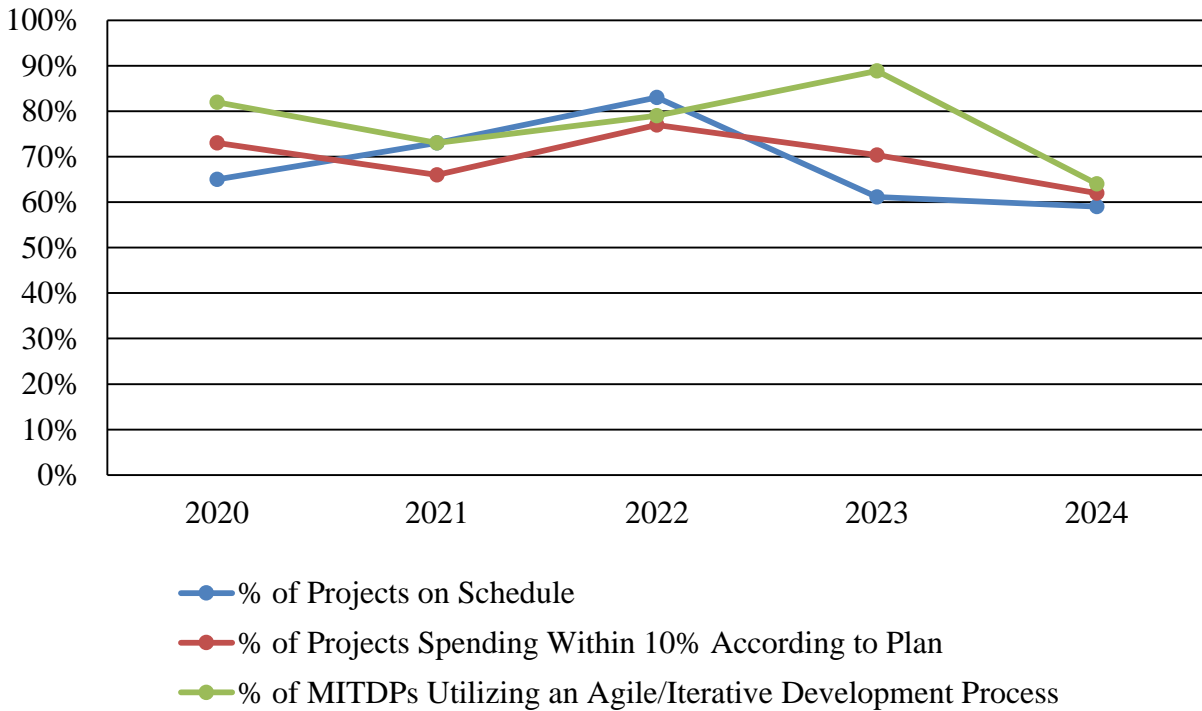
Beginning with fiscal 2023, DoIT began reporting on the number of security incident tickets received and investigated by the Security Operations Center (SOC) under OSM. In fiscal 2024, SOC received 17,226 security incident tickets compared to approximately 9,479 security incident tickets in fiscal 2023, an increase of 81.7%. **DoIT should comment on the increase in security incident tickets and how the department is addressing these incident tickets.** Additionally, beginning in fiscal 2024, DoIT began reporting on the number of executive branch agencies receiving full coverage of cybersecurity services from OSM. In fiscal 2024, 41 Executive Branch agencies received full coverage of cybersecurity services.

2. Oversight of Major IT Projects

Accounting for the contingent reduction, the fiscal 2026 budget includes \$144.3 million funded by the ITIF. DoIT expects to oversee 58 projects in fiscal 2026. The fiscal 2026 budget includes 4 projects not included in last year's out-year forecast. According to the fiscal 2026 MFR submission, 11 projects ended in fiscal 2024. Based on the fiscal 2025 mid-year report submitted by DoIT on the ITIF and the portfolio of all MITDPs as of December 31, 2024, 3 projects have been de-designated as MITDPs as they are no longer development projects and instead are in the operation and maintenance stage.

The department's MFR goal is that State agency IT systems meet State IT master plan objectives of consolidation, interoperability, and standardization. The objective is that all MITDPs executed by Executive Branch agencies are successful. The department has updated their series of output measures that examine the extent to which MITDPs remain on schedule and are spending within 10% of their plan. Previously, DoIT's MITDP indicators measured projects based on defined project objectives and success criteria; however, this also measured projects that did not develop information systems but received funding from the ITIF based on their total project cost. With the enactment of Chapter 497 and starting with the fiscal 2026 MFR submission, DoIT has revised its indicator that measured projects based on defined project objectives to instead measure projects that use an agile or iterative development process. **Exhibit 2** shows that 59% of projects were on schedule with 62% of projects spending within 10% of the respective project's plan in fiscal 2024. The projects utilizing an Agile or iterative development process has decreased from 89% in fiscal 2023 to 64% in fiscal 2024. **DoIT should discuss the reason for the decrease in performance in all three MITDP indicators and its plan to improve performance in these areas.**

Exhibit 2
Major Information Technology Development Project Indicators
Fiscal 2020-2024



MITDP: Major Information Technology Development Project

Source: Department of Budget and Management

3. Support Services for State Agencies

DoIT’s fourth MFR goal is to provide “efficient and high-quality IT services to State agencies.” Among other things, this addresses the State’s consolidated IT operations through the enterprise IT support services. In fiscal 2024, 41 Executive Branch agencies participated in this program, including the Governor’s Office, the Department of Natural Resources, the Maryland State Department of Education (MSDE), and the Department of Budget and Management (DBM). Agencies are charged for these services, and these services are the source of a high share of reimbursable funds in the DoIT budget. For these agencies, DoIT provides full IT operations support including (1) end user hardware, applications, and support; (2) local area networks (LAN)

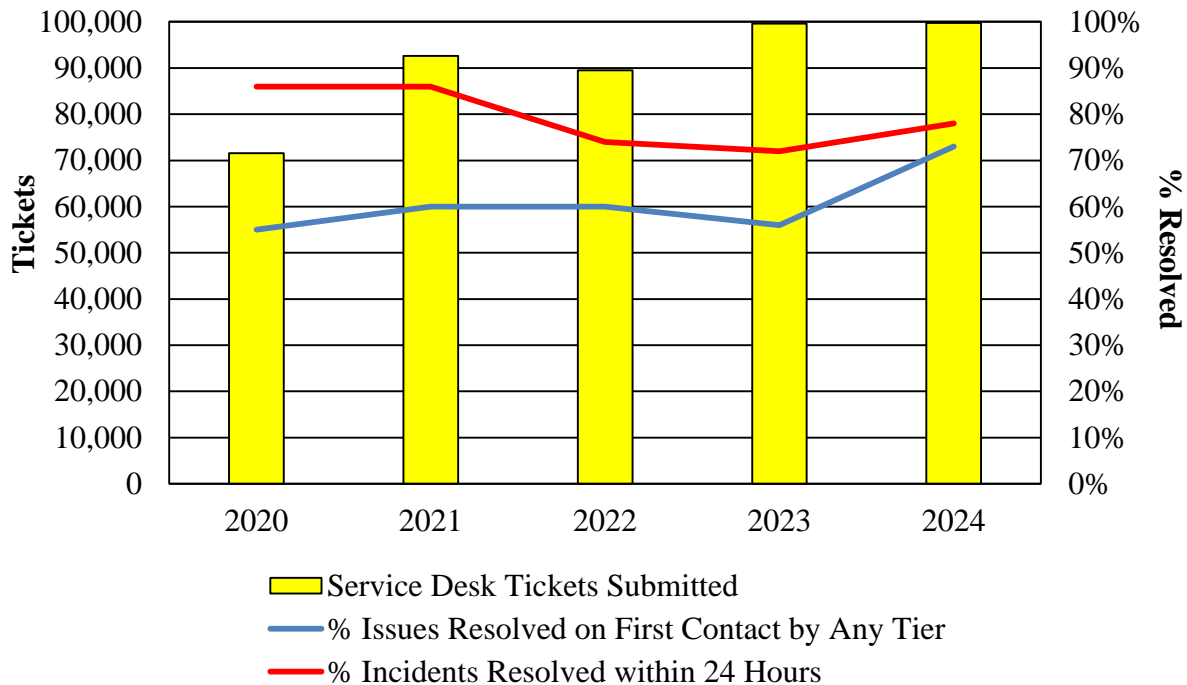
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and wide area networks (WAN); and (3) managed firewall. Agencies participating in the enterprise IT system enter a standard memorandum of understanding with DoIT.

DoIT also offers other IT services to agencies, such as networkMaryland Internet services, GIS, and web development services. Another 75 departments and agencies receive some enterprise IT service but are not part of the system. These services are offered in the DoIT service catalog. DoIT has created service-level agreements (SLA) associated with the services in the catalog. Where appropriate, consideration is given to industry benchmarks in establishing SLAs in the service catalog. For example, the network availability SLA for networkMaryland services is consistent with that of other network service providers.

Exhibit 3 shows that the service desk received approximately 99,800 tickets in fiscal 2024. The data shows that 73% of the service desk tickets were resolved by first contact in fiscal 2024, a 17% increase compared to fiscal 2023. Similarly, 78% of incidents were resolved in 24 hours in fiscal 2024 compared to 72% in fiscal 2023.

Exhibit 3
Agency Services Indicators
Fiscal 2020-2024



Source: Department of Budget and Management

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Committee narrative in the 2024 *Joint Chairmen’s Report* (JCR) requested that DoIT include value and add indicators that measure costs and value in the department’s MFR submission with the fiscal 2026 budget. In their 2024 MFR submission, DoIT reports two new indicators that measure cost and value – average IT cost per full-time equivalent (FTE) for enterprise State employees, and the percentage of IT service rates that are within average range of industry benchmarks for State government IT. In fiscal 2024, the average IT cost per FTE was \$13,435 and the State’s percentage of IT service rates within the average industry benchmark was -8%. **DoIT should brief the committees on the average industry benchmark for both these performance indicators and how the department plans to reach these benchmarks.**

Fiscal 2025

Cost Containment

One cost containment action impacting DoIT was approved by the Board of Public Works (BPW) at its July 17, 2024 meeting. This action reduced the department’s fiscal 2025 general fund appropriations for the major IT projects in the ITIF by \$15.6 million. As shown in **Exhibit 4**, these reductions were taken from major IT projects exclusively and reduced the entire appropriation for all but one.

Exhibit 4
Cost Containment Reductions Approved by Board of Public Works
Fiscal 2025
(\$ in Thousands)

| <u>Description</u> | <u>Original</u> <u>Appropriation</u> | <u>Cost</u> <u>Containment</u> | <u>New</u> <u>Appropriation</u> |
|--|---|-----------------------------------|------------------------------------|
| MMT – Provider Management Module | \$2,822 | -\$2,822 | \$0 |
| Maryland AIDS Drug Assistance Program | 2,308 | -2,308 | 0 |
| Maryland Department of Health VoIP Conversion | 1,958 | -1,958 | 0 |
| MMT – Utilization Control Agent | 1,700 | -1,700 | 0 |
| MDH Non-Medicaid CRM | 1,500 | -1,500 | 0 |
| PHS Data Modernization Program | 1,500 | -1,500 | 0 |
| OPER – Systems Integration and Modernization | 999 | -24 | 975 |
| MMT – Business Process Reengineering and Consolidated CRM | 672 | -672 | 0 |
| MMT – Behavioral Health ASO | 493 | -493 | 0 |
| MMT – EDI Gateway | 422 | -422 | 0 |
| MMT – MES Claims Module | 388 | -388 | 0 |

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| <u>Description</u> | <u>Original Appropriation</u> | <u>Cost Containment</u> | <u>New Appropriation</u> |
|--|-------------------------------|-------------------------|--------------------------|
| MMT – CMS Interoperability Rule | 313 | -313 | 0 |
| MMT – Dental Administrative Services | 295 | -295 | 0 |
| MMT – Non Emergency Medical Transportation | 295 | -295 | 0 |
| MMT – Surveillance Utilization Review Subsystem | 251 | -251 | 0 |
| MMT – Consolidated Call Center and IVR | 248 | -248 | 0 |
| MMT – Decision Support & Enterprise Data Warehouse | 242 | -242 | 0 |
| MMT – Enterprise Document Management System | 197 | -197 | 0 |
| Total | \$16,602 | -\$15,627 | \$975 |

ASO: Administrative Services Organization
 CMS: Center for Medicare and Medicaid Services
 CRM: Customer Relationship Management
 EDI: Electronic Data Interchange
 IVR: Interactive Voice Response
 MES: Medicaid Enterprise System
 MDH: Maryland Department of Health
 MMT: Medicaid Modular Transformation
 OPER: Office of Provider Engagement and Regulations
 PHS: Public Health Services
 VoIP: Voice over Internet Protocol

Source: Board of Public Works; Department of Information Technology

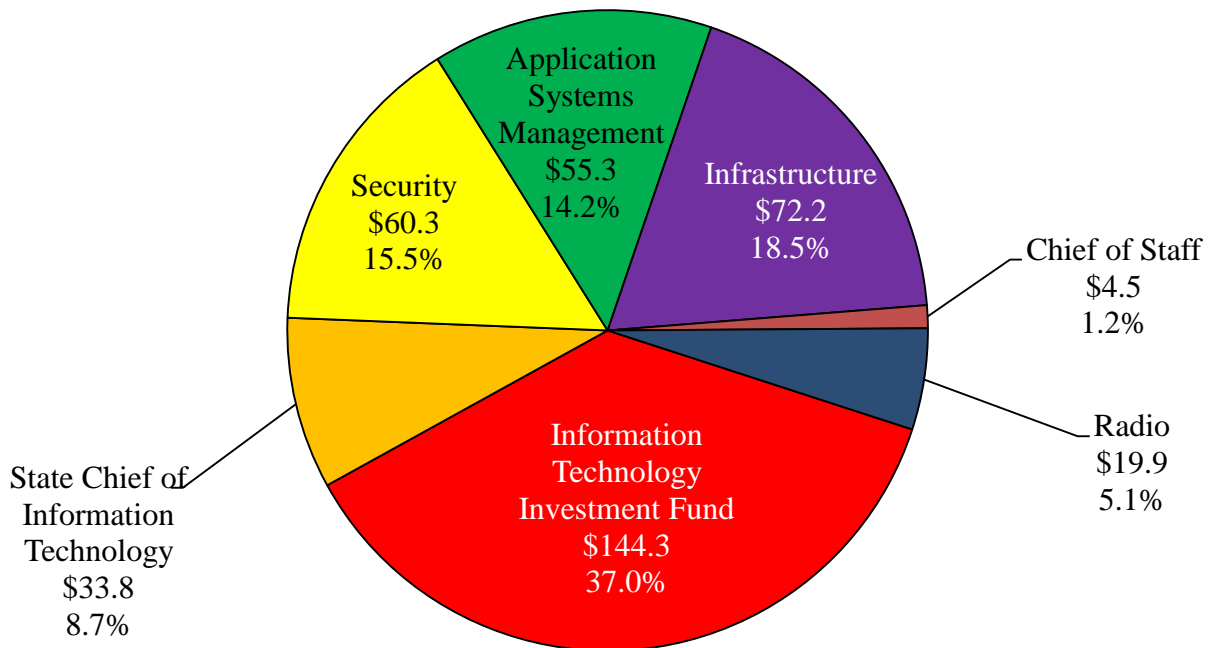
Proposed Deficiency

The fiscal 2026 budget includes one proposed fiscal 2025 deficiency appropriation of \$1.7 million in general funds to support the SBE’s NCRIS MITDP as a vendor for the project’s development, which was approved by BPW on January 29, 2025. The proposed deficiency covers the new vendor’s transition and implementation costs for the project. The fiscal 2025 working appropriation for NCRIS includes \$532,282 in general funds, and the proposed fiscal 2025 deficiency appropriation increases the total fiscal 2025 working appropriation to \$2.2 million, which is \$193,000 more than SBE’s estimated requirement to cover the transition and implementation costs in fiscal 2025. **The Department of Legislative Services (DLS) recommends reducing the fiscal 2025 proposed deficiency appropriation by \$193,000 in general funds to align with the estimated needs of the agency.**

Fiscal 2026 Overview of Agency Spending

The fiscal 2026 allowance for DoIT totals \$390.2 million, after accounting for a contingent reduction. As shown in **Exhibit 5**, the ITIF accounts for 37% of DoIT’s spending. Infrastructure accounts for 18.5% of the fiscal 2026 allowance and includes end user applications and support, LAN and WAN support, networkMaryland, and voice communication. These services are included in the enterprise IT support services offered by DoIT. The Security program accounts for 15.5%, which provides for a preventive approach to protecting public and confidential information and avoiding cybersecurity breaches.

Exhibit 5
Overview of Agency Spending
Fiscal 2026 Allowance
(\$ in Millions)



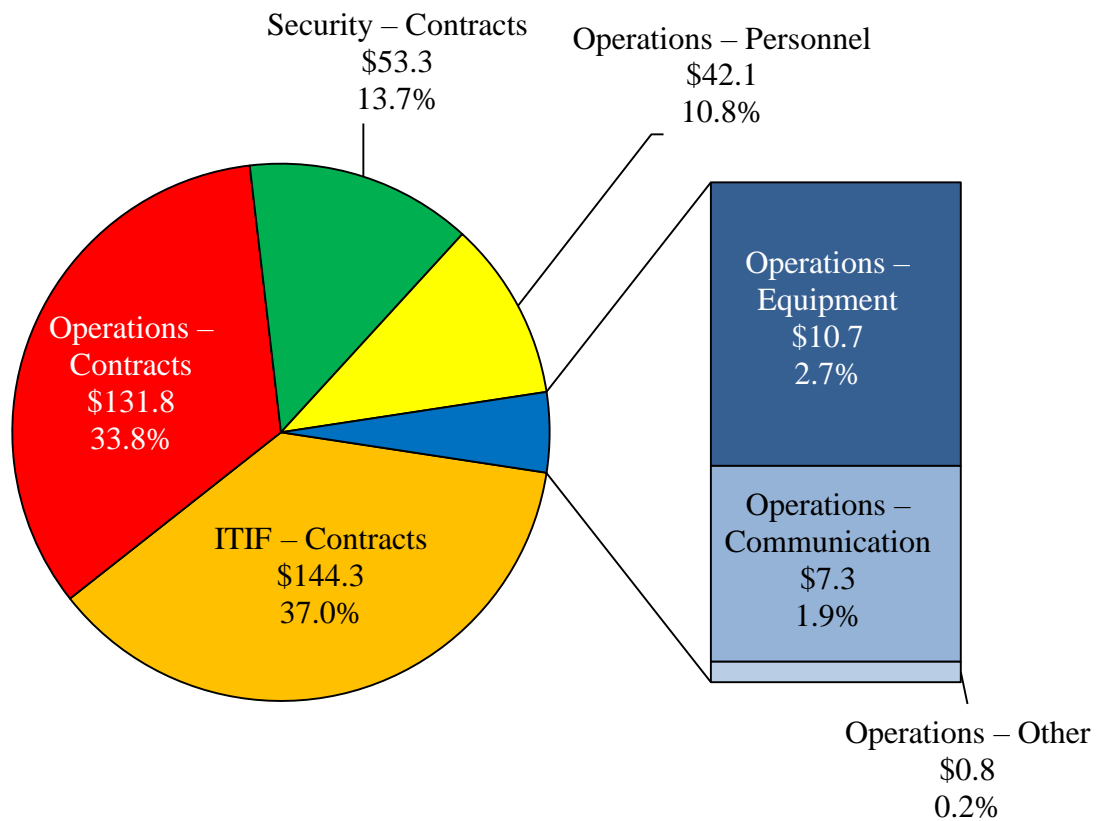
Note: The fiscal 2026 allowance accounts for contingent reductions. The fiscal 2026 statewide salary adjustments are centrally budgeted in the Department of Budget and Management and are not included in this agency’s budget.

Source: Governor’s Fiscal 2026 Budget Books

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The department relies heavily on contracts to provide services. **Exhibit 6** shows that contracts for the ITIF, operations, and cybersecurity combined total 84.4% of spending. The next largest area of spending is personnel, including regular positions and contractual FTEs, at 10.8%.

Exhibit 6
Spending by Agency and Objects
Fiscal 2026 Allowance
(\$ in Millions)



ITIF: Information Technology Investment Fund

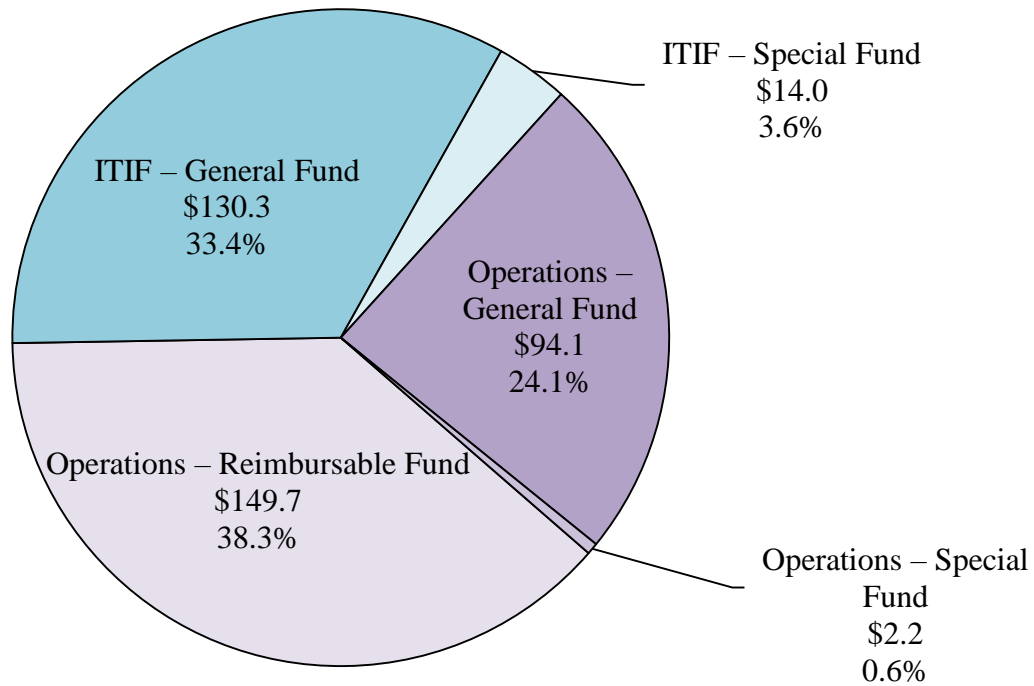
Note: The fiscal 2026 allowance accounts for contingent reductions. The fiscal 2026 statewide salary adjustments are centrally budgeted in the Department of Budget and Management and are not included in this agency’s budget.

Source: Governor’s Fiscal 2026 Budget Books

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DoIT is one agency that oversees: (1) funding for MITDPs and (2) operations. Major IT funding is supported by general funds and special funds. Operations includes services (security, Applications System Management, infrastructure, chief of staff, and radio) for State agencies and administration. Agency services are funded by general funds, reimbursable funds, and special funds. Many services do not receive general funds but are entirely funded by fees for services. Administration receives general funds, which avoids State agencies paying for DoIT overhead costs. As shown in **Exhibit 7**, 37% of funding for DoIT is for the ITIF, split into 33.4% in general funds and 3.6% in special funds. The remaining 63% of DoIT’s funding is for its operations, which is 24.1% general funds, 38.3% reimbursable funds, and 0.6% special funds. As a share of all spending, general funds for operations in the fiscal 2026 allowance have decreased compared to fiscal 2025 due to the increased funding for MITDPs, including the new expedited projects. The dollar amounts of general funds for operations between years is nearly the same.

Exhibit 7
Fund Sources by Agency
Fiscal 2026
(\$ in Millions)



ITIF: Information Technology Investment Fund

Source: Governor’s Fiscal 2026 Budget Books

Proposed Budget Change

As shown in **Exhibit 8**, the fiscal 2026 allowance for DoIT increases by \$65.9 million, or 20.3%, compared to the fiscal 2025 working appropriation after accounting for the proposed deficiency appropriation and contingent reduction. The largest increase of \$67.6 million is attributable to higher funding in the ITIF, which includes \$52.6 million for MITDPs and \$15 million for expedited projects. This is partially offset by a decrease of \$19.8 million in the Security program as DoIT administered statewide cybersecurity assessments during calendar 2022 and 2023 per Chapter 242 of 2022. Further discussion on the statewide cybersecurity assessment is in Issue 1 of the analysis.

Exhibit 8
Proposed Budget
Department of Information Technology
(\$ in Thousands)

| How Much It Grows: | <u>General</u> | <u>Special</u> | <u>Reimb.</u> | <u>Total</u> |
|---|-----------------------|-----------------------|----------------------|----------------------|
| | <u>Fund</u> | <u>Fund</u> | <u>Fund</u> | |
| Fiscal 2024 Actual | \$128,375 | \$35,788 | \$123,864 | \$288,027 |
| Fiscal 2025 Working Appropriation | 158,215 | 15,103 | 151,055 | 324,373 |
| Fiscal 2026 Allowance | <u>224,391</u> | <u>16,196</u> | <u>149,654</u> | <u>390,240</u> |
| Fiscal 2025-2026 Amount Change | \$66,176 | \$1,093 | -\$1,401 | \$65,867 |
| Fiscal 2025-2026 Percent Change | 41.8% | 7.2% | -0.9% | 20.3% |
| Where It Goes: | | | | <u>Change</u> |
| Personnel Expenses | | | | |
| Net increase of 19.0 positions, primarily due to converting positions previously funded through contracts | | | | \$2,539 |
| Salary increases and associated fringe benefits, including fiscal 2025 COLA and increments..... | | | | 1,157 |
| Turnover rate decreases from 8.44% to 6.90%..... | | | | 545 |
| Employee and retiree health insurance | | | | -270 |
| Major Information Technology Development Projects and Oversight | | | | |
| ITIF for MITDPs | | | | 52,559 |
| ITIF for expedited projects, after accounting for contingent reduction..... | | | | 15,000 |
| Costs associated with the implementation of Chapter 497 of 2024 for procurement and review of IT projects | | | | 200 |
| One-time deficiency appropriation to support SBE’s NCRIS MITDP | | | | -1,703 |

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| Where It Goes: | <u>Change</u> |
|---|----------------------|
| Management services and contracts for planning and implementing IT projects, including project oversight..... | -\$7,196 |
| Security Program | |
| Security Operations Center Endpoint Detection and Response tools to detect issues and response to security incidents in endpoints and servers | 425 |
| Statewide cybersecurity assessments as required by Chapter 242 of 2022 | -19,754 |
| Infrastructure and Applications Costs | |
| Annual applications software renewal and maintenance | 6,860 |
| Software licenses | 1,527 |
| Application systems management program..... | 538 |
| Enterprise support services for State and local agencies | -244 |
| Other Changes | |
| Operating cost for MD FiRST and network Maryland..... | 6,724 |
| Funding for the Enterprise Data and Privacy program as a result of the Governor’s executive order. | 4,885 |
| Net of 4.0 new contractual full-time equivalents..... | 293 |
| Other expenses | 1,780 |
| Total | \$65,867 |

COLA: cost-of-living adjustment
IT: information technology
ITIF: Information Technology Investment Fund
MD FiRST: Maryland First Responders Interoperable Radio System Team
MITDP: Major Information Technology Development Project
NCRIS: New Campaign Reporting Information System
SBE: State Board of Elections

Note: Numbers may not sum to total due to rounding. The fiscal 2025 working appropriation accounts for deficiencies. The fiscal 2026 allowance accounts for contingent reductions. The fiscal 2025 impacts of statewide salary adjustments are centrally budgeted in the Department of Budget and Management (DBM), and adjustments are not reflected in this agency’s budget. The fiscal 2026 impacts of the fiscal 2025 statewide salary adjustments appear in this agency’s budget. The fiscal 2026 statewide salary adjustments are centrally budgeted in DBM and are not included in this agency’s budget.

Modernization of IT Projects

Chapter 497 makes various changes to the State’s governance, oversight, funding, and management of IT projects, including (1) requiring various entities to undertake specified research and planning activities and complete various plans and reports; (2) renaming, modifying, and expanding MITDPF; and (3) establishing a process to fund “expedited projects.”

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The Act renamed the MITDPF to the ITIF and increased the estimated total MITDP cost threshold from \$1 million to \$5 million. A new MITDP category was established, namely “expedited project”. An expedited project means an IT project that is not an MITDP but received money from the ITIF that supports modernization projects. Each fiscal year, at least 20% of the amount included in the Governor’s allowance and appropriated to the ITIF must be set aside to support expedited projects. Any amount set aside for expedited projects but not used in the fiscal year must remain set aside in the fund and available for future expedited projects. DoIT advises that the department is working on determining different project components that will need to be considered to deem an IT project an expedited project. The fiscal 2026 allowance includes a total of \$28.8 million for expedited projects, which at 18.2% of the funding appropriated to the ITIF does not meet the required level. A provision in the Budget Reconciliation and Financing Act (BRFA) would repeal the required 20% set-aside for expedited projects and language in the fiscal 2026 Budget Bill reduces the fiscal 2026 allowance for expedited projects by \$13.8 million to \$15 million contingent on the enactment of the provision. **DLS recommends deleting the fiscal 2026 budgeted amount of \$28.8 million in general funds set aside for expedited projects and striking the language that makes a reduction contingent on the provision as a technical amendment. In addition, DLS recommends adopting committee narrative requesting that DoIT submit a report to the budget committees on how an IT project will be determined an expedited project. These actions will delay funding for expedited projects until the agency has clearly defined criteria and projects to use the funding.**

Below lists the activities or reports as required by Chapter 497 with their deadlines:

- December 1, 2024 – The Joint Audit and Evaluation Committee (JAEC), in consultation with the Joint Committee on Cybersecurity, Information Technology, and Biotechnology (JCCIB), to study and make recommendations on or before December 1, 2024, for any statutory or operational changes necessary to address the findings of the fiscal compliance audit of DoIT issued in March 2024 by the Office of Legislative Audits (OLA). An extension has been requested until December 1, 2025.
- July 1, 2025 – DoIT must inventory and assess the State’s legacy systems and prioritize modernization.
- December 1, 2025 – The Secretary of Information Technology must develop a State Modernization Plan that includes specified information, including high level timeframe and cost estimates; a strategy for centralization of IT management across the Executive Branch of State government under DoIT; and identify positions in DoIT that would be suitable for independent salary setting authority or greater flexibility in position classification to ensure that DoIT can recruit and retain the necessary staff to meet its mission.
- January 1, 2026, and every other January 1 thereafter – DoIT, in consultation with every unit of State government, must submit a report that provides an estimate of the funding

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required to modernize each legacy system in each unit and a five-year projection of funding required to modernize each legacy system.

ITIF and MITDP Expenditures

Current law requires that all general funds appropriated for MITDPs be held in the ITIF, and DoIT is responsible for MITDP oversight and releasing funds to the agencies where the funds are shown as reimbursable funds.

DoIT Requires MITDPs to Use an Agile Development Methodology

The MITDP approach that DoIT currently requires is Agile. In Agile, a high-level plan rather than a detailed plan of all requirements is developed. Projects are divided into a number of tracks. These are usually implemented simultaneously. Each track is broken down so that there are a number of sequential parts to build. The parts are planned and then built over a two-week period called a sprint. This is tested, and another part is planned. After a series of sprints, there is a program increment (a usable component). There should be a usable component every six months. This approach uses the plan-do-check-act approach, which is a repetitive four-stage model for continuous improvement in business process management that is repeated until the project is done. The previous development approach (Waterfall) is being phased out, and all new projects are using Agile. DoIT's MFR indicators were modified for Agile in fiscal 2019. However, DoIT's 2026 MFR submission shows that the percentage of MITDPs using the Agile development process has decreased from 89% in fiscal 2023 to 64% in fiscal 2024.

ITIF-funded Projects

Exhibit 9 shows the revenues and expenditures for the ITIF for fiscal 2023 through the proposed budget in fiscal 2026. While DLS shows a balance of the outstanding obligations in each year, the Governor's Fiscal 2026 Budget Books assume that the ITIF fund balance at the end of fiscal 2025 will be \$16,912. Similarly, the department also assumes that the fund balance at the end of fiscal 2026 will be \$0. This is based on accounting for most of the balance being obligated to projects from prior years. **DoIT should comment on the actual timing of the expenditures of the fund balances.**

Exhibit 9
Information Technology Investment Fund
Fiscal 2023-2026
(\$ in Thousands)

| | <u>2023</u> | <u>2024</u> | <u>2025</u> | <u>2026</u> |
|---|------------------|------------------|------------------|------------------|
| Opening Fund Balance | \$181,393 | \$267,182 | \$263,718 | \$267,577 |
| Revenues | | | | |
| General Fund | \$116,026 | \$94,497 | \$78,462 | \$130,284 |
| General Fund – Deficiency Appropriation | 0 | 0 | 1,703 | 0 |
| Special Fund – Resource Sharing | | | | |
| Agreement Revenues | 1,006 | 738 | 152 | 0 |
| Investment Interest | 6,118 | 12,347 | 300 | 0 |
| Reversion to Fund Balance for | | | | |
| Completed MITDPs | 0 | 0 | 0 | 13,975 |
| Cost Containment Reductions | 0 | 0 | -15,627 | 0 |
| Total Available Revenues | \$304,542 | \$374,765 | \$328,709 | \$399,658 |
| Expenditures | | | | |
| Transferred to Agencies | -\$37,360 | -\$111,047 | -\$73,310 | -\$144,276 |
| Adjustments | | | | |
| Estimated Carryovers to be | | | | |
| Reappropriated | \$0 | \$0 | \$0 | \$0 |
| End-of-year Fund Balance | \$267,182 | \$263,718 | \$255,399 | \$255,382 |

MITDP: Major Information Technology Development Project

Note: Fiscal 2024, 2025 and 2026 balances assume all appropriated funds are transferred.

Source: Department of Budget and Management; Department of Information Technology; Department of Legislative Services

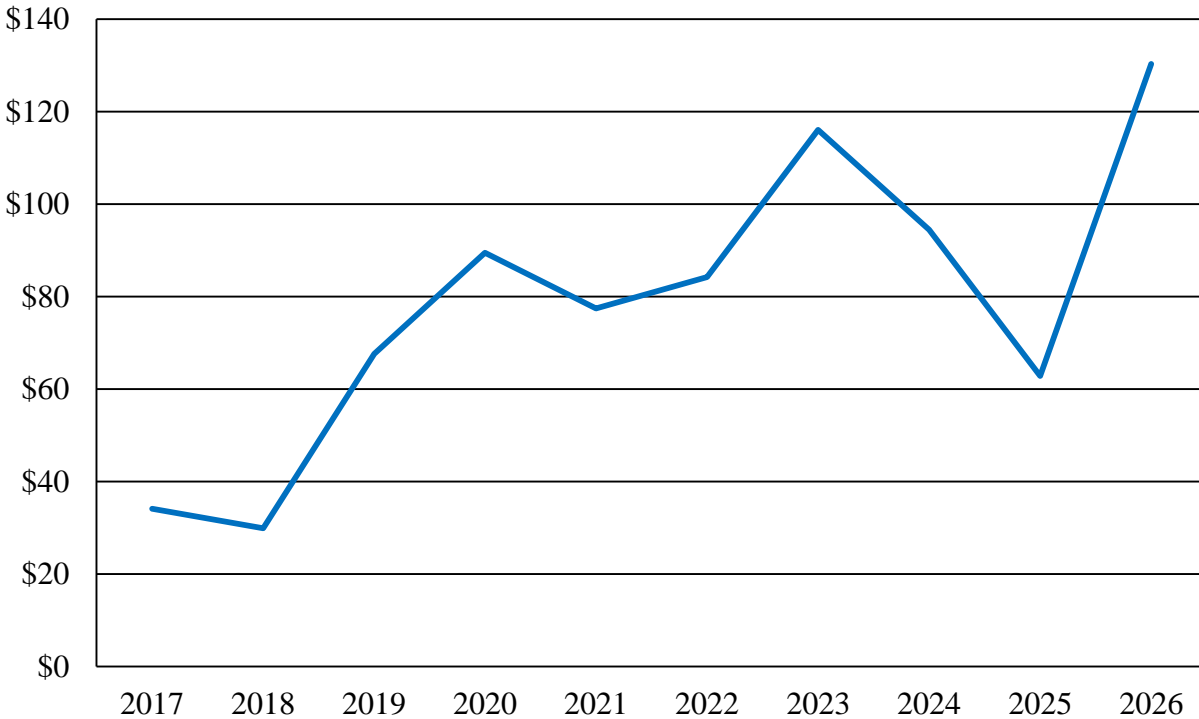
Exhibit 10 shows that State general fund support for MITDPs has more than doubled to \$130 million in fiscal 2026 as compared to \$63 million in fiscal 2025. This increase is attributable to a higher general fund appropriation for three MITDPs under the Comptroller’s Office, namely the FMIS Modernization, the CPB Payroll System Modernization, and the Integrated Tax System projects, totaling to \$69 million, or 53%, of the total ITIF fund in fiscal 2026 as these projects begin procurement and implementation. As a comparison, these projects received a total of \$19.8 million in fiscal 2025. There are 58 MITDPs receiving funding from the ITIF in fiscal 2026, which accounts for the separation into 13 projects of a previously combined project related to IT

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projects supporting Medicaid. A complete list of these projects can be found in **Appendix 3**. There are 6 projects that receive at least \$5 million in general funds in fiscal 2026 for a total of \$89.3 million. These projects are:

- \$5.5 million for the State Treasurer’s Financial Systems Modernization;
- \$6.1 million for the Department of General Services’ (DGS) eMaryland Marketplace eProcurement Solution;
- \$8.7 million for the Maryland Department of Health’s (MDH) Medicaid Modular Transformation – Dental Administrative Services;
- \$15.8 million for the Comptroller’s Integrated Tax System;
- \$19.8 million for the Comptroller’s CPB System Replacement; and
- \$33.4 million for the Comptroller’s FMIS Replacement.

Exhibit 10
ITIF General Fund Appropriations
Fiscal 2017-2026
(\$ in Millions)



ITIF: Information Technology Investment Fund

Note: Includes reversions, cost containment reductions, and deficiencies.

Source: Department of Budget and Management; Department of Information Technology; Department of Legislative Services

Section 3.5-308 of the State Finance and Procurement Article requires that all MITDPs for Executive Branch agencies, except higher education institutions, have an information technology project request (ITPR). The ITPR is a comprehensive document about the project, and each ITPR is required to include information about the project’s (1) need; (2) risks; (3) scope and complexity; and (4) development and support costs. ITPRs are the starting point for DLS’ review of MITDPs. All MITDP ITPRs for fiscal 2026 were given to DLS prior to the required deadline on January 15, 2025.

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The fiscal 2026 budget for the ITIF includes five new projects:

- SBE Voter Registration and Election Administration Modernization;
- Department of Human Services (DHS) Child, Juvenile, and Adult Management System, which receives ITIF funding in fiscal 2026 only;
- DHS Child Support Management System, which receives ITIF funding in fiscal 2026 only;
- DHS Eligibility and Enrollment, which receives ITIF funding in fiscal 2026 only; and
- Maryland Transit Authority Transportation Future Fare System (Next Generation Fare System), which is captured within the Maryland Department of Transportation’s capital budget program and is allocated \$50,000 in the ITIF for DoIT oversight.

DLS also recommends committee narrative and reductions to appropriations for some projects. Narrative and fund restrictions along with reductions of special and federal funds are recommended in each agency’s budget analysis. Recommendations related to general funds budgeted in the ITIF appear in the operating budget recommended actions section of this analysis. DLS has recommendations for the following projects:

- ***SBE – Statewide Pollbook Modernization:*** recommend narrative requiring quarterly reports;
- ***SBE – 2026 New Voting System:*** recommend narrative requiring quarterly reports;
- ***SBE – NCRIS:*** recommend narrative requiring quarterly reports;
- ***SBE – Voter Registration and Election Administration Modernization:*** recommend deleting general and special funds for this project;
- ***Department of Public Safety and Correctional Services – Computerized Criminal History Replacement (Phase II):*** recommend restricting \$500,000 pending report on plan describing agency’s procurement strategy.

Audit Report Findings on MITDPs

A fiscal compliance audit by OLA for the period May 7, 2018, to December 31, 2022, was released on March 29, 2024. The audit disclosed 16 findings, of which 4 were repeat findings from the previous audit report dated May 1, 2020, and 4 findings related to cybersecurity have been redacted from the report. These audit findings highlighted deficiencies in DoIT’s oversight responsibilities to ensure that MITDPs were completed on time, on budget, and that changes to the project scope and cost were appropriate, including evaluating oversight project managers hired through vendors to oversee MITDPs. This lack of MITDP oversight and several contract modifications contributed to the increase in the DHS Maryland Total Human-services Integrated Network (MD THINK) MITDP’s total estimated cost to \$588.8 million as of June 30, 2022, compared to the original contract amount of \$166.4 million as of May 2021. Additionally, the audit report reported that various concerns regarding the development and management of MD THINK were identified in the forensic audit submitted on September 22, 2023, by an independent accounting firm contracted by DHS. However, DoIT did not ensure that these findings were resolved timely by DHS and the MD THINK Executive Committee, although DoIT was a member of the MD THINK Executive Committee. The audit report highlights similar deficiencies in development and implementation oversight of the DGS eMaryland Marketplace Advantage (eMMA) MITDP that resulted in significant project delays and changes to the project’s cost and scope. While the audit report notes that eMMA is to be completed in fiscal 2026, Appendix N in the fiscal 2026 Governor’s Budget Books anticipates this project requiring \$4.9 million in fiscal 2027.

Chapter 497 of 2024 required JAEC, in consultation with JCCIB, to study and make recommendations on or before December 1, 2024, for any statutory or operational changes necessary to address the findings of the fiscal compliance audit of DoIT issued in March 2024 by OLA. JAEC held a joint meeting with JCCIB to hear from OLA and DoIT regarding the status of the audit findings and recommendations on September 4, 2024. Given the significant complexity of the policy issues raised by the audit and the need to engage with various stakeholders from other State agencies, JAEC requested an extension of the deadline for submission of the final report until December 1, 2025.

Budget Reconciliation and Financing Act

Expedited Projects

A BRFA provision related to repealing a required amount to be set-aside for expedited projects was discussed previously in the proposed budget section.

Cybersecurity Fund in the Dedicated Purpose Account

Funding for cybersecurity activities has been appropriated to the Dedicated Purpose Account (DPA) each year from fiscal 2021 through 2024 totaling \$362 million. Chapter 717 of 2024 authorized a transfer of \$149.5 million of these funds to the General Fund. A proposed BRFA

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provision would transfer cybersecurity-related funds totaling \$63,478,440 from the DPA to the General Fund. With this transfer, no funds will remain in the DPA for cybersecurity.

Personnel Data

| | <u>FY 24</u> | <u>FY 25</u> | <u>FY 26</u> | <u>FY 25-26</u> |
|------------------------|----------------------|-----------------------|-------------------------|------------------------|
| | <u>Actual</u> | <u>Working</u> | <u>Allowance</u> | <u>Change</u> |
| Regular Positions | 208.00 | 225.00 | 244.00 | 19.00 |
| Contractual FTEs | <u>4.00</u> | <u>3.00</u> | <u>7.00</u> | <u>4.00</u> |
| Total Personnel | 212.00 | 228.00 | 251.00 | 23.00 |

Vacancy Data: Regular Positions

| | | |
|--|-------|--------|
| Turnover and Necessary Vacancies, Excluding New Positions | 15.04 | 6.90% |
| Positions and Percentage Vacant as of 12/31/24 | 39.00 | 17.33% |
| Vacancies Above Turnover | 23.96 | |

- The fiscal 2026 allowance reflects a total of 19 new regular positions and 4 contractual FTEs. As per DoIT, 2 of the 4 contractual FTEs will serve as a junior full stack engineer and user experience developer in the Maryland Digital Service program. The remaining 2 contractual positions are for strategic sourcing to serve as contract administrators and will be converted to regular positions in the future.
- DoIT notes that the fiscal 2026 allowance includes 18 positions that were previously sourced through a contract for which DoIT is bringing in house. According to DoIT, these positions were initially resourced through vendors. An additional position is transferred from the Governor’s Office. **Exhibit 11** shows the titles of the new positions and the programs to which they are being added.

**Exhibit 11
New Positions
Fiscal 2026**

| <u>Budget Code</u> | <u>Job Title</u> | <u>Position Count</u> |
|---|---|-----------------------|
| F50B04.01 – State Chief of Information Technology | AI/ML Policy and Governance Director | 1 |
| | AI/ML Product Director | 1 |
| | Senior Technical Product Manager | 1 |
| F50B04.02 – Security | GRC Risk Analyst | 1 |
| | SOC Analysts | 5 |
| | Insider Threat Analyst | 1 |
| | Cyber Platforms Administrative Specialist | 1 |
| | State Chief Privacy Officer | 1 |
| F50B04.03 – Application Systems Management | Data Sharing Environment Lead | 1 |
| | Data Literacy Director | 1 |
| | Community Manager | 1 |
| | Courses Manager | 1 |
| | Engagement Lead | 1 |
| | Data Sharing/Practices Director | 1 |
| | Fellowship Program Project Manager | 1 |

AI: artificial intelligence
GRC: Governance, Risk, and Compliance
ML: machine learning
SOC: Security Operations Center

Source: Department of Budget and Management; Department of Information Technology

- As of December 31, 2024, DoIT has 39 vacant positions. As shown in **Exhibit 12**, of the 39 vacant positions, 19 positions are new positions, 2 positions have been vacant for more than a year, 8 positions have been vacant for more than six months but less than a year, while the remaining 10 positions have been vacant for less than six months. The fiscal 2026 vacancies are 23.96 positions higher than the number required to meet the agency’s turnover expectancy. **DLS recommends deleting 2 regular positions that have been vacant for more than a year for a reduction of \$210,608 in special funds. DoIT should brief the committees on the reason for high vacancy rates and discuss the department’s staffing strategy to fill these vacant positions, including the strategy of converting positions previously contracted to regular positions.**

Exhibit 12
Vacant Positions
For the Year Ending December 31, 2024

| <u>Budget Code</u> | <u>Program</u> | <u>Vacant Positions</u> | <u>New Positions</u> |
|---------------------------|---------------------------------------|--------------------------------|-----------------------------|
| F50B04.01 | State Chief of Information Technology | 10 | 3 |
| F50B04.02 | Security | 7 | 9 |
| F50B04.03 | Application Systems Management | 2 | 7 |
| F50B04.04 | Infrastructure | 16 | |
| F50B04.05 | Chief of Staff | 3 | |
| F50B04.07 | Radio | 1 | |
| Grand Total | | 39 | 19 |

Source: Department of Budget and Management; Department of Information Technology

Issues

1. Cybersecurity

In the 2022 session, three pieces of legislation were enacted into law that restructure State cybersecurity. This issue examines the progress made by DoIT to meet the requirements of the legislation.

Local Cybersecurity Support Act

Chapter 241 expanded the role of the State in local cybersecurity efforts. Local governments include local school systems and boards and local health departments. Since the enactment of the legislation in 2022, the Maryland Information Sharing and Analysis Center (MD-ISAC) was created in calendar 2022. DoIT notes that over 50 State agencies are members, and additional State agencies and local jurisdictions are continuing to sign up to become members. MD-ISAC aims to produce timely, relevant, actionable cyberthreat intelligence that meets the common needs across the breadth of State and local government stakeholders to reduce cyber risk. Additionally, Chapter 241 also established the Cyber Preparedness Unit at the Maryland Department of Emergency Management.

Modernize Maryland Act

An independent Modernize Maryland Oversight Commission was established according to Chapter 243 to ensure confidentiality, integrity, and availability of information held by the State concerning State residents and to advise the Secretary of Information Technology and the State chief information security officer on the appropriate IT and cybersecurity investments and upgrades, funding for these investments and upgrades, and future procurement mechanisms. The commission's meeting minutes dated January 6, 2025, notes that a draft annual report covering 12 key recommendations for IT strategy and cybersecurity improvements was prepared. As of writing this analysis, the annual report has not been made available. **DoIT should provide the committees with an update on the status of the annual report and highlight key recommendations that were identified.**

Cybersecurity Coordination and Governance

The legislation with the most significant impact on DoIT is Chapter 242, which expanded and enhanced the State's regulatory framework for State and local government cybersecurity. This legislation excludes the Office of the Attorney General, the Comptroller, the State Treasurer, and the Legislative and Judicial branches of State government from DoIT oversight related to IT.

OSM is required to report to the Governor and various committees of the General Assembly on its key accomplishments and activities for the year, the state of cyber preparedness, spending on cybersecurity, federal funding sources, and recommendations to

improve State and local cyber preparedness on or before December 31 each year. A report for calendar 2024 was submitted by OSM that highlights different programs administered by OSM, including a statewide bug bounty program that identified more than 40 exploitable vulnerabilities, among which most critical findings were closed in less than a month of initial discovery. OSM notes that the office has begun evaluation of artificial intelligence (AI)-enabled cybersecurity solutions to integrate into OSM security solutions and services, including AI risk mitigation to improve OSM operation effectiveness.

Cybersecurity Funding in the State Budget

The fiscal 2026 allowance includes \$60.3 million in general funds for the Security program, which provides a preventive approach to protect the State’s public and confidential information and avoid cybersecurity breaches. The \$60.3 million will be used to provide cybersecurity services to the subscribers of DoIT’s enterprise service support, including associated software and license renewals and maintenance. The Cybersecurity Services Team implements best practices for cyber incident response, cyber risk and strategic analysis, vulnerability detection and assessment, intelligence and investigation, digital forensics and forensics analysis, software assurance, and cybersecurity policies and programs.

Exhibit 13 shows that the total funds by agency, including DoIT’s funding for cybersecurity in each agency’s budget and including those who are not required to have DoIT’s oversight for their cybersecurity activities, are \$59 million in fiscal 2025, which is \$31.5 million lower than in fiscal 2025. To understand the different areas of spending related to cybersecurity activities in State agency budgets, DLS has categorized them into four main activity categories, which are (1) statewide cybersecurity assessments; (2) efforts to improve cybersecurity; (3) other cybersecurity assessments; and (4) cybersecurity assistance to non-State agencies. This excludes funds for cyber workforce activities in various budgets, including the DPA, Maryland Department of Labor, and higher education institutions.

Exhibit 13
Cybersecurity Funds by Agency
Fiscal 2024-2026
(\$ in Thousands)

| | <u>2024</u> | <u>2025</u> | <u>2026</u> |
|---|-----------------|-----------------|-----------------|
| Other Agencies – Efforts to Improve Cybersecurity | \$48,230 | \$52,324 | \$41,100 |
| Other Agencies – Cybersecurity Assessments* | 7,423 | 8,678 | 8,355 |
| Statewide Cybersecurity Assessments* | 0 | 28,000 | 8,053 |
| Cybersecurity Insurance | 2,651 | 1,461 | 1,461 |
| Cybersecurity Assistance to Non-State Agencies | 175 | 0 | 0 |
| Total | \$58,479 | \$90,464 | \$58,968 |

* Includes the Department of Information Technology’s funding for security program.

Source: Governor’s Fiscal 2026 Budget Books; Department of Legislative Services

Committee narrative in the 2024 JCR requested that DoIT submit a report on a timeline planned by DoIT for completing certain cybersecurity and data security actions as required by Chapter 242, which include conducting a statewide physical asset inventory, implementing software to track and monitor cybersecurity program outcome-driven metrics and incident response performance metrics, conducting an inventory and risk assessment of the State’s legacy systems, and data inventory and user access activities. DoIT expects to complete all these activities by July 2025, except for data inventory and user access activities as policies and procedures for user access rights were implemented in October 2024.

Language in the fiscal 2025 budget restricted funds pending submission of a report by DoIT regarding the estimated cost of implementing remediation efforts identified in the cybersecurity assessment, including how these efforts will be categorized to prioritize based on urgency and risk levels as required by Chapter 242. In the report, DoIT noted that a thorough cyber maturity assessment of all the Executive Branch agencies was conducted in calendar 2022 through 2023. The report noted 10 high-impact remediation actions focusing on several main themes, which include incident response, identity, access, and authentication; data protection; asset management; security awareness; business continuity or disaster recovery; and vendor management. DoIT categorized these action items into three priorities with 1 being the highest. According to DoIT, the estimated cost for implementing the remediation efforts is \$22.7 million, which includes solutions or software that have been procured by DoIT to support statewide cybersecurity and IT processes and may be utilized for implementing the remediation actions. DoIT notes that OSM has launched the Information Security Officer program starting January 1, 2025, which will enable OSM to comprehensively track each identified deficiency and facilitate better remediation and

future reporting. Chapter 242 also requires DoIT to conduct cybersecurity assessments at least every two years. DoIT notes that OSM is currently planning to begin assessments in fiscal 2026. The fiscal 2026 allowance includes \$8.1 million for statewide cybersecurity assessments.

Audit Report Findings on Cybersecurity Assessments

An audit report for the period May 7, 2018, to December 31, 2022, submitted on March 29, 2024, disclosed that DoIT used the networkMaryland contract for cybersecurity remediation services and used staff augmentation services to complete cybersecurity remediation work, which the audit report notes were not within the scope of the networkMaryland contract. As DoIT notes in response to language requesting a report on the estimated cost of implementing remediation efforts, the solutions procured by DoIT to support statewide cybersecurity and IT processes may be utilized for implementing the remediation actions. **DoIT should brief the committees on how these align with the needed remediation and why it used existing contracts in lieu of procuring new contracts.**

2. Artificial Intelligence

To address government use of AI, Chapter 496 of 2024 (1) expanded the responsibilities of the Secretary of Information Technology and DoIT as it relates to the procurement and use of AI by State agencies, including the establishment of AI policies and procedures; (2) requires public senior higher education institutions, Baltimore City Community College, and the State’s constitutional officers to establish policies and procedures related to the development, procurement, and use of AI; (3) requires units of State government to conduct data inventories, inventories of systems that use AI, and impact assessments of systems that use AI; (4) authorizes and establishes a process for “proof-of-concept” procurements; (5) codifies the AI Subcabinet of the Governor’s Executive Council; and (6) requires the subcabinet to develop an AI roadmap and complete a specified report.

In accordance with Chapter 496, DoIT published an interim guideline on the responsible use of commercial generative AI (GenAI) tools effective March 9, 2024. GenAI refers to a set of AI technologies and models that learn patterns and relationships from datasets to generate content based on user prompts. This guidance addresses the privacy, security, bias, accuracy, and legal risks that may arise by the use of commercial, standalone GenAI solutions like OpenAI’s ChatGPT or DALL-E, Google’s Gemini, Anthropic’s Claude, or Microsoft’s Copilot for each State employee. The guideline for the use of AI, including GenAI, is centered around AI principles of fairness and equity, innovation, privacy, safety, security, and resiliency; validity and reliability, and transparency; accountability; and explainability. The guide also lists example do’s and don’ts in multiple scenarios with different types of prompts and in different GenAI tools. A free asynchronous AI and innovation training program is available for State employees on various topics ranging from using GenAI at work to developing and executing ethical AI initiatives in an organization.

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Additionally, DoIT published the State’s AI enablement strategy and AI study roadmap outlining the State’s AI efforts to improve outcomes through the use of AI and machine language technologies and DoIT’s plans for studying opportunities, risks, and next steps related with the use of AI in State services. DoIT’s calendar 2025 strategy for AI includes increasing AI risk management as the AI use increases; strengthening the State’s data foundation by formalizing data governance processes and outlining standards for “AI-readiness” for effective AI adoption; adopting a more structured approach and AI evaluation frameworks to build clear playbooks for agencies and augment successful adoption of AI; and establish programs and launch the Maryland Data Academy to create opportunities for State employees to better understand how data influences and drives AI solutions. As per the requirement of Chapter 496, DoIT notes various projected timelines, mostly in calendar 2025, relating to assessing the impact of AI on the State’s workforce, guidelines for use of AI in critical infrastructure, sharing MSDE AI instructional guidelines, implementing AI into school curriculum, ensuring data privacy, and use of AI in various sectors including health care delivery and human services, economic development, data privacy, criminal justice, public safety, State licensed and certified occupations, elections to reduce misinformation, and procurement.

While AI is gaining momentum in both public and private sectors and related AI use guidelines along with risk management frameworks are being developed, it is also important to track and measure the value and success factors of adopting AI. **DoIT should brief the committees on the department’s preliminary efforts to measure these factors and the possibility of including these factors as performance indicators.**

Operating Budget Recommended Actions

1. Strike the following language on the general fund appropriation:

~~Further provided that this appropriation shall be reduced by \$13,820,979 contingent upon the enactment of legislation eliminating the mandate for expedited projects.~~

Explanation: This action strikes contingent language on the general fund reduction in the mandated appropriation for expedited projects as a technical correction. The language specifies that the reduction of \$13,820,979 in general funds is contingent on legislation eliminating the mandate for expedited projects. A separate action deletes all of the funding for expedited projects.

| | <u>Amount</u> | |
|--|----------------------|----|
| | <u>Change</u> | |
| 2. Delete general funds for the State Board of Elections (SBE) Voter Registration and Election Administration Modernization Major Information Technology Development Project (MITDP). Considering recent delays in ongoing MITDPs managed by SBE, and to avoid having all major systems operated by SBE undergoing an MITDP at the same time, this project should be deferred. The deletion of special funds for this project is recommended in D38I01 – SBE. | -\$ 602,614 | GF |
| 3. Delete general funds for expedited projects in the Information Technology Investment Fund. This action will delete general funds set aside in fiscal 2026 for expedited funds considering the delay in setting up criteria to define which Modernization Major Information Technology Development Projects are eligible to be determined expedited projects. | -\$ 28,820,979 | GF |
| 4. Reduce the general fund appropriation in the Information Technology Investment Fund for three Major Information Technology Development Projects (MITDP) to align the fiscal 2026 budgeted amount with the cashflows available for the projects. This action reduces the general fund appropriation for three MITDPs which include general fund reductions in the Maryland Department of Health (MDH) Statewide Electronic Health Records MITDP by \$2,525,251; MDH Licensing and Regulatory Management System | -\$ 2,981,015 | GF |

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MITDP by \$177,485; and MDH Office of Provider Engagement and Regulations Systems Integration and Modernization by \$278,015.

5. Adopt the following narrative:

Criteria for Expedited Projects: Chapter 497 of 2024 created a new category of information technology (IT) projects called “expedited project”. The Act defines “expedited project” as an IT project that is not a Major Information Technology Development Project but receives funds from the Information Technology Investment Fund (ITIF) to support modernization projects. The committees are interested in better understanding the criteria that classifies an IT project as an expedited project and requests that the Department of Information Technology (DoIT) submit a report describing the criteria for an expedited project. The report should also list IT projects that DoIT categorizes as expedited projects and intends to fund through the ITIF.

| Information Request | Author | Due Date |
|---|---------------|-------------------|
| Report on classification of IT projects as expedited projects | DoIT | November 15, 2025 |

6. Add the following language to the general fund appropriation:

, provided that since the Department of Information Technology (DoIT) has had four or more repeat audit findings in the most recent fiscal compliance audit issued by the Office of Legislative Audits (OLA), \$250,000 of this agency’s administrative appropriation may not be expended unless:

- (1) DoIT has taken corrective action with respect to all repeat audit findings on or before November 1, 2025; and
- (2) a report is submitted to the budget committees by OLA listing each repeat audit finding along with a determination that each repeat finding was corrected. The budget committees shall have 45 days from the receipt of the report to review and comment to allow for funds to be released prior to the end of fiscal 2026.

Explanation: The Joint Audit and Evaluation Committee (JAEC) has requested that budget bill language be added for each unit of State government that has four or more repeat audit findings in its most recent fiscal compliance audit. Each agency is to have a portion of its administrative budget withheld pending the adoption of corrective action by the agency and a determination by OLA that each finding was corrected. OLA shall submit a report to the budget committees on the status of repeat findings.

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If OLA reports that an agency failed to completely resolve or make adequate progress toward resolving those repeat audit findings, JAEC requests that \$250,000 in general funds is withheld from each agency’s appropriation in the fiscal year following the OLA report until more satisfactory progress has been made toward resolution of those repeat findings.

| Information Request | Author | Due Date |
|---|---------------|-------------------------------------|
| Status of corrective actions related to the most recent fiscal compliance audit | OLA | 45 days before the release of funds |

| | <u>Amount Change</u> | |
|---|-----------------------------|----|
| 7. Reduce special funds to delete 2.0 long-term vacant positions within the Infrastructure program. | -\$ 210,608 | SF |
| 8. Delete general funds in the Radio Program as a technical correction. The Radio program operates the State’s 700 megahertz radio system and is funded through the telecommunication fee charges to its users which are funded in the Department of Information Technology as reimbursable funds. This action deletes the incorrect allocation of general funds as a technical correction. | -\$ 50,081 | GF |
| 9. Reduce fiscal 2025 proposed deficiency appropriation for the State Board of Elections (SBE) New Campaign Reporting Information System (NCRIS) Major Information Technology Development Project (MITDP). This reduction aligns the proposed deficiency appropriation with SBE’s estimated requirement to support NCRIS MITDP in fiscal 2025. | -\$ 193,000 | GF |
| 10. Add the following section: | | |

SECTION XX. AND BE IT FURTHER ENACTED, That for fiscal 2026 the statewide 700 megahertz (MHz) radio system operating cost allocation shall be reduced by \$1,677,680 in Executive Branch agencies. Funding for this purpose shall be reduced in Comptroller Object 0305 (700 MHz Radio System Operating Cost) within programs in the Executive Branch agencies in Section 1 of this Act in fiscal 2026 by \$1,021,650 in general funds, \$654,150 in special funds, and \$1,880 in federal funds in accordance with a schedule determined by the Governor.

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Explanation: This language reduces funding for the operating cost of the statewide 700 MHz radio system to better align with recent actual expenditures.

| | |
|---|-----------------------|
| Total Net Change to Fiscal 2025 Deficiency | -\$ 193,000 |
| Total Net Change to Allowance | -\$ 32,665,297 |
| Total General Fund Net Change to Allowance | -\$ 32,454,689 |
| Total Special Fund Net Change to Allowance | -\$ 210,608 |

Appendix 1 2024 Joint Chairmen’s Report Responses from Agency

The 2024 JCR requested that DoIT prepare seven reports. Electronic copies of the full JCR responses can be found on the DLS Library website.

- ***Timeline for Completing Cybersecurity Related Actions:*** The committees requested a report on the planned timelines for completing cybersecurity-related actions, mainly a statewide asset inventory; executive, incident response, cybersecurity program metrics; inventory and risk assessment of the State’s legacy systems; and data inventory and uses access activities. Further discussion can be found in Issue 1 of the analysis.
- ***MFR Goals and Indicators for Services to State Agencies:*** New indicators addressing value and costs are reported beginning with fiscal 2024 actuals in DoIT’s fiscal 2026 MFR submission. Further discussion can be found in Performance Measure 3 of the analysis.
- ***Cybersecurity Assessment Remediation Implementation:*** Chapter 242 of 2022 requires that the OSM within DoIT ensure that each State agency completes an external assessment at least once every two years and assists each unit to remediate any security vulnerabilities or high-risk configurations identified in the assessment. The committees requested a report on the cost of remediation efforts determined to be needed as a result of the cybersecurity efforts, including information on how remediation efforts will be categorized and the costs associated with each category. Further discussion can be found in Issue 1 of the analysis.
- ***Plan for Spending Cybersecurity Funds Appropriated in the DPA:*** After a transfer in the BRFA of 2024, DoIT was expected to have access to up to \$98.5 million in funding remaining in the DPA to support cybersecurity efforts. The committees requested that DoIT report on its plans to spend funds in the DPA including discussions of the activities and timing of the spending; progress made securing State IT hardware, software, and systems; and an update on efforts made to address cybersecurity risks in legacy systems. A portion of these funds were used in fiscal 2024, and in its report submitted on December 12, 2024, DoIT reported that the department intended to leave the remaining dedicated cyber funds in the DPA for future incident response. However, DLS notes that the remaining funds are proposed to be transferred to the General Fund in the BRFA of 2025.
- ***Fiscal 2025 ITPRs for Two MITDPs:*** New and ongoing MITDPs must submit an ITPR to request funding for the project which is then to be approved by DoIT and provided to DLS. The fiscal 2025 ITPRs for two MITDPs, namely DGS eMMA and the MDH Public Health Services Data Modernization Program, were not provided to DLS, and funds were restricted for the two projects. The pending fiscal 2025 ITPRs have been submitted to DLS, and funds have been released accordingly.

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- ***Use of AI in Creating a Statewide Virtual 3-1-1 Portal:*** The committees requested a report on the potential use of AI in creating a statewide virtual 3-1-1 portal that provides nonemergency government information and services to Maryland residents. Due to delays in the procurement process, an extension was requested and granted until March 1, 2025.

**Appendix 2
Audit Findings**

| | |
|------------------------------|-------------------------------|
| Audit Period for Last Audit: | May 7, 2018-December 31, 2022 |
| Issue Date: | March 2024 |
| Number of Findings: | 16 |
| Number of Repeat Findings: | 4 |
| % of Repeat Findings: | 25% |
| Rating: | Unsatisfactory |

Finding 1: DoIT should assume greater oversight responsibility to ensure that MITDPs were completed on time and on budget.

Finding 2: **DoIT did not effectively monitor MITDPs to ensure that they were on budget and on schedule and that changes to the scope and cost of the project were appropriate.**

Finding 3: DoIT did not have an effective process to evaluate oversight project managers hired through vendors to oversee MITDPs.

Finding 4: **DoIT could not support cost data and conclusions included in its annual report submitted to the Governor, DBM, and the General Assembly and did not always include changes in schedule, cost, and other identified problems with MITDPs, as required by State law.**

Finding 5: DoIT could not adequately explain or justify the increase in MD THINK costs from the initial \$166.4 million to \$588.8 million and delays in the system implementation, which as of November 2023 was estimated to be approximately three years behind the initial project completion date.

Finding 6: DoIT did not ensure that Independent Verification and Validation assessments findings were resolved timely by DHS and the MD THINK Executive Committee.

Finding 7: DoIT did not provide effective oversight during the development and implementation of eMMA resulting in significant delays and changes to the cost and scope of the project.

Finding 8: DoIT used the networkMaryland contract to award significant work unrelated to networkMaryland without considering a competitive procurement process.

Finding 9: DoIT did not adequately monitor work orders for agency staff augmentation services under the networkMaryland contract, and documentation of certain work orders could not be provided.

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- Finding 10:** DoIT issued work orders to the networkMaryland vendor for cybersecurity remediation services totaling approximately \$25 million that were not sufficiently detailed and did not adequately ensure that all \$11.5 million invoiced by the vendor was related to work performed on behalf of DoIT work orders.
- Finding 11:** Redacted cybersecurity-related finding.
- Finding 12:** Redacted cybersecurity-related finding.
- Finding 13:** Redacted cybersecurity-related finding.
- Finding 14:** Redacted cybersecurity-related finding.
- Finding 15:** **DoIT did not have formal written agreements with 57 of the 130 State and local entities receiving Enterprise Technology Support Services and did not recover \$4.8 million from 9 entities with agreements for services provided.**
- Finding 16:** **DoIT did not adequately control its equipment inventory and did not maintain accurate detail records.**

*Bold denotes item repeated in full or part from preceding audit report.

Appendix 3
Information Technology Investment Fund
Projects Receiving General Funds in Fiscal 2026
(\$ in Thousands)

| <u>Project Title</u> | <u>Agency</u> | <u>Fiscal 2026 Total ITIF Approp.</u> | <u>Total Funding Costs – All Funds</u> | <u>First Year of Funding</u> | <u>Estimated Completion Fiscal Year</u> | <u>High-risk Categories</u> | <u>Recommendations</u> |
|--|---------------|---------------------------------------|--|------------------------------|---|--|---|
| Statewide Pollbook Modernization | SBE | \$581 | \$38,097 | 2025 | 2030 | Interdependencies, technical, resource availability, user interface, organizational culture, flexibility, supportability, implementation | Quarterly reporting language recommended |
| 2026 New Voting System | SBE | 50 | 48,299 | 2024 | 2027 | Resource availability, technology, interdependencies, user interface, implementation, organizational culture, supportability | Quarterly reporting language recommended |
| 2026 New Campaign Reporting Information System | SBE | 572 | 2,907 | 2024 | 2026 | Objectives, interdependencies, user interface, organizational culture, flexibility | Quarterly reporting language recommended; reduce fiscal 2025 proposed deficiency appropriation by \$193,000 based on expected costs |
| Voter Registration and Election Administration Modernization | SBE | 603 | 35,600 | 2026 | 2031 | Resource availability, interdependencies, technical, user interface, organizational culture, supportability, implementation, flexibility | Delete funding for the project |

| <u>Project Title</u> | <u>Agency</u> | <u>Fiscal 2026 Total ITIF Approp.</u> | <u>Total Funding Costs – All Funds</u> | <u>First Year of Funding</u> | <u>Estimated Completion Fiscal Year</u> | <u>High-risk Categories</u> | <u>Recommendations</u> |
|---|-------------------------|---|--|--------------------------------------|---|--|------------------------|
| MIA Legacy System Replacement | MIA | \$50 | \$18,090 | 2021 | 2026 | Interdependencies, supportability, implementation | |
| Integrated Tax System | Comptroller of Maryland | 15,828 | 231,004 | 2017 | 2028 | Project funding (60:40, DoIT:Comptroller), resource availability, interdependencies, technical, user interface, flexibility | |
| Central Payroll Bureau System Replacement | Comptroller of Maryland | 19,758 | 47,925 | 2023 | 2027 | Objectives, implementation, funding, resource availability, interdependence, implementation, flexibility | |
| Financial Management Information System Replacement | Comptroller of Maryland | 33,400 | 308,413 | 2023 | 2031 | Objectives, sponsorship, funding, resource availability, technical, interdependencies, implementation, user interface, organizational culture, supportability, flexibility | |
| Financial Systems Modernization | State Treasurer | 5,510 | 37,817 | 2018 | 2027 | Funding, resource availability, interdependence, technical, implementation, user interface, organizational culture, supportability, flexibility | |
| Cloud Revenue Integrated System | SDAT | 50 | 37,712 | 2018 | 2028 | Supportability, resource availability, procurement delays | |
| Maryland Assessment Administration and Valuation System | SDAT | 350 | 14,521 | 2025 | 2030 | Resource availability, implementation | |

| <u>Project Title</u> | <u>Agency</u> | <u>Fiscal 2026 Total ITIF Approp.</u> | <u>Total Funding Costs – All Funds</u> | <u>First Year of Funding</u> | <u>Estimated Completion Fiscal Year</u> | <u>High-risk Categories</u> | <u>Recommendations</u> |
|--|---------------|---------------------------------------|--|------------------------------|---|--|------------------------|
| Capital Reporting, Analysis and Budgeting System | DBM | 50 | 6,049 | 2022 | 2027 | Resource availability | |
| Fleet Management System Replacement | DBM | 1,300 | 2,150 | 2025 | 2028 | Funding, resource availability, interdependencies | |
| Enterprise Solutions Planning Initiative | DoIT | 1,651 | 20,871 | 2022 | 2029 | n/a | |
| Maryland OneStop Portal | DoIT | 3,104 | 29,930 | 2018 | 2026 | Objectives, resource availability, interdependencies, technical, user interface, organizational culture, supportability, implementation, flexibility | |
| eMaryland Marketplace eProcurement Solution | DGS | 6,104 | 56,940 | 2019 | 2027 | Funding, organizational culture, implementation, objectives, sponsorship, interdependencies, resource availability, technical, user interface, supportability, flexibility | |
| AS400 Replacement | DGS | 50 | 5,382 | 2023 | 2028 | Objectives, sponsorship, interdependencies, funding, resource availability, technical, user interface, implementation, organizational culture, supportability, flexibility | |

| <u>Project Title</u> | <u>Agency</u> | <u>Fiscal 2026 Total ITIF Approp.</u> | <u>Total Funding Costs – All Funds</u> | <u>First Year of Funding</u> | <u>Estimated Completion Fiscal Year</u> | <u>High-risk Categories</u> | <u>Recommendations</u> |
|--|---------------|---------------------------------------|--|------------------------------|---|---|---|
| DNR Modernization and OneStop Integration Project | DNR | 50 | 16,011 | 2021 | 2026 | Technical, funding, resource availability, implementation | |
| Modernizing Maryland Park Reservation and Revenue Management System | DNR | 50 | 8,052 | 2023 | 2028 | n/a | |
| MDA Customer Data Modernization Initiative | MDA | 50 | 10,895 | 2023 | 2026 | Objectives, resource availability, technical | |
| MDA Digitization and Modernization Project | MDA | 1,233 | 59,938 | 2025 | 2030 | Objectives, funding, resources availability, sponsorship, technical, organizational culture | |
| Statewide Electronic Health Records Formerly Computerized Hospital Record and Information System | MDH | 4,438 | 36,800 | 2017 | 2027 | Resource availability | Reduce fiscal 2026 general fund appropriation by \$2,525,251 to align fiscal 2026 budgeted amount with available project cashflow |
| Integrated Electronic Vital Records Registration System | MDH | 50 | 39,443 | 2019 | 2029 | Resource availability | |

| <u>Project Title</u> | <u>Agency</u> | <u>Fiscal 2026 Total ITIF Approp.</u> | <u>Total Funding Costs – All Funds</u> | <u>First Year of Funding</u> | <u>Estimated Completion Fiscal Year</u> | <u>High-risk Categories</u> | <u>Recommendations</u> |
|--|---------------|---|--|--------------------------------------|---|---|---|
| MDH Licensing and Regulatory Management System Project | MDH | 2,442 | 14,136 | 2019 | 2028 | Resource availability, objectives, interdependencies, technical, organizational culture | Reduce fiscal 2026 general fund appropriation by \$177,485 to align fiscal 2026 budgeted amount with available project cashflow |
| Long Term Supports and Services Tracking System | MDH | 200 | 288,786 | 2020 | 2026 | Resource availability, organizational culture, supportability, implementation | |
| Bed Registry and Referral System | MDH | 50 | 7,954 | 2023 | 2027 | Resource availability, implementation, sponsorship, technical, organizational culture | |
| OPER Systems Integration and Modernization | MDH | 2,407 | 9,782 | 2023 | 2027 | Resource availability, implementation | Reduce fiscal 2026 general fund appropriation by \$278,015 to align fiscal 2026 budgeted amount with available project cashflow |
| Maryland AIDS Drug Assistance Program Case Management System | MDH | 2,330 | 14,932 | 2023 | 2029 | Resource availability | |

| <u>Project Title</u> | <u>Agency</u> | <u>Fiscal 2026 Total ITIF Approp.</u> | <u>Total Funding Costs – All Funds</u> | <u>First Year of Funding</u> | <u>Estimated Completion Fiscal Year</u> | <u>High-risk Categories</u> | <u>Recommendations</u> |
|---|---------------|---------------------------------------|--|------------------------------|---|---|------------------------|
| PHS Data Modernization Program | MDH | 50 | 12,140 | 2024 | 2030 | Funding, resource availability, organizational culture, technical | |
| Non-Medicaid Case Management Modernization | MDH | 50 | 1,221 | 2024 | 2029 | Organizational culture, technical, resource availability, implementation | |
| MMT – Behavioral Health ASO | MDH | 71 | 16,985 | 2025 | 2026 | Resource availability, interdependencies, user interface, implementation, flexibility | |
| MMT – Business Process Reengineering and Consolidated CRM | MDH | 833 | 36,278 | 2025 | 2030 | Funding, resource availability, technical | |
| MMT – CMS Interoperability Rule | MDH | 932 | 26,411 | 2025 | 2028 | Resource availability, supportability | |
| MMT – Consolidated Call Center and IVR | MDH | 71 | 16,237 | 2025 | 2029 | Sponsorship, resource availability, interdependencies, technical | |
| MMT – Decision Support and Enterprise Data Warehouse | MDH | 1,741 | 51,334 | 2025 | 2030 | Objectives, sponsorship, resource availability, technical, organizational culture, supportability, implementation | |
| MMT – Dental Administrative Services | MDH | 8,741 | 34,536 | 2025 | 2027 | Funding, supportability, implementation | |

| <u>Project Title</u> | <u>Agency</u> | <u>Fiscal 2026 Total ITIF Approp.</u> | <u>Total Funding Costs – All Funds</u> | <u>First Year of Funding</u> | <u>Estimated Completion Fiscal Year</u> | <u>High-risk Categories</u> | <u>Recommendations</u> |
|---|---------------|---|--|--------------------------------------|---|---|------------------------|
| MMT – EDI Gateway | MDH | 70 | 16,188 | 2025 | 2028 | n/a | |
| MMT – Enterprise Document Management System | MDH | 71 | 15,889 | 2025 | 2029 | Funding, organizational culture | |
| MMT – Hospices and MD Daycare Enrollment | MDH | 70 | 10,951 | 2025 | 2027 | Objectives, funding, interdependencies, supportability | |
| MMT – MES Claims Module | MDH | 71 | 76,135 | 2025 | 2031 | Funding, resource availability, technical, user interface, organizational culture, supportability, implementation | |
| MMT – Nonemergency Medical Transportation | MDH | 71 | 22,101 | 2025 | 2029 | User interface, organizational culture, supportability | |
| MMT – Provider Management Module | MDH | 4,269 | 163,992 | 2025 | 2030 | Interdependencies, technical, organizational culture, supportability, implementation | |
| MMT – Surveillance Utilization Review Subsystem | MDH | 71 | 11,139 | 2025 | 2027 | Funding, organizational culture | |
| MMT – Utilization Control Agency | MDH | 1,113 | 10,606 | 2025 | 2026 | n/a | |

| <u>Project Title</u> | <u>Agency</u> | <u>Fiscal 2026 Total ITIF Approp.</u> | <u>Total Funding Costs – All Funds</u> | <u>First Year of Funding</u> | <u>Estimated Completion Fiscal Year</u> | <u>High-risk Categories</u> | <u>Recommendations</u> |
|--|---------------|---------------------------------------|--|------------------------------|---|--|--|
| Child, Juvenile, and Adult Management System | DHS | 100 | 19,833 | 2026 | 2026 | Objectives, sponsorship, funding, resource availability, technical, interdependencies, implementation, user interface, organizational culture, supportability, flexibility | |
| Child Support Management System | DHS | 200 | 21,224 | 2026 | 2026 | Objectives, sponsorship, funding, resource availability, technical, interdependencies, implementation, user interface, organizational culture, supportability, flexibility | |
| Eligibility and Enrollment | DHS | 100 | 24,799 | 2026 | 2026 | Objectives, sponsorship, funding, resource availability, technical, interdependencies, implementation, user interface, organizational culture, supportability, flexibility | |
| MD Labor Omni-channel Contact Center System | MD Labor | 50 | 16,399 | 2022 | 2026 | Resource availability, interdependencies, organizational culture, implementation, objectives, supportability, flexibility | |
| Electronic Licensing Modernization | MD Labor | 1,350 | 8,349 | 2023 | 2027 | Funding, resource availability, organizational culture, supportability, implementation | |
| Computerized Criminal History Replacement (Phase II) | DPSCS | 50 | 20,121 | 2018 | 2029 | Funding, resource availability, interdependencies | Restrict \$500,000 pending report on plan describing agency’s procurement strategy |

| <u>Project Title</u> | <u>Agency</u> | <u>Fiscal 2026 Total ITIF Approp.</u> | <u>Total Funding Costs – All Funds</u> | <u>First Year of Funding</u> | <u>Estimated Completion Fiscal Year</u> | <u>High-risk Categories</u> | <u>Recommendations</u> |
|---|-------------------------------|---|--|--------------------------------------|---|--|------------------------|
| Electronic Patient Health Record Replacement | DPSCS | 50 | 21,908 | 2019 | 2029 | Funding, organizational culture, implementation | |
| CCATS Replacement Project | State Department of Education | 50 | 45,374 | 2026 | 2026 | Funding | |
| New Unified Financial Aid System for Higher Education | MHEC | 3,121 | 14,045 | 2023 | 2026 | Interdependencies, technical | |
| Energy Efficiency Program Management System | DHCD | 50 | 3,058 | | 2026 | Supportability | |
| MDE Portal Project | MDE | 2,050 | 3,650 | 2025 | 2027 | Funding, objectives, sponsorship, resource availability, interdependencies, technical, user interface, organizational culture, supportability, implementation, flexibility | |
| MDE Wells and Septic Portal Project | MDE | 1,100 | 3,588 | 2025 | 2028 | Funding, resource availability, interdependencies, objectives, sponsorship, technical, user interface, organizational culture, supportability, implementation, flexibility | |
| Automated Licensing and Registration Tracking System | Department of State Police | 349 | 9,579 | 2014 | 2026 | Implementation | |

| <u>Project Title</u> | <u>Agency</u> | <u>Fiscal 2026 Total ITIF Approp.</u> | <u>Total Funding Costs – All Funds</u> | <u>First Year of Funding</u> | <u>Estimated Completion Fiscal Year</u> | <u>High-risk Categories</u> | <u>Recommendations</u> |
|--|---------------|---|--|--------------------------------------|---|---|--|
| Future Fare System (Next Generation Fare System) | MDOT | 50 | | | | Covered under J00H01 – MDOT Maryland Transit Administration program | |
| Expedited Projects | DoIT | 15,000 | | | | n/a | Delete fiscal 2026 general funds for expedited projects in ITIF and strike the contingent language that reduces general fund appropriations for expedited projects contingent on legislation eliminating the mandate for expedited projects |

ASO: Administrative Services Organization
 CCATS: Child Care Automated Tracking System
 CMS: Center for Medicare and Medicaid Services
 CRM: Customer Relationship Management
 DBM: Department of Budget and Management
 DGS: Department of General Services
 DHCD: Department of Housing and Community Development
 DHS: Department of Human Services
 DNR: Department of Natural Resources
 DoIT: Department of Information Technology
 DPSCS: Department of Public Safety and Correctional Services
 EDI: Electronic Data Interchange
 ITIF: Information Technology Investment Fund
 IVR: Interactive Voice Response

MDA: Maryland Department of Agriculture
 MD Labor: Maryland Department of Labor
 MDE: Maryland Department of the Environment
 MES: Medicaid Enterprise System
 MDH: Maryland Department of Health
 MHEC: Maryland Higher Education Commission
 MIA: Maryland Insurance Administration
 MDOT: Maryland Department of Transportation
 MMT: Medicaid Modular Transformation
 OPER: Office of Provider Engagement and Regulations
 PHS: Public Health Services
 SBE: State Board of Elections
 SDAT: State Department of Assessments and Taxation

Appendix 4
Enterprise Solutions Planning Initiative
Major Information Technology Development Project
Department of Information Technology

| | | | | | | | | |
|---------------------------------------|-------------------|----------------|----------------|----------------|--|----------------|------------------|-----------------|
| New/Ongoing: Ongoing | | | | | | | | |
| Start Date: July 2017 | | | | | Est. Completion Date: Ongoing Development Costs | | | |
| Implementation Strategy: Agile | | | | | | | | |
| (\$ in Millions) | Prior Year | 2025 | 2026 | 2027 | 2028 | 2029 | Remainder | Total |
| GF | \$4.839 | \$0.000 | \$1.651 | \$0.000 | \$0.952 | \$7.293 | \$0.000 | \$14.736 |
| SF¹ | 6.135 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 6.135 |
| Total | \$10.974 | \$0.000 | \$1.651 | \$0.000 | \$0.952 | \$7.293 | \$0.000 | \$20.871 |

- **Project Summary:** Provide integrated planning support to IT projects received to combine planning activities that have traditionally occurred in silos. This includes (1) centralized planning; (2) ensuring that solutions are scaled at an appropriate level and apply enterprise model to reduce duplicative systems; (3) supporting the Agile approach to system development; (4) influencing common modeling, designing, and coding practices for systems architecture; and (5) ensuring that priority needs/solutions are addressed timely and funded appropriately.
- **Observations and Milestones:** Enhancements for the Project Management Information System were canceled in fiscal 2023 due to the bankruptcy of the vendor servicing the system. A new vendor acquired the prior vendor assets and implementation of the new system began in July 2024.
- **Changes:** This is an ongoing initiative. Costs are adjusted to reflect project needs.

¹Special funds are general funds appropriated for projects that have been completed. Unused general funds from completed projects are appropriated as special funds for another project.

Appendix 5
Maryland Enterprise Web Strategy
Major Information Technology Development Project
Department of Information Technology

| | | | | | | | | |
|---------------------------------------|-------------------|----------------|----------------|----------------|--|----------------|------------------|-----------------|
| New/Ongoing: Ongoing | | | | | | | | |
| Start Date: Fiscal 2025 | | | | | Est. Completion Date: Fiscal 2029 | | | |
| Implementation Strategy: Agile | | | | | | | | |
| (\$ in Millions) | Prior Year | 2025 | 2026 | 2027 | 2028 | 2029 | Remainder | Total |
| GF | \$0.000 | \$1.500 | \$0.000 | \$7.650 | \$7.650 | \$4.555 | \$0.000 | \$21.355 |
| Total | \$0.000 | \$1.500 | \$0.000 | \$7.650 | \$7.650 | \$4.555 | \$0.000 | \$21.355 |

- **Project Summary:** This project will focus on ensuring agency websites, web applications, digital services, and mobile applications meet these principles: (1) accessible to all Marylanders; (2) consistent visual design and agency brand identity; (3) content that is authoritative and easy to understand; (4) user-centered and data-driven design; (5) mobile-first design that scales across varying device sizes; and (6) secure web presence.
- **Need:** The lack of centralized, user focused content limits the adoption of web services by Maryland residents, including the State’s ability to leverage artificial intelligence to better support user needs.
- **Observations and Milestones:** The project is continuing with procurement activities and operating within its projected cost limits. There is no fiscal 2026 allowance for oversight.

Appendix 6
Geographic Information System Modernization
Major Information Technology Development Project
Department of Information Technology

| | | | | | | | | |
|---------------------------------------|-------------------|----------------|----------------|----------------|--|----------------|------------------|----------------|
| New/Ongoing: Ongoing | | | | | | | | |
| Start Date: Fiscal 2023 | | | | | Est. Completion Date: Fiscal 2025 | | | |
| Implementation Strategy: Agile | | | | | | | | |
| (\$ in Millions) | Prior Year | 2025 | 2026 | 2027 | 2028 | 2029 | Remainder | Total |
| GF | \$2.967 | \$1.213 | \$0.000 | \$0.000 | \$0.000 | \$0.000 | \$0.000 | \$4.180 |
| Total | \$2.967 | \$1.213 | \$0.000 | \$0.000 | \$0.000 | \$0.000 | \$0.000 | \$4.180 |

- **Project Summary:** Update systems that support GIS and open data that is available to the public.
- **Need:** Demand for GIS and open data has increased substantially. GIS is now a common application that many agencies use regularly. GIS technology and uses are advancing quickly, and the current systems are becoming obsolete. Current systems are limiting service expansion and cumbersome to maintain. GIS was centralized in DoIT over a decade ago, so this project affects many agencies. GIS data is shared frequently, and a common platform make processes more efficient.
- **Observations and Milestones:** The project is scheduled to go live in the third quarter of fiscal 2025.

Appendix 7
networkMaryland Modernization
Major Information Technology Development Project
Department of Information Technology

| | | | | | | | | |
|---------------------------------------|-------------------|----------------|----------------|----------------|--------------------------------------|----------------|------------------|----------------|
| New/Ongoing: Ongoing | | | | | | | | |
| Start Date: Fiscal 2024 | | | | | Est. Completion Date: On hold | | | |
| Implementation Strategy: Agile | | | | | | | | |
| (\$ in Millions) | Prior Year | 2025 | 2026 | 2027 | 2028 | 2029 | Remainder | Total |
| GF | \$1.050 | \$0.000 | \$0.000 | \$0.000 | \$0.000 | \$0.000 | \$0.000 | \$1.050 |
| SF¹ | 4.132 | 4.504 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 8.636 |
| Total | \$5.182 | \$4.504 | \$0.000 | \$0.000 | \$0.000 | \$0.000 | \$0.000 | \$9.686 |

- **Project Summary:** The project increases the bandwidth of the most heavily utilized core sites that are interconnected by networkMaryland fiber from 10 gigabytes (GB) to 100 GB to support the exponential growth in bandwidth required by current subscribers.
- **Need:** The current Maryland network infrastructure was designed and implemented over 15 years ago and is no longer meeting the current and growing needs of agencies. There is a surge in subscriber demand, and DoIT has to extend delivering 100 GB capacity distribution to each point of presence edge. This project expands 100 GB capacity beyond the backbone and to the nodes connecting to networkMaryland.
- **Concerns:** Based on the fiscal 2025 mid-year report submitted by DoIT on the ITIF and the portfolio of all MITDPs, DoIT notes that the project timeline may be delayed as the project is dependent on traffic control permits and agency memorandum of understandings. Additionally, DoIT notes that no new appropriation is expected currently due to budget constraints, which will further delay the project schedule.

¹Special funds are general funds appropriated for projects that have been completed. Unused general funds from completed projects are appropriated as special funds for another project.

Appendix 8
Maryland OneStop Portal
Major Information Technology Development Project
Department of Information Technology

| | | | | | | | | |
|---------------------------------------|-------------------|----------------|----------------|----------------|--|----------------|------------------|-----------------|
| New/Ongoing: Ongoing | | | | | | | | |
| Start Date: Fiscal 2018 | | | | | Est. Completion Date: Fiscal 2026 | | | |
| Implementation Strategy: Agile | | | | | | | | |
| (\$ in Millions) | Prior Year | 2025 | 2026 | 2027 | 2028 | 2029 | Remainder | Total |
| GF | \$21.415 | \$0.000 | \$3.104 | \$0.000 | \$0.000 | \$0.000 | \$0.000 | \$24.519 |
| SF¹ | 0.000 | 5.411 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 5.411 |
| Total | \$21.415 | \$5.411 | \$3.104 | \$0.000 | \$0.000 | \$0.000 | \$0.000 | \$29.930 |

- **Project Summary:** This project provides a consolidated, easy-to-find portal for State-issued licenses, permits, and forms. DoIT works with agencies to bring their processes online.
- **Need:** Before this project was implemented, DoIT estimated that Maryland had over 1,000 forms online spread across State agency websites. Many of these forms are only available to download, complete manually on paper, and return via U.S. mail. There was no interagency coordination for such a common process as license processing, so license processing tasks are duplicated many times throughout the State government apparatus.
- **Observations and Milestones:** The project’s planned transition to operation and maintenance is anticipated to in the first quarter of fiscal 2026.
- **Concerns:** In its fiscal 2025 mid-year report on the ITIF and the portfolio of all MITDPs, DoIT notes that long-term strategy and plans for this project are currently being reevaluated by the Maryland Digital Service and DoIT leadership, which may result in changes to the project schedule, cost, scope, and its anticipated transition in fiscal 2026.

¹Special funds are general funds appropriated for projects that have been completed. Unused general funds from completed projects are appropriated as special funds for another project.

Appendix 9
Object/Fund Difference Report
Department of Information Technology

| <u>Object/Fund</u> | <u>FY 24</u> <u>Actual</u> | <u>FY 25</u> <u>Working</u> <u>Appropriation</u> | <u>FY 26</u> <u>Allowance</u> | <u>FY 25 - FY 26</u> <u>Amount Change</u> | <u>Percent</u> <u>Change</u> |
|-------------------------------|-------------------------------|--|----------------------------------|--|---------------------------------|
| Positions | | | | | |
| 01 Regular | 208.00 | 225.00 | 244.00 | 19.00 | 8.4% |
| 02 Contractual | 4.00 | 3.00 | 7.00 | 4.00 | 133.3% |
| Total Positions | 212.00 | 228.00 | 251.00 | 23.00 | 10.1% |
| Objects | | | | | |
| 01 Salaries and Wages | \$ 27,748,050 | \$ 36,999,107 | \$ 40,970,679 | \$ 3,971,572 | 10.7% |
| 02 Technical and Special Fees | 336,035 | 882,913 | 1,176,161 | 293,248 | 33.2% |
| 03 Communication | 8,613,703 | 8,192,608 | 7,349,844 | -842,764 | -10.3% |
| 04 Travel | 63,329 | 220,418 | 220,405 | -13 | 0% |
| 06 Fuel and Utilities | 54,720 | 66,700 | 116,781 | 50,081 | 75.1% |
| 07 Motor Vehicles | 53,947 | 9,420 | 9,020 | -400 | -4.2% |
| 08 Contractual Services | 242,797,170 | 264,823,066 | 343,135,428 | 78,312,362 | 29.6% |
| 09 Supplies and Materials | 204,252 | 29,122 | 29,122 | 0 | 0% |
| 10 Equipment – Replacement | 7,347,153 | 8,317,010 | 9,546,109 | 1,229,099 | 14.8% |
| 11 Equipment – Additional | 100,517 | 2,735,519 | 1,110,000 | -1,625,519 | -59.4% |
| 13 Fixed Charges | 708,085 | 393,522 | 397,750 | 4,228 | 1.1% |
| Total Objects | \$ 288,026,961 | \$ 322,669,405 | \$ 404,061,299 | \$ 81,391,894 | 25.2% |
| Funds | | | | | |
| 01 General Fund | \$ 128,375,232 | \$ 156,511,813 | \$ 238,211,848 | \$ 81,700,035 | 52.2% |
| 03 Special Fund | 35,787,879 | 15,103,009 | 16,195,876 | 1,092,867 | 7.2% |
| 09 Reimbursable Fund | 123,863,850 | 151,054,583 | 149,653,575 | -1,401,008 | -0.9% |
| Total Funds | \$ 288,026,961 | \$ 322,669,405 | \$ 404,061,299 | \$ 81,391,894 | 25.2% |

Note: The fiscal 2025 appropriation does not include deficiencies. The fiscal 2026 allowance does not include contingent reductions or statewide salary adjustments budgeted within the Department of Budget and Management.

Appendix 10
Fiscal Summary
Department of Information Technology

| <u>Program/Unit</u> | <u>FY 24</u> <u>Actual</u> | <u>FY 25</u> <u>Wrk Approp</u> | <u>FY 26</u> <u>Allowance</u> | <u>Change</u> | <u>FY 25 - FY 26</u> <u>% Change</u> |
|---|-------------------------------|-----------------------------------|----------------------------------|----------------------|---|
| 01 Information Technology Investment Fund | \$ 94,497,053 | \$ 75,013,030 | \$ 158,096,772 | \$ 83,083,742 | 110.8% |
| 01 State Chief of Information Technology | 28,577,165 | 38,210,812 | 33,806,759 | -4,404,053 | -11.5% |
| 02 Security | 42,759,383 | 68,297,241 | 60,309,981 | -7,987,260 | -11.7% |
| 03 Application Systems Management | 39,775,357 | 45,290,184 | 55,251,466 | 9,961,282 | 22.0% |
| 04 Infrastructure | 52,864,276 | 74,616,795 | 72,162,108 | -2,454,687 | -3.3% |
| 05 Chief of Staff | 3,062,793 | 3,659,965 | 4,499,768 | 839,803 | 22.9% |
| 06 Major IT Development Projects | 10,722,304 | 0 | 0 | 0 | 0% |
| 07 Radio | 15,768,630 | 17,581,378 | 19,934,445 | 2,353,067 | 13.4% |
| Total Expenditures | \$ 288,026,961 | \$ 322,669,405 | \$ 404,061,299 | \$ 81,391,894 | 25.2% |
| General Fund | \$ 128,375,232 | \$ 156,511,813 | \$ 238,211,848 | \$ 81,700,035 | 52.2% |
| Special Fund | 35,787,879 | 15,103,009 | 16,195,876 | 1,092,867 | 7.2% |
| Total Appropriations | \$ 164,163,111 | \$ 171,614,822 | \$ 254,407,724 | \$ 82,792,902 | 48.2% |
| Reimbursable Fund | \$ 123,863,850 | \$ 151,054,583 | \$ 149,653,575 | -\$ 1,401,008 | -0.9% |
| Total Funds | \$ 288,026,961 | \$ 322,669,405 | \$ 404,061,299 | \$ 81,391,894 | 25.2% |

Note: The fiscal 2025 appropriation does not include deficiencies. The fiscal 2026 allowance does not include contingent reductions or statewide salary adjustments budgeted within the Department of Budget and Management.