

Department of Legislative Services
 Maryland General Assembly
 2019 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 253 (Senator Hayes, *et al.*)
 Education, Health, and Environmental Affairs

**Major Information Technology Development Project Fund - Money Received by
 Baltimore City Community College - Exemption**

This bill exempts specified money received by Baltimore City Community College (BCCC) from having to be deposited into the Major Information Technology Development Project Fund (MITDPF). As a result, money collected by BCCC through its resource sharing agreements (RSAs) may be retained by BCCC and is no longer required to be remitted to MITDPF.

Fiscal Summary

State Effect: Higher education expenditures for BCCC decrease by \$68,100 in FY 2020 and by \$90,700 annually thereafter as BCCC retains revenues that would otherwise be remitted to MITDPF; special fund revenues for MITDPF within the Department of Information Technology (DoIT) decrease correspondingly. It is unclear whether BCCC must repay the \$2.3 million it currently owes to MITDPF under the bill, as discussed below.

(in dollars)	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
SF Revenue	(\$68,100)	(\$90,700)	(\$90,700)	(\$90,700)	(\$90,700)
Higher Ed Exp.	(\$68,100)	(\$90,700)	(\$90,700)	(\$90,700)	(\$90,700)
Net Effect	\$0	\$0	\$0	\$0	\$0

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

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law/Background:

Department of Information Technology

DoIT and the Secretary of Information Technology are, among other things, responsible for (1) developing and enforcing information technology (IT) policies, procedures, and standards; (2) providing technical assistance, advice, and recommendations to any unit of State government; and (3) developing and maintaining a statewide IT master plan. The following agencies/institutions are exempt from oversight by DoIT:

- public institutions of higher education solely for academic or research purposes;
- the Maryland Port Administration;
- the University System of Maryland;
- St. Mary's College of Maryland;
- Morgan State University; and
- the Maryland Stadium Authority (included by Chapter 150 of 2018).

In order to centralize State oversight and funding for major Executive Branch IT projects, Chapters 467 and 468 of 2002 established a review and approval process for major IT development projects and the related MITDPF. The process and fund are both managed by DoIT. MITDPF is used to pay for major IT development projects in general funded agencies.

Among other sources of revenue, the fund consists of money received from IT agreements involving resource sharing, but the Maryland Department of Transportation (MDOT), Maryland Transportation Authority (MDTA), Maryland Public Broadcasting Commission (MPBC), as well as the Legislative Branch and the Judiciary are exempt from paying any money into the fund. Special funded agencies manage funding for their major IT projects, although their projects remain subject to the review, approval, and oversight of DoIT.

For a project to be eligible for funding through MITDPF, it must (1) be estimated to cost at least \$1.0 million; (2) support critical business function associated with the public health, education, safety, or financial well-being of the citizens of Maryland; or (3) be determined to require special attention and consideration by the Secretary.

Resource Sharing Agreements and Recent Audit Findings

The State's telecommunications RSA process was established by Chapter 87 of 1996 to allow State agencies to enter into contractual agreements with private companies for the

non-exclusive, long-term use of State rights-of-way (land), communications infrastructure (telecommunication towers), and real estate (buildings). Generally, RSAs permit private companies to install, operate, and maintain communications systems on State resources; in exchange, the private companies provide the State with monetary compensation, equipment, or services.

Funds collected from telecommunications RSAs and from the sale, lease, and exchange of communication sites, communication facilities, or communication frequencies must generally be deposited into MITDPF. However, funds collected from RSAs with the MDOT, MDTA, MPBC/Maryland Public Television, and agencies within the Judicial and Legislative branches of State government are retained by those agencies and not deposited into MITDPF.

In August 2018, the Office of Legislative Audits (OLA) released a report on telecommunications RSAs in the State; 141 RSAs with an estimated value of \$264.1 million at 11 State agencies were identified in the report, including \$163.7 million from exempt agencies. One of OLA's key findings was that DoIT and State agencies did not maintain comprehensive records of RSAs and inventories of State-owned telecommunications equipment. Furthermore, OLA found that at least \$7.3 million in revenues from RSAs was collected by nonexempt State agencies but was not remitted to MITDPF, as required.

State Fiscal Effect: BCCC has had two RSAs with AT&T and iHeart Media since 1988. The agreement with AT&T is for \$28,092 per year (\$2,341 month), and the agreement with iHeart Media is for \$62,652 per year (\$5,221 per month); in total, BCCC receives \$90,744 annually from these RSAs. Under the bill, these revenues are kept by BCCC instead of being remitted to MITDPF. Therefore, higher education expenditures for BCCC and special fund revenues for MITDPF both decrease by \$68,058 in fiscal 2020 (due to the bill's October 1, 2019 effective date) and by \$90,744 annually thereafter.

Furthermore, DoIT advises that BCCC owes MITDPF \$2.3 million in back pay because, over the lifetime of BCCC's 30-year RSA, BCCC has only remitted a total of \$90,744 to MITDPF. Given the audit findings, this analysis assumes that, absent the bill, BCCC would begin to remit RSA revenues on an ongoing basis rather than retain them. However, it is unclear whether BCCC is required to remit the back pay to MITDPF under the bill (since it represents a debt incurred prior to the bill's effective date). As such, the disposition of that payment is not addressed in this analysis.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Information Technology; Baltimore City Community College; Department of Legislative Services

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Analysis by: Richard L. Duncan

Direct Inquiries to:
(410) 946-5510
(301) 970-5510