



April 9, 2024

MEMORANDUM

TO: Ingrid Watson, Chair
Government Operations and Fiscal Policy Committee (GOFP)

THRU: Joseph R. Hamlin 
Director of Budget and Policy Analysis

FROM: Roger Banegas 
Legislative Budget and Policy Analyst

RE: Office of Information Technology (OIT)
Fiscal Year 2025 Budget Review

Budget Overview

- The FY 2025 Proposed Budget for the Office of Information Technology Internal Service Fund is \$61,079,400, representing an increase of \$2,975,300, or 5.1%, above the FY 2024 Approved Budget. The overall increase is primarily due to increased costs in operating contracts to support telecommunications, Enterprise Resource Planning (ERP) support, applications, IT Service Management (ITSM), and broadband strategy initiatives, partially offset by savings in the County's website, 311 applications, and I-Net costs. There is also an increase in compensation due to mandatory salary requirements, the reallocation of one part-time position to full-time, and a reduction in budgeted attrition to align with anticipated salary requirements. Additionally, there is an increase in fringe benefit costs to align with compensated adjustments, new positions, and projected costs.
- In FY 2023 there was a one-time interfund transfer from the General Fund to the Information Technology Internal Service Fund in the amount of \$5,528,000. No transfers are planned for FY 2024 or FY 2025, and the Office's budget will be fully funded through the Information Technology Internal Service Fund.
- The Office reports that a supplemental budget will not be necessary for FY 2025 unless the Office receives additional grant awards.
- The \$2.3 million in excess revenues over expenditures in FY 2023 is attributable primarily to the General Fund transfer to the Internal Service Fund based on two unpaid agency technology allocation charges from the prior year. The ending fund balance for the Information Technology Fund totals -\$12,521,476. The overall balance is negative due to a prior year adjustment made in the FY 2018 ACFR.

Fund Types	FY 2023 Actual	FY 2024 Approved	FY 2024 Estimate	% Change - Est vs App	FY 2025 Proposed	\$ Change	% Change
General Fund	\$ 5,528,000	\$ -	\$ -	N/A	\$ -	\$ -	0.0%
Internal Service Funds	47,578,168	58,104,100	58,104,200	0.0%	61,079,400	\$ 2,975,300	5.1%
Total	\$ 53,106,168	\$ 58,104,100	\$ 58,104,200	0%	\$ 61,079,400	\$ 2,975,300	5.1%

Information Technology Internal Service Fund

Budget Comparison

Category	FY 2023 Actual	FY 2024 Approved	FY 2024 Estimate	% Change - Est vs App	FY 2025 Proposed	\$ Change	% Change
Compensation	\$ 8,375,433	\$ 8,923,200	\$ 9,185,900	2.9%	\$ 10,350,400	\$ 1,427,200	16.0%
Fringe Benefits	3,102,305	4,791,600	4,528,800	-5.5%	5,563,300	771,700	16.1%
Operating Expenses	41,628,427	44,389,300	44,389,500	0.0%	45,165,700	776,400	1.7%
Total	\$ 53,106,165	\$ 58,104,100	\$ 58,104,200	0.0%	\$ 61,079,400	\$ 2,975,300	5.1%

Authorized Staffing Count

	FY 2024 Approved	FY 2025 Proposed	Change Amount	Percentage Change
Full-Time	73	75	2	2.7%
Part-Time	2	1	-1	-50.0%
Total	75	76	1	1.3%

Staffing Changes and Compensation

- In FY 2025, compensation is proposed at \$10,350,400, representing an increase of \$1,427,200, or 16% above the FY 2024 approved amount. Compensation includes funding for 73 out of 75 full-time positions and one (1) part-time position.
- In addition to the 75 full-time positions, the Office relies on contracted personnel to meet its operational objectives.
- As of March 18, 2024, the Office reports seven (7) vacant full-time positions, which represents a 9.33% full-time vacancy rate.
- The Office reports that it lost three (3) employees to attrition in FY 2024 to date, which represents a 4.51% attrition level. According to the Office, merit staff attrition is low and, therefore, has a limited impact on the Office's base operations level but has a significant negative impact on supporting County agencies in achieving goals in WEB, Data, and essential business systems. To address attrition, the Office will cope by temporarily reassigning some existing staff and using contractors to fulfill the duties of the employees who left. The positions lost to attrition in FY 2024 are:
 - Info Tech Programming Engineer
 - Info Tech Engineer – Asset Management
 - Info Tech Project Coordinator

Fringe Benefits

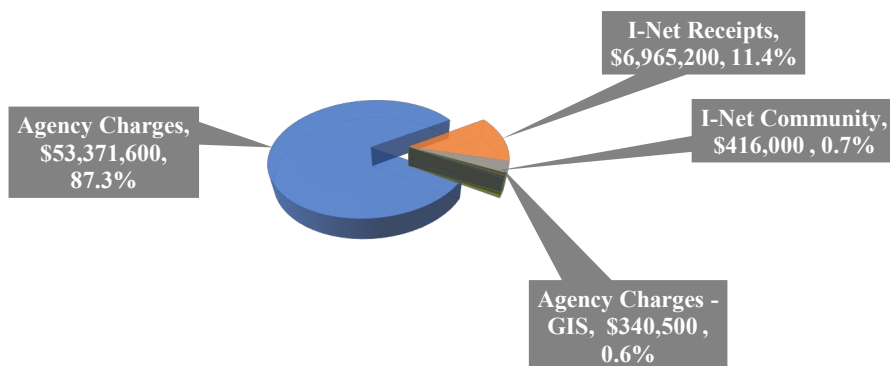
- FY 2025 Fringe Benefits are proposed at \$5,563,300, representing an increase of \$771,700, or 16.1%, above the FY 2024 approved budget level. The Office's fringe benefits expenditures include funding for Other Post-Employment Benefits (OPEB) totaling \$3,092,800.
- A five-year trend analysis of fringe benefit expenditures is included below:

	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Estimated	FY 2025 Proposed
Fringe Benefits Expenditures	\$ 4,537,118	\$ 5,141,364	\$ 3,102,305	\$ 4,528,800	\$ 5,563,300
Compensation Expenditures	\$ 7,138,397	\$ 7,550,176	\$ 8,375,433	\$ 9,185,900	\$ 10,350,400
Fringe as a Percentage	38.9%	40.5%	27.0%	33.0%	35.0%

Revenue Sources

- In FY 2025, funding for the Office is anticipated from the following revenue sources:

Proposed FY 2025 Revenue Sources



- Agency Charges: The Office charges each agency a fixed charge per year to provide information technology services. In FY 2025, the Office's agency charges (technology cost allocations) are proposed at \$53.4 million, representing an increase of approximately \$2.9 million, or 5.9%, based on the anticipated countywide costs for technology. Please see **Attachment A** for a detailed list of OIT Agency Charges.
- I-Net Receipts: These charges reflect a portion of the Public, Educational, and Government Access Channels (PEG) fees collected by Comcast and Verizon to operate I-Net. FY 2025 I-Net Receipts are proposed at \$6.9 million, representing no change from the FY 2024 Approved Budget.
- I-Net Community: \$416,000 is proposed for FY 2025, representing no change from the FY 2024 level.

- Agency Charges GIS: Geographic Information Systems (GIS) services provided to the Maryland-National Capital Park and Planning Commission (budgeted as a project charge to the M-NCPPC). \$340,500 is proposed for FY 2025 in Agency Charges GIS, representing no change from FY 2024.

Operating Expenses

- In FY 2025, total operating expenses from the Information Technology Internal Service Fund are proposed at approximately \$45.2 million, representing an increase of \$776,400, or 1.7%, above the FY 2024 approved operating budget level.
- The accompanying table compares the FY 2025 Proposed Budget operating expenditures with the FY 2024 Approved Budget operating expenditures. In twelve (12) of the categories, the FY 2025 Proposed Budget increases planned spending over the FY 2024 budget. In two (2) of the categories, the FY 2025 Proposed Budget level remains unchanged compared to the FY 2024 budget. In two (2) of the categories, the FY 2025 Proposed Budget level decreases significantly below the FY 2024 budget.

Operating Objects	FY 2023 Actual	FY 2024 Budget	FY 2025 Proposed	FY 2024 - FY 2025	
				\$ Change	% Change
Office & Op. Eq. Non Capital	\$ 24,503,402	\$ 23,733,300	\$ 21,721,500	\$ (2,011,800)	-8.5%
Op. Contracts Serv.	15,749,959	19,094,700	21,870,900	2,776,200	14.5%
GA Contracts	379,164	786,700	744,700	(42,000)	-5.3%
Telephone	143,929	169,700	179,100	9,400	5.5%
Data/Voice	492,255	229,500	242,200	12,700	5.5%
Interagency Charges	107,210	121,700	127,700	6,000	4.9%
Eq. Lease	113,087	93,100	106,200	13,100	14.1%
Gen. Office Supp.	31,163	58,200	59,900	1,700	2.9%
Vehicle Eq Repair/Maintenance	20,400	23,000	27,200	4,200	18.3%
Training	28,075	46,600	49,100	2,500	5.4%
Allowances	16,200	15,700	16,600	900	5.7%
Memb. Fees	6,550	9,200	12,500	3,300	35.9%
Gas & Oil	3,510	3,400	3,400	-	0.0%
Printing	-	2,100	2,200	100	4.8%
Travel Non-Training	33,524	2,200	2,300	100	4.5%
Mileage Reimbursement	-	200	200	-	0.0%
TOTAL	\$ 41,628,428	\$ 44,389,300	\$ 45,165,700	\$ 776,400	1.7%

- The most significant operating expenses dollar increases between the FY 2025 Proposed Budget and the FY 2024 Approved Budget are in *Operational Contracts* (approx. \$2.8 million), primarily due to an increased cost in supporting telecom (\$1.0M), SAP (\$0.7M), Applications Staff Augmentation (\$0.6M), IT Service Management (ITSM) (\$0.6M), and Broadband strategy (\$0.5M), partially offset by savings in Website Augmentation (\$0.5M), supporting the implementation of integration software for connecting 311 applications (\$0.3M), INET Staff Augmentation (\$0.2M), and Applications Staff Augmentation (\$0.1M).

Workload & Program Management

- In FY 2024, the Office successfully digitized twelve (12) County agencies through *Document Digitization Project*, which was a partnership with County-based businesses. The project supported County goals in the efforts of going paperless.
- The Office also reported that it Improved technology infrastructure by transitioning to a stable and secure data center host for the enterprise data center, refreshing the network equipment for the institutional network (I-Net) and expanding data storage options.
- The Office reports that it enhanced the cybersecurity program implementing multi-factor authentication, and encryption, which led to an added security layer for internet access. The Office completed cybersecurity assessment for the Health Department, and cybersecurity awareness campaigns and training.
- The Office reports that it enhanced County IT leadership ranks by hiring two senior executives reporting to the Chief Information Officer, a Deputy Director/Deputy CIO, and a new Chief Information Security Officer (CISO), despite significant challenges with recruiting for experienced professionals across the region due to compensation and virtual work demands of the profession.
- The Office reports that it awarded over 30 new IT contracts to County-based and MBE firms. This accomplishment recognized the growing number of business entities in the county and other minority firms specializing in IT as well as facilitating more flexibility for acquiring resources to move the County's IT programs and initiatives forward efficiently.
- The Office reports that a pilot for voice systems infrastructure modernization and integration with data was launched.
- The new County website was launched with advanced search and user-experience best practices tools.
- The Office has been nationally ranked #1 in the Center for Digital Government for the third consecutive year. This is an unprecedented honor among local governments in the history of the award.
- The replacement of aging infrastructure through the County-wide computer refresh continues to be one of the Office's key initiatives. The FY 2024 approved budget included approximately \$3.2 million for the laptop refresh. Due to lack of funding available from the expired American Rescue Plan Act (ARPA) Grant, The Office plans to pause the network/hardware refresh initiatives in FY 2025, but will include funding for breakfix, or replacement of damaged laptops/desktops. The table below depicts the FY 2025 proposed costs:

	Description	FY 2025 Equipment Cost (Proposed to be purchased)	Purpose for Request
1	Laptops/Desktops/Docking stations	\$ 427,700	FY 2025 funding is for breakfix (replacement of damaged Laptops/Desktops)
2	Network Infrastructure/Switches	902,200	Network Refresh
	Total	\$ 1,329,900	

- The Office’s top priorities in FY 2025 include:
 - Support County Executive priorities and promises initiatives to enable government services virtually, working with agencies for IT supporting priorities for their agencies.
 - Continue to enhance cybersecurity program and capabilities.
 - Develop and adopt Artificial Intelligence (AI) policy and use cases also incorporating data strategies working with agencies.
 - Continue to implement Resiliency initiative by maintaining a sustainable and resilient technology infrastructure and user access for efficient and agile IT operations and rationalized data storage evolving to modern, flexible environments.
 - Continue modernization and transformation of voice infrastructure.

Continue enhancing the County’s website digital experience profile integrating with internal and external services with public data-sets available through the WEB portal, and communicate a cohesive brand and inspire public engagement.

- In addition, in FY 2025 \$3.0 million is being allocated in the Proposed CIP Budget to support the Strategic IT Initiatives capital project. According to the FY 2025 Proposed CIP Budget Book:

“Funding for technology enhancements is decentralized within the County. To optimize resources, a centralized fund to support strategic IT initiatives that support priority projects, improve citizen access to County services, promote government operations efficiencies and effectiveness, foster quality customer service, and enhance performance and security capabilities is required”.

At this point, the specific use of the \$3.0 million dollars has not been finalized. IT needs are being evaluated and prioritized to determine which specific IT needs throughout the County Government will be met through this CIP project.

Lastly, The Office reports that it is *“conducting a study with the Office of Central Services in FY 2024 for the appropriate IT Service Desk, training, and cyber security operations center space that will be more conducive to serving agencies and employees to include customer service workspace; and to reinstitute an in-person IT training area”.*

OFFICE OF INFORMATION TECHNOLOGY (OIT)
AGENCY CHARGES

Agency/Branch	Approved FY 2024	Proposed FY 2025	\$ Increase/ (Decrease)	% Change
Police	\$ 11,264,400	\$ 11,840,300	\$ 575,900	5.1%
Fire/EMS	7,828,900	8,260,700	431,800	5.5%
Corrections	3,593,000	3,783,200	190,200	5.3%
Health	3,250,500	3,437,700	187,200	5.8%
Permitting, Inspection and Enforcement	2,673,900	2,921,500	247,600	9.3%
Public Works & Transportation	2,260,800	2,387,000	126,200	5.6%
Environment	2,029,900	2,148,200	118,300	5.8%
Sheriff	2,048,400	2,156,900	108,500	5.3%
Circuit Court	2,032,000	2,139,600	107,600	5.3%
Central Services	1,726,400	874,600	(851,800)	-49.3%
State's Attorney	1,445,500	1,524,200	78,700	5.4%
Homeland Security	1,243,300	1,309,100	65,800	5.3%
County Council	1,172,100	1,234,200	62,100	5.3%
Human Resources Management	1,020,800	1,040,700	19,900	1.9%
Finance	837,300	878,500	41,200	4.9%
Housing and Community Development	397,900	418,600	20,700	5.2%
Family Services	678,300	718,600	40,300	5.9%
Community Relations	617,200	658,500	41,300	6.7%
County Executive	623,100	662,600	39,500	6.3%
Housing Authority	407,200	429,200	22,000	5.4%
Management and Budget	511,100	517,200	6,100	1.2%
Revenue Authority	443,600	467,100	23,500	5.3%
Elections	380,900	407,500	26,600	7.0%
Employ Prince George's	399,800	421,000	21,200	5.3%
Social Services	356,000	374,900	18,900	5.3%
Law	339,200	359,300	20,100	5.9%
Office of Procurement	-	1,158,700	1,158,700	N/A
Economic Development Corporation	224,600	236,500	11,900	5.3%
Office of Human Rights	74,400	78,600	4,200	5.6%
License Commissioners	136,900	144,200	7,300	5.3%
Soil Conservation	115,000	121,100	6,100	5.3%
Police Accountability Board	31,900	32,800	900	2.8%
Ethics and Accountability	65,700	69,200	3,500	5.3%
Experience Prince George's	65,700	69,200	3,500	5.3%
Administrative Charging Committee	31,900	32,800	900	0.0%
Orphans Court	43,800	46,100	2,300	5.3%
Personnel Board	11,000	11,500	500	4.5%
TOTAL	\$ 50,382,400	\$ 53,371,600	\$ 2,989,200	5.9%