

MARYLAND DEPARTMENT OF BUDGET AND
MANAGEMENT

**GOVERNMENT MODERNIZATION INITIATIVE
REPORT**

PURSUANT TO PAGE 77 OF THE 2025 *JOINT CHAIRMEN'S REPORT*

JANUARY 26, 2026

WES MOORE
Governor

ARUNA MILLER
Lieutenant Governor



JAKE WEISSMANN
Acting Secretary

MARC L. NICOLE
Deputy Secretary

January 26, 2026

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

The Honorable Ben Barnes
Chairman, House Appropriations Committee
House Office Building, Room 121
Annapolis, MD 21401

RE: Final Report on the Government Modernization Initiative

Dear Chairmen Guzzone and Barnes:

In the 2025 Joint Chairman’s Report, your committees requested “that the Department of Budget and Management (DBM) submit a report, detailing a multi-year plan for approaching and implementing government efficiency initiatives. The report should include goals, barriers to implementation, and a timeline for all initiatives.” DBM is pleased to submit this report to you now.

DBM has worked closely with the government modernization initiative (GMI) team to capture achievements in streamlining operations, reducing fragmentation, promoting best practices, and increasing accountability to save Maryland taxpayers money. DBM is available to provide and discuss updates on GMI progress and impact as requested.

If you have any questions regarding this report, please reach out to Dana Phillips at dana.phillips@maryland.gov.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jake Weissmann".

Yaakov “Jake” Weissmann

Acting Secretary

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EXECUTIVE SUMMARY

In the 2025 Joint Chairman’s Report, the Senate Budget and Taxation and the House Appropriations committees requested “that the Department of Budget and Management (DBM) submit a report detailing a multi-year plan for approaching and implementing government efficiency initiatives. The report should include goals, barriers to implementation, and a timeline for all initiatives.”

In January 2025, Governor Wes Moore issued an Executive Order (EO) launching the Government Modernization Initiative (GMI) as a data-driven effort to reduce fragmentation and redundancy, modernize state operations, and help close Maryland’s structural budget deficit. To pilot this approach, the State engaged the Boston Consulting Group (BCG) to support the analysis and implementation of key initiatives under GMI. This report outlines the accomplishments of GMI in advancing a multi-year effort to achieve structural administrative cost savings across Executive Branch agencies. GMI focused on finding cost savings across fleet management, information technology (IT), and procurement, with some initial exploration of real estate opportunities and other mission-support functions. The initiative’s guiding “North Star” is to modernize government processes and save tax payer dollars without diminishing employee effectiveness or the resident experience.

In the EO, the Governor directed all State agencies to develop and implement common-sense modernization initiatives to ensure strategic resource management, maintain fiscal sustainability, promote cost-optimization strategies, and eliminate duplication and fragmentation.

GMI is a cross-agency collaborative effort led by the Director of Government Modernization within the Governor’s Office of Performance Improvement (GOPI) and in partnership with the Department of Budget and Management (DBM), the Department of General Services (DGS), the Department of Information Technology (DoIT), and all Cabinet agencies. A special “Performance Cabinet” has been established to track GMI’s progress, using data analysis, inter-agency coordination, and performance monitoring to drive implementation.

The GMI team conducted a broad assessment, collecting data from agencies and identifying potential savings opportunities. Starting in March 2025, pilot agencies began testing the telecoms savings approach, terminating unused mobile phone lines, ultimately leading to \$0.5 million in projected annual savings. In May 2025, the first vehicle auction of 30+ surplus fleet vehicles was held to validate the disposal process and gauge auction returns.

At the start of fiscal year 2026, GMI accelerated implementation across the enterprise. The mobile phone savings initiative was extended to all remaining agencies with underused lines, following the successful pilot (ultimately targeting >1,000 line terminations across 9+ agencies). Simultaneously, DGS ramped up fleet vehicle disposals, moving from pilot auctions to full program implementation. By late summer, auctions were occurring regularly (aiming for ~200 vehicle sales per month) to reach the goal of ~520 disposals.

In August 2025, new statewide policies started taking effect. For example, DGS issued guidance on using the central shipping contract and avoiding overnight and expedited delivery. In addition, DoIT released a standardized laptop refresh and specification guidelines to DoIT managed

agencies. DBM began preparing formal budget adjustments: by the end of Q1, a first budget amendment was drafted to sweep ~\$3 million in confirmed FY2026 General Fund savings into a statewide account in DBM, reflecting monies freed up from initial fleet, mobile phone terminations, and other initiatives.

GMI has not only implemented major initiatives in FY2026, but also begun shaping new savings opportunities for FY2027. GMI is also looking ahead to FY2028, which will be focused on sustaining savings achieved across the prior years. Over time, GMI aims to embed a culture of cost-conscious operations that will yield sustainable savings and improve government performance in the years ahead.

This report details:

- GMI's goals
- The implementation strategy and governance framework
- Lessons learned
- Barriers to implementation
- GMI Multi-Year Plan
- Conclusion

BACKGROUND

Maryland entered 2025 facing its worst fiscal crisis in two decades, exacerbated by an inherited structural deficit that had been temporarily masked by one-time federal COVID aid. In response, Governor Moore signed an EO on January 10, 2025, creating GMI to identify cost savings and scrutinize state operations for waste and inefficiency. The EO directs all state agencies to collaborate with GOPI to review data, streamline operations, and eliminate redundancies.

The effort has focused on mission-support functions such as procurement, IT, and fleet management as the initial areas for cost-saving opportunities. Addressing these areas has been one part of the administration's strategy to tackle the budget deficit, reflecting the Governor's commitment to "cut waste, save taxpayers money, and help us make Maryland the most efficient state in the country." The Governor's FY2026 budget proposal included \$50 million in savings from modernization efforts, with expectations of sustained savings in subsequent years. These savings will help reduce the structural deficit while allowing the State to reinvest in priority programs. GMI also reinforces Governor Moore's data-driven, heart-led approach to modernize state government and improve performance.

At the outset, GMI adopted a formal governance structure led by DoIT, DBM, and DGS to drive its work. A Performance Cabinet (led by the Chief Performance Officer and the Director of Government Modernization) was also established as a governance and accountability forum, with the lead agencies (DBM, DGS, DoIT) and select cabinet secretaries and agency heads actively involved as stakeholders.

The approach has been intensely data-driven. The GMI team conducted a "bottom-up" review of annual state spending across the targeted functions. This included collecting detailed operational

and financial data from agencies and vendors, and employing advanced analytics such as peer-state benchmarking, financial modeling, and AI tools to pinpoint savings opportunities. Through this analysis, GMI broadened the goal of \$50 million in savings to include Special Funds and other fund sources to better reflect the type of funds used for agency operational spending.

Equally important, the initiative has progressed in partnership with state agencies. From Day 1, the work was built on engagement with agency staff and state subject matter experts at all levels. Each cabinet secretary also appointed a GMI point of contact (POC), typically at the deputy secretary level to coordinate between GMI and internal agency processes. By March 2025, GMI had consulted over 250 state employees, ranging from cabinet secretaries and agency POCs to front-line managers and program directors to validate findings, understand agency needs, and develop practical savings strategies. Agency personnel largely welcomed the analysis and support, highlighting longstanding issues. For example, agency fleet managers noted that a comprehensive review of vehicle usage was “overdue.” This collaborative, data-informed process ensured that GMI’s plans were grounded in operational reality and had the support from those ultimately responsible for implementation.

By mid-2025, GMI’s comprehensive review identified potential savings initiatives across state operations. The GMI team then prioritized a set of high-impact, near-term opportunities for implementation. These initial opportunities included fleet, laptops, telecoms, shipping, and contracting actions with high spend vendors. These areas had “low-hanging fruit” where modernizing tools and practices could quickly yield significant savings without upfront investment. Rather than unilaterally imposing cuts or issuing directives, changes were developed in consultation with affected agencies and vendors were engaged through data collection and contract negotiations. This collaborative approach is intended to ensure that cost reductions are sustainable and achieved without disruption to service delivery.

As a result of these efforts, GMI has achieved \$29 million in FY2026 in-year savings, \$20 million of which are General Fund savings. Adhering to mandated State processes and taking a collaborative approach extended implementation timelines, which reduced in-year savings; however, this approach was both essential to achieving sustainable savings. As the second half of FY2026 unfolds, GMI will continue to pursue savings initiatives to reach \$50M in total savings, inclusive of recurring and one-time savings.

In summary, GMI is one part of the Moore-Miller Administration’s plan to restore fiscal stability and reduce waste. It is designed not as a one-time cost-cutting exercise, but rather as an ongoing modernization effort centered in the use of data to identify and address systemic issues, while ensuring that employees maintain the tools they need to perform their duties effectively and to best serve Marylanders.

GOALS

Cost Savings Target: Achieve a reduction of \$50 million in General Fund expenditures in FY2026. This target was incorporated into the FY2026 budget and represented immediate relief toward closing the deficit. As noted above, based on the analysis of agency fund sources and time to accrue savings, the goal was broadened to \$50 million in savings over a 12-month period (or annualized savings). Most of these savings will reoccur each year, and others will be one-time.

Maintain Service and Workforce Effectiveness: Implement savings in a manner that does not compromise government services or employee effectiveness, ensuring state employees remain equipped to fulfill their missions while avoiding interruptions to daily operations.

Sustainable Deficit Reduction: Lay the groundwork for long-term fiscal stability by pursuing recurring and structured savings. Rather than one-time fixes, GMI emphasizes structural changes (e.g. permanent expense reductions, demand management, and smarter procurements) that will yield ongoing savings in FY2027 and beyond. These savings will directly help to shrink the State's structural deficit and will be captured in future budgets, enabling funds to be reallocated to critical priorities without cutting essential services.

IMPLEMENTATION STRATEGY

GMI is being executed through a structured, phased approach under strong central coordination by DBM and GOPI. The overall approach emphasized a category-level focus and proceeded in four phases for each category:

- **Identify:** First, detailed spending and usage data was gathered across agencies for core operational cost categories (fleet, IT, procurement, etc.). This data was analyzed to establish baselines, identify underutilization or price disparities, and benchmark Maryland's spending against other states and best practices. External market and price structures along with cost and price trends were also evaluated.

The data was then analyzed based on agency needs and spending patterns, leading to a savings hypothesis and projection of agencies' budgets against benchmarks. Next, a portfolio of specific initiatives with the highest potential savings and feasibility was identified. GMI prioritized "quick wins" and high-value opportunities that could be implemented largely through executive action or administrative changes.

- **Validate:** GMI conducted follow-up data requests to gather additional detail on targeted opportunities, ensuring accuracy and completeness in the analysis. The team collaborated with agencies through their GMI POCs, who were responsible for supporting initiative implementation and coordinating data requests. GMI also convened working sessions with relevant agency stakeholders and subject matter experts. The working teams collectively developed implementation plans which accounted for agency context, relevant procurement best practices, and learnings from similar initiatives. These discussions helped pressure-test preliminary findings and confirm that proposed opportunities were practical and aligned with the agency's mission.
- **Plan:** A dedicated team was formed for each major initiative, drawing on subject matter experts from the relevant agencies. For example, the mobile phones working team included team members from DoIT, DGS Office of State Procurement (OSP), and telecoms subject matter experts from Department of Housing and Community Development (DHCD), Department of Human Services (DHS), and Maryland Department of Health (MDH). While some departments had already begun exploring cost-reduction strategies independently, these teams provided a coordinated forum to align efforts and scale best practices statewide. In coordination with GMI, these teams developed the cost-reduction strategies, implementation plans, change management activities, timelines, key

performance indicators (KPIs), and coordinated execution across departments. During this phase, internal stakeholders were made aware of the savings goals, initiatives, and prepared for implementation.

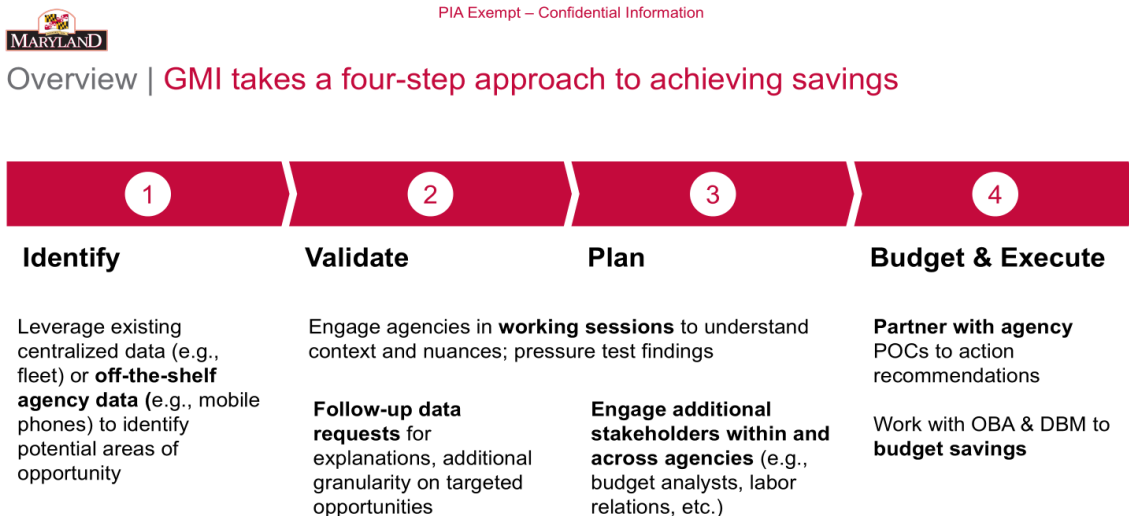
Many initiatives began with a pilot or limited rollout to test the approach and achieve early savings. Lessons learned from pilots were used to inform broader implementation. Rollouts were phased with straightforward changes approached first, while more complex changes required longer lead times.

- **Budget & Execute:** During the final stage of GMI’s approach, the implementation plans were driven forward. GMI facilitated the success of the cost-savings strategies by supporting contract negotiations, managing risks, balancing policy and legal requirements, and developing mitigation plans.

Throughout implementation, there was extensive communication with internal stakeholders. Agencies received guidance and shared feedback through their GMI POCs, and initiative-specific working groups. Externally, vendor and stakeholder engagement was managed on an initiative by initiative basis.

Budgetary oversight was integrated into the implementation process. DBM validated savings and prepared budget amendments to remove realized savings from agency budgets. This ensures that savings were not just identified on paper but actually captured.

The graphics below provide a visual representation of GMI’s four-phase process and approach:



Our Approach: Clear Goals, Extensive Analysis, Robust Engagement

Our North Stars



Our Foundation



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The sections below summarize the key initiatives by functional area, describing what actions have been taken and savings expected from each area. Initiatives have progressed on individual timelines. Two quick wins, fleet and mobile phones, began accruing savings before FY2026. Many initiatives began and will complete implementation during FY2026, while a few remain in planning for future years.

Fleet Initiatives

Maryland’s total fleet spend was \$82M in FY2024 (\$33M in vehicles, \$25M in maintenance, and \$24M in fuel), with a 14% increase since FY2023.

Fleet category initiatives with achieved savings to-date include:

- (1) Selling underutilized vehicles and reducing maintenance and fuel costs
- (2) Purchasing fewer cars

There is one Fleet initiative that will still be in the implementation phase as of January 2026:

- (3) Switching to lowest-cost maintenance vendors

Fleet initiatives with achieved savings

(1) Selling underutilized vehicles and reducing maintenance and fuel costs

Analysis revealed that hundreds of Maryland’s passenger vehicles were driven very infrequently (some less than 1,200 miles per year), indicating they could be removed from inventory with minimal impact on agency operations. This reduction would generate a one-time revenue event through the auctioning of these vehicles, while also reducing ongoing operational expenditures (fuel, maintenance) for these vehicles. To perform this analysis, GMI and DBM first conducted

quantitative analysis to assess the break-even cost to determine a mileage threshold below which it would be cheaper for the State to reimburse personal vehicle usage than maintain the vehicle in its fleet. This cost considered the purchase price, annual maintenance, insurance, fuel, and salvage value of the vehicle compared to the full-rate reimbursement rate.

After identifying the vehicles below this threshold, each agency reviewed their list of vehicles and was given the opportunity to recommend vehicles that should be withdrawn from consideration for various reasons: mission criticality, customized nature of vehicle, high frequency of use but low mileage (e.g., maintenance vehicles at a facility, vehicles which travel around Baltimore City).

Starting in spring 2025, DGS and agency fleet managers began retiring these excess vehicles. By May 2025, the first batch of 30+ surplus vehicles was sent to auction as a pilot test. By November 2025, a total of 271 vehicles had been sold at auction, generating revenue and future cost avoidance in fuel and maintenance. Proceeds from auctions are returned to the State, and agencies avoid the ongoing operating costs for those vehicles. GMI is on track to dispose of roughly 520 vehicles in total in FY2026.

- **Savings impact:** GMI achieved \$2.2 million in one-time savings from selling underutilized vehicles. Fuel and maintenance expenses decline with a smaller fleet, yielding \$0.8 million in recurring savings.

(2) Purchase fewer vehicles per year

The State maintains a large fleet of approximately 9,700 state-owned passenger vehicles (sedans, trucks, vans, etc.) across various agencies. As a part of this work, a number of vehicles initially budgeted in the FY2026 Budget are no longer approved, in line with the utilization analysis previously described.

Approvals changed based on two factors: (1) Vehicle utilization—for assets below the break-even utilization threshold and identified for disposal, replacements are not approved; and (2) Optimized hold period—agencies will defer replacement until a vehicle’s age/mileage more closely aligns with its optimal economic life.

GMI and DBM finalized the list of disposals and associated appropriation changes following multiple rounds of analysis and consultations with agency fleet managers and leadership. In total, 196 of 538 appropriated vehicle purchases had their approvals changed.

- **Savings Impact:** Reduced steady-state fleet size while also reducing recurring purchases for the State. For FY2026 the State saved ~\$8M via paused purchases.
- **Vehicle Use Policy Changes:** To ensure fleet reductions are sustainable, Maryland has also modernized its employee reimbursement policies. In July 2025, the Board of Public Works approved a new mileage reimbursement framework to better support the use of personal vehicles for employee travel when appropriate. Under this policy, employees will be reimbursed for using their own cars on state business (at the standard mileage rate), which in many cases is more cost-effective than maintaining an oversized fleet. Previously, state employees would only be reimbursed at half the standard mileage rate when using their own cars for state business, when there was a state vehicle available for

use. This change addresses employee reliance on assigned state cars by providing an alternative that is both convenient for workers and less costly for the State. It effectively shifts some travel from a fixed-cost model (state-owned cars) to a variable-cost model (pay-as-you-go mileage), which is financially prudent for infrequent travel.

- **Technical process improvements to enable policy change:** DBM Fleet and Travel Management Unit and DBM Shared Services Division collaborated on process improvements to align with the updated reimbursement policy. An online system, targeted for April 2026 rollout, has been developed that standardizes mileage reimbursement requests and tracking. The updated process is designed to make reimbursement requests more user-friendly and efficient for staff. It will also better track usage of personal vehicles.
- **Shared vehicle pools pilot:** The State has begun piloting shared vehicle pools to improve fleet utilization. Four agencies are currently participating: Maryland Department of Natural Resources (DNR) and DBM share a pool, and Property Tax Assessment Appeals Boards (PTAAB) and DGS share another pool. These shared pools are designed to improve resource efficiency while ensuring employees maintain the vehicle access needed to perform their duties.
- **Change Management: Clear guidance and active follow-on support.** Talking points, an FAQ list, and clear email guidance to agency fleet managers and fiscal officers, and ongoing updates were provided to GMI POCs to support effective change management.

Fleet initiative in implementation

(3) Switching to lowest-cost maintenance vendors

As part of its broader effort to reduce fleet costs, GMI launched the Fleet Maintenance initiative to modernize how agencies select vehicle maintenance vendors. The current fleet maintenance management vendor offered a network of recommended maintenance vendors to utilize and negotiated vendor pricing on the State's behalf. However, drivers chose vendors based on convenience or past experience, often without the benefit of comparative cost or performance data. This practice led to significant variation in fleet maintenance costs across the State. The initiative sought to address these inefficiencies by identifying the lowest-cost, qualified vendors in each geographic region and providing drivers with clear, data-driven guidance on where to obtain services.

To achieve this, GMI gathered data on maintenance visits over the last five years. GMI partnered closely with the DoIT AI Enablement Team; fleet managers from DHS, DGS, Maryland Department of Transportation (MDOT), Department of Public Safety and Correctional Services (DPSCS); and DBM's Fleet and Travel Management Team. Together, the team developed a predictive analytics model to identify lowest cost vendors accounting for location, historical usage, and service capabilities. The model informed the creation of an "optimal vendor list," designed to guide drivers toward the most cost-effective maintenance options. Building on this work, the team trained a generative AI tool that allows drivers to locate recommended vendors based on their specific maintenance needs and location.

For example, if a driver requests a tire replacement within Baltimore County, the tool will return a list of nearby vendors from the optimal vendor list. After completing the service, drivers can also

provide feedback on the tool's recommendation and the quality of work received, helping to continuously refine and improve the system. The generative AI tool is being piloted with DGS and DHS to validate its usability and effectiveness. GMI developed guidance including a tutorial video on how to effectively use the AI tool and optimal vendor list.

- **Savings impact:** The Fleet Maintenance initiative is projected to generate approximately \$1.3 million in annual savings by shifting spending toward the lowest-cost, qualified vendors while maintaining service quality and driver convenience.
- **Change Management: Clear guidance and active follow-on support.** The initiative established a continuous improvement cycle, leveraging data from the maintenance program management vendor, quarterly vendor feedback surveys, and compliance monitoring, to ensure that savings are sustained over time. To support adoption, GMI will provide agency fleet managers and drivers with comprehensive implementation materials, including talking points, FAQs, a training video, standardized email guidance, and ongoing updates through agencies' GMI POCs.

IT Initiatives

A key element of GMI's IT modernization strategy is to strengthen the State's technology ecosystem by improving how Maryland manages its telecommunications and hardware assets. Through targeted initiatives - including optimizing mobile and landline usage, standardizing laptop specifications and pricing, and renegotiating several technology contracts - GMI worked with agencies to streamline certain IT operations, decrease redundancies, and reduce overall costs. These deep dives illustrate how a coordinated, data-driven approach across telecom, hardware, and software can generate substantial long-term efficiencies for the State while supporting a more modern and resilient IT ecosystem.

The IT category initiatives with achieved savings to-date include:

- (1) End cell phone lines with low and minimal usage
- (2) Laptops: Increase refresh cycle timeline for specific agencies
- (3) Laptops: Standardize specifications at specific agencies

The IT initiatives still in the implementation phase as of January 2026 include:

- (4) Cancel legacy landlines with low and minimal usage
- (5) Laptops: achieve better pricing

IT initiatives with achieved savings

(1) End cell phone lines with low and minimal usage

Based on GMI's analysis of mobile phone usage data, roughly 20% of State mobile lines reported zero or minimal usage in a three-month time frame. GMI worked with agencies to terminate unassigned, zero- or minimal-use lines without impacting agency operations. The collaboration successfully terminated ~1,000 phone lines and generated immediate cost savings.

- **Savings impact:** The State will save about \$0.5 million annually.

(2) Laptops: Increase refresh cycle timeline for DoIT-managed agencies

At the initiative's start, laptop refresh cycles across State agencies varied between 3 and 5+ years. Laptop users across agencies managed by DoIT, approximately 20% of executive branch users, were on a costly 3-year replacement schedule for laptops. Users across several large agencies used a 5-year cycle. Additionally, benchmarking of other states indicated a 4- or 5-year refresh cycle as the most common standard.

As a result of this initiative, DoIT formally shifted the laptop replacement schedule for managed agencies from a 3-year to a 5-year standard refresh cycle for laptops and desktops. The Maryland Insurance Administration (MIA) also shifted their replacement schedule from a 3-year to a 5-year cycle based on GMI guidance. This initiative significantly reduced annual replacement spending.

- **Savings impact:** Changing the refresh cycle will save about \$1.5 million across the State annually.
- **Change Management: Clear guidance and active follow-on support.** Talking points, an FAQ list, and clear email guidance to agency IT officers, and ongoing updates were provided to GMI POCs to support effective change management.

(3) Laptops: Standardize Specs

Previously, large agencies (e.g., MDH and DHS) selected and purchased models independently, leading to a proliferation of models and configurations across the State (e.g., at least 40 different laptop models purchased in one year). Models were not always aligned to users' business needs; GMI identified instances of over- and under-specification leading to unnecessary expenditures. Through GMI's efforts, the State has implemented tiered standard laptop specifications and provided a shortlist of approved configurations aligned to user needs (e.g. a standard office user vs. a high-end engineering user).

Concentrating demand on a few standard models will increase volume discounts and eliminate over-specification, such as buying more expensive equipment than necessary for a given role. GMI issued guidance outlining the approved device standards for new orders across the following large agencies which independently purchases laptops and desktops: MDH, MDOT, DPSCS, and DHS. DoIT, which purchases and manages devices on behalf of smaller agencies, already primarily leveraged a set of common specifications and therefore were not included under this initiative. Instead, GMI partnered with DoIT to refine and formalize a set of standardized device specifications to fit the needs of most users across impacted agencies.

Additionally, GMI gathered input from IT leaders across impacted agencies to ensure these specifications met the needs of users. GMI first aligned on a standardized set of specifications and expected allocations across each tier of devices, with allocations customized for each agency in partnership with their respective IT leaders to ensure that the business needs of users were fulfilled. GMI then formally shared the new standardized specification guidance and purchasing target allocations with the impacted agencies detailed above.

The new standardized specification guidance includes an allocation for exceptions to the standard specifications where there is a specialized business requiring unique configurations determined in partnership with agencies' CIOs. Nevertheless, the expectation is that most employees' computer needs are met through the new standard configurations.

- **Savings impact:** Changing laptops specs will save about \$1.5 million across the State annually.
- **Change Management: Clear guidance and active follow-on support.** Talking points, an FAQ list, and clear email guidance to agency IT officers, and ongoing updates were provided to GMI POCs to support effective change management.

IT initiatives in implementation

(4) Cancel legacy landlines with low and minimal usage

As part of the broader efforts to optimize telecommunications spending, GMI worked to decrease redundant spending on legacy copper landlines. Based on pilots at DHS and DGS, the GMI team estimated that 35–50% of the State's copper landlines were unused or no longer needed. Agencies' use of mobile phones and internet tools often replace the need for these landlines.

The statewide telecom vendor does not centrally track usage data for copper landlines. Thus, to accurately identify suitable lines for termination, GMI implemented a manual calling effort in partnership with the Maryland Department of Labor's Senior Community Service Employment Program (SCSEP).

Over the course of two months, three SCSEP participants called approximately 10,000 landlines and documented the result of each call (e.g., "ring no answer," "fax line," etc.). The GMI team conducted an initial training for the SCSEP participants and supported the callers during the calling effort.

After the validation project, the GMI team shared the results of the manual calling with the 18 executive branch agencies. Agencies then reviewed the findings and selected the lines to terminate and suspend. Agencies consistently decided to terminate or suspend more than 50% of all landlines.

To ensure timely savings recognition, the GMI team provided agency standardized procedures to terminate and suspend the selected landlines. To ensure minimal operational impacts, agencies chose to initially suspend more than 70% of the to-be-terminated lines. After a 2-month monitoring period, agencies converted a majority of suspensions to terminations.

- **Savings impact:** The initiative is projected to generate approximately \$1.4–\$1.7 million in statewide savings upon completion.
- **Innovative Partnership:** The GMI team worked with an available program at MD Labor that provides job opportunities for seniors in the community. This partnership created a mutually beneficial model; SCSEP participants received training in skills such as Microsoft Excel, while the State gained a reliable method for manually auditing landlines.

(5) Laptops: Achieve better pricing

Under the current laptop master contract used by the State, agencies pay different prices for the same laptop. The current contract lacks transparency and predictability, leading to cost disparities across purchases of the same type of device. To illustrate, DPSCS made two laptop purchases from the same vendor on the existing contract. Despite purchasing the same type of device only one month apart, DPSCS paid \$197 more per device in the second, larger order. Currently, agencies independently submit orders for desired devices and award the lowest bidder across vendors participating in the current master contract. This process yields limited competition, where three vendors account for over 80% of laptop historical spending.

The Laptop Standardized Specs Initiative, which is detailed in an earlier section of this report, enables the State to forecast the specific type and quantity of devices that will be purchased. This positions the State to pursue a new contracting model that establishes predictable and more favorable pricing for standardized specification devices, rather than agencies submitting independent orders for various types of devices. In collaboration with DGS OSP and DOIT, GMI has conducted extensive market research and external benchmarking to inform a potential future solicitation.

GMI collaborated with DGS OSP to launch a Laptop Request for Information (RFI) to ensure the market research included input from Maryland's vendor community. Based on vendor responses to the Laptop RFI, GMI estimates the following outcomes from pursuing a new contracting vehicle for standardized specification computing devices:

- **Savings impact:** Approximately \$1.9M in annual savings
- **Significant reduction in procurement timelines** for work orders (From ~4 months to ~1 month between PO and device delivery)
- **Reduced operational redundancy and administrative burden** (e.g., purchase through work orders instead of secondary competition)
- **Improved equity in available IT assets** across the State (achieving standardized pricing across agencies)

Procurement Initiatives

GMI pursued two key procurement strategies: 1) contract oversight and negotiations, and 2) improving the use of statewide contracts. Several major vendor agreements have been renegotiated or modified in FY2026; these new agreements paired with clear guidance to enable behavioral changes have begun yielding substantial savings.

(1) Contracts: Oversight and negotiations

To achieve cost savings, the GMI team supported efforts to review and update agreements with seven of the State's vendors (approx. \$81M in annual spend) and to ensure contracts are delivering their expected value. These included improvements to an agency's food services contract that secured a lower per-diem rate, securing a ~10% lower price for 10 years of maintenance services for the statewide radio system, and streamlining purchasing of office supplies at discounted rates. Another example of more strategic vendor engagement was a DoIT-

led Enterprise License Agreement (ELA) negotiation to establish a unified statewide strategy to replace previously decentralized relationships with a software provider for user licenses.

Savings were achieved via a combination of improved processes for purchases off of existing statewide contracts and more robust vendor negotiations. Examples of process improvements include better oversight of spend through review of standard vendor reports and standardizing purchase choices to facilitate agencies paying the same price for the same goods or services.

The GMI team partnered with state agencies to craft negotiations strategies centered around two key principles:

- **Use of relevant data:** The GMI team leveraged industry and peer states' benchmarks to inform the State's desired price for services and products. Additionally, in some instances, vendors charged state agencies different prices for the same product or service. Negotiating teams highlighted these price disparities and requested a standardized price sheet aligned with the lowest possible price.
- **Integration of sources of leverage:** The GMI team consulted with industry experts to identify the most influential sources of leverage for each negotiation. In many cases, the negotiating teams used the State's purchasing power as the predominant source of leverage.

These two strategies helped achieve \$18M in YoY savings. State agencies can leverage these principles to successfully negotiate with vendors moving forward.

(2) Improving state contract use

To achieve cost savings, the GMI team revamped current processes to shift behavior to on-contract spending for shipping and mobile phone pricing.

Shift spend to on-contract shipping options

The GMI team's analysis found that Maryland spends approximately \$13 million on postage with three main vendors annually, and analysis of contract usage data indicated an opportunity for significant savings by shifting standard package shipments to three-day and ground delivery by default. In addition, the State maintains a competitively priced statewide shipping contract; however, it was underutilized, and 54% of shipping volume was delivered via next-day services. In many cases, agency staff were unaware of the statewide contract or its pricing advantages, contributing to inconsistent use and reliance on higher-cost shipping options. GMI determined that greater adoption of the statewide contract and selection of lower-cost delivery methods would help the State reduce unnecessary shipping costs.

A pilot with the DHS showed that agency personnel sent many packages via premium delivery unnecessarily, and overall, agencies were not using the best price negotiated rates on the statewide shipping contract. Due to these findings, the DGS Secretary issued new shipping guidelines in August 2025 requiring agencies to use the statewide small package delivery contract, and to

minimize costly overnight deliveries, defaulting to 3-day or ground shipping delivery options for standard shipments.

- **Savings Impact:** The State can save \$600k annually by minimizing off-contract vendor use and \$200k annually by shifting agencies to standardized, discounted shipping options and, totaling \$800k annually on shipping costs.
- **Change Management: Clear guidance and active follow-on support.** Agencies were directed to use the statewide contract and encouraged to use the less expensive three-day or ground shipping rate options. GMI and DGS OSP supported agencies in onboarding and trouble shooting. In addition, DGS OSP is requesting monthly information on instances where agency employees cannot use the statewide shipping contract or require the use of expedited delivery options. This information will allow DGS OSP to collaborate with the vendor and optimize the contract for the State's overall shipping needs.

Mobile phone pricing

The GMI team conducted an analysis and determined that Maryland State agencies pay different rates for the similar mobile plans across different vendors. The analysis indicated that, by negotiating a consolidated catalog at the lowest available rates, Maryland can achieve consolidated cost savings on mobile plans. After conducting negotiations with all statewide contractors, agencies will be able to choose the carrier that works best for their operational needs, with cost as a key consideration. The new statewide negotiated carrier rates will be available to all agencies.

- **Savings impact:** This initiative seeks to achieve \$2.1 – \$2.3 million in annual savings by renegotiation of the pricing of mobile phone plans.
- **Change Management: Clear guidance and active follow-on support.** GMI will roll out a unified catalog of mobile phone plans, including a one-pager with savings associated with choosing specific plans/carriers, information about coverage differences between carriers, and detailed steps required to transition carriers if desired.

Real Estate Initiatives

The GMI team worked with DGS to evaluate whether the optimization of the State's real estate portfolio could be included in this initiative. It was determined that the nature of any real estate initiatives would result in very limited short term or immediate savings, with the vast majority of the savings generated over extended timelines. In addition, DGS was already leading a review of a portion of the State's real estate portfolio in Baltimore City to identify savings, and developing a first-of-its-kind Statewide Facilities Master Plan that optimizes the efficiency, sustainability, and long-term viability of state-owned properties supported by DGS.

LESSONS LEARNED

GMI surfaced several key lessons. The following summaries highlight significant themes that emerged throughout implementation, including the importance of standardizing asset specifications, shifting agency purchasing towards statewide contracts, strengthening data-driven negotiation strategies, engaging agency partners through collaborative governance, and

establishing long-term sustainment strategies. Together, these lessons reflect practical insights gained through the initiative and offer guidance for maintaining and expanding modernization efforts across State government.

Asset demand and specification management: In the laptops and fleet initiatives, GMI found that the absence of statewide laptop standards and the presence of a large number of underutilized vehicles contributed to higher costs, inconsistent asset quality, and in some cases, procurement inefficiencies. To address the wide variation in device specifications and redundancies in fleet assets, GMI conducted a data-driven assessment of laptop needs and vehicle usage to determine optimal specifications and fleet size across agencies. This asset demand and specification management approach ultimately enabled more strategic purchasing and smarter, more cost-effective buying decisions.

Contract strategy levers: GMI applied a coordinated set of contract strategy levers to improve how the State negotiates, uses, and oversees its contracts. These efforts focused on increasing adoption of statewide contracts, strengthening negotiations through data and centralized engagement, monitoring performance to ensure savings are realized, and thoughtfully managing impacts to Minority Business Enterprise (MBE) and Small Business Reserve (SBR) participation. Together, these approaches were designed to improve value, consistency, and accountability across State contracting.

- **Driving Adoption of Statewide Contracts:** During implementation of the shipping and office supplies initiatives, GMI found that all state agencies do not consistently utilize statewide contracts. Statewide contracts help to ensure compliance with negotiated supplier agreements and streamline the overall purchasing process. However, the staff negotiating the statewide contracts are often not the users of the contract. For successful contract utilization to occur, agencies should have clear guidance that directs purchasers to rely on established and newly negotiated State contracts rather than engaging in off-contract purchases. Buying items off-contract eliminates the opportunity to save on bulk purchases and could negatively impact the State's relationship with its contract partners. To support consistent contract usage, GMI worked with DGS to develop clear guidance and communications for both agency leadership and frontline staff on contract benefits and effective usage for specific contracts. In parallel, agencies have been tasked with collecting data to monitor contract utilization and understand any barriers to adoption, while establishing feedback mechanisms to drive continuous improvement and ensure long-term alignment.
- **Data-driven and centralized contract negotiations with data:** In several initiatives such as office supplies, laptops, mobile phones, and more, the GMI team developed data-driven negotiation strategies that enabled the State to secure more competitive contract pricing that better aligned with agency needs. GMI also centralized certain negotiations to ensure consistency and improve outcomes, rather than relying on agencies to conduct separate, independent negotiations. These strategies were informed by benchmarking analyses that referenced other state governments, as well as expert research on applicable sources of leverage. In certain instances, the team assessed the implications of transitioning away from incumbent vendors and identified viable alternatives should a vendor decline to cooperate. Senior leadership was engaged when appropriate to reinforce the State's negotiating position. Agency negotiators reported that vendors were receptive to the

State's data-driven positions. Vendor negotiations resulted in more favorable contract terms, including improved rates and standardized price sheets that promote consistent and cost-effective purchasing across agencies.

- **Contract monitoring:** GMI established oversight mechanisms for contracts modified under the various initiatives. This will guide how agencies monitor and manage vendor agreements. In parallel, GMI developed sustainment plans to review monthly vendor invoices to assess spending across participating agencies and verify alignment with the expected ranges set by contract modifications. For example, if agency spend on fleet maintenance vendors exceeds expected amounts in the future, GMI will engage agency GMI POCs to understand drivers' experiences and collaborate on corrective actions to bring expenditures back in line.
- **Minority Business Enterprise (MBE) and Small Business Reserve (SBR) Considerations:** Throughout implementation, GMI worked closely with agencies to balance cost-savings objectives with the State's commitment to Minority Business Enterprise (MBE) and Small Business Reserve (SBR) participation. While some initiatives, such as office supplies consolidation, fleet maintenance optimized vendor selection, and laptop contracts, raised concerns about potential impacts to MBE and SBR spend, mitigation strategies were incorporated to preserve inclusion. These approaches included leveraging lower pricing to increase purchasing volume with existing MBE vendors, maintaining flexibility to include qualified MBE providers in vendor selection frameworks, and embedding participation and subcontracting opportunities into contracts where consolidation was required. Together, these measures were designed to ensure that modernization efforts delivered fiscal value while continuing to support the State's broader socio-economic inclusion goals.
- **Define a clear and collaborative governance structure:** GMI developed a governance structure to facilitate input and alignment throughout the phases of analysis, validation, and implementation. The Steering Committee, composed of agency secretaries and senior State government leaders, served as a key forum for reviewing validated data and providing strategic direction. GMI POCs acted as primary liaisons within each agency, supporting the rollout and coordination of GMI initiatives. GMI engages POCs in a monthly roundtable to provide updates on initiatives and communicate initiative-specific asks for POCs to carry out within their agencies. In addition, quarterly Performance Cabinets are conducted to brief the Governor on progress across initiatives. This robust collaboration proved to be instrumental in achieving, and sustaining, cost savings.
- **Ensuring process improvements with data:** To ensure that initiative savings are maintained over time, GMI developed tracking tools to monitor compliance. For example, a key activity of the shipping initiative was the development of an agency tracker that provides insight into the statewide shipping contract usage. The tracker also documented reasons why shipments were made with an off contract vendor. This data will help agencies identify any gaps within the shipping process and provide opportunity for GMI, the vendor, and agencies to educate staff or resolve issues.

BARRIERS TO IMPLEMENTATION

While GMI has made significant progress, it has also encountered various barriers and challenges. Understanding these barriers is important for contextualizing the implementation timelines and the work that remains. Key challenges include:

- **Decentralized Systems and Data Silos:** Many inefficiencies targeted by GMI stem from historically decentralized operations. Entities across the State have their own contracts, data systems, and practices, making enterprise-wide changes challenging. In addition, some contracts lack provisions requiring vendors to share utilization data. For instance, review of mobile phone use and purchasing revealed that the State had fragmented mobile phone agreements, leading to 21 different plan rates. Combating this required intensive data gathering agency-by-agency. In another case, identifying unused landlines was hampered by the lack of a single inventory system or usage dashboard. GMI conducted manual calls to verify which lines were truly in use. These examples illustrate how limited visibility and inconsistent data can slow the identification and execution of savings opportunities. GMI is mitigating this by building cross-agency data sets (often for the first time) and implementing new reporting requirements.
- **Vendor and Contractual Constraints:** Several GMI efforts involve renegotiating or terminating contracts with existing contractors. Some contracts are sole-source, limiting the State's leverage. In such cases, achieving savings without a competitive market required careful benchmarking and persuasion. Other contracts had built-in terms unfavorable to the State. Contractors may push back on price reductions or service changes. This occurred in negotiations with a radio communications contractor and IT software providers who questioned usage cutbacks.

The GMI team has worked through these barriers by relying on data (to make a compelling case for better terms), engaging high-level leadership when needed, and, in a few instances, being prepared to find alternative solutions if a vendor will not cooperate. Additionally, GMI sought counsel from the DGS OSP policy unit, the Maryland Attorney General's Office and procurement officials to manage termination rights, equitable adjustments, and potential litigation risks when modifying or renegotiating contracts.

- **Policy and Procedural Hurdles:** Some cost-saving measures bump up against existing policies, regulations, or statutory requirements that limit savings capture or affect implementation timelines. For example, certain fees or fund sources are mandated by law to be used in specific ways, limiting flexibility to reallocate savings. Certain procedural steps, such as HR processes or contract constructs, sometimes delay implementation or require creative solutions, such as phasing changes in over time, or seeking exemptions. GMI addresses these by working within established processes (e.g. obtaining necessary approvals in parallel with planning) and, where needed, proposing policy adjustments.
- **Timeline and Resource Constraints:** By design, GMI set an aggressive timeline to realize \$50M of savings in FY2026. Not all initiatives could be executed simultaneously given limitations of agency staff time and competing demands to gather data, perform analysis, and validate each opportunity. Some projects have experienced delays due to resource constraints, implementation complexity, or procedural hurdles. For instance,

rolling out standardized changes (like new IT device standards or shipping procedures) across every agency is a large coordination effort.

Despite these barriers, the Governor’s and the Cabinet’s visible support helped to mitigate any challenges and early initiative successes helped enable momentum. GMI’s flexible, data-driven approach allowed it to course-correct as obstacles arose. For example, if a projected saving didn’t materialize due to a data issue or contractor problem, the team pivoted to alternate measures. Effective collaboration between GMI and agency POCs enabled significant cost-saving achievements despite anticipated and unanticipated hurdles.

GMI MULTI-YEAR PLAN

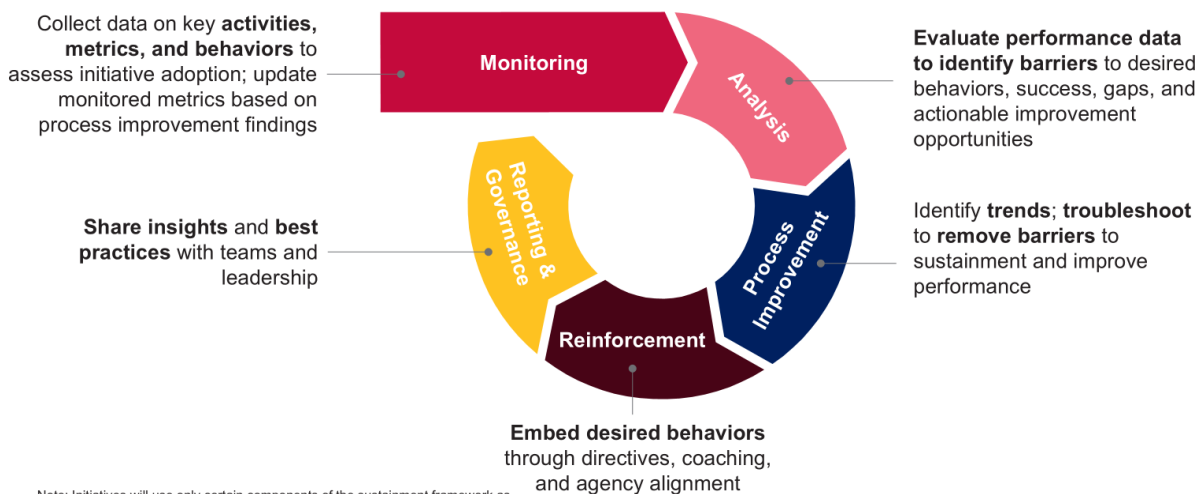
Maryland’s leadership is focused on strengthening the State’s operational efficiency and maintaining fiscal discipline. Through the end of CY2026, GMI will focus on two primary areas of work outside of completing initiatives currently in implementation: **1) sustaining the savings** achieved through initiatives that have completed implementation, and **2) identifying additional opportunities** to generate further cost reductions. While the specific opportunities for FY2027 are still being determined, each will undergo the same level of analytical rigor, cross-agency coordination, and structured planning that characterized earlier phases of the initiatives. Continued resources for GMI were included in the proposed FY2027 budget, and the below plans will depend on the funding levels passed by the Maryland General Assembly.

GMI has developed sustainment plans across key initiatives to ensure savings carry on from FY2026 to FY2027. These plans define the long-term roles and responsibilities of both the GMI office and agency teams in preserving realized savings.



PIA Exempt – Confidential Information

Sustaining savings through a continuous cycle of monitoring, analysis, process improvement, reinforcement, and reporting post-implementation



Sustainment efforts also establish a clear and repeatable framework encompassing ongoing monitoring, analysis, process improvement, reinforcement, reporting and governance. This framework is designed to support agencies in transitioning to a steady-state model of continuous oversight and performance management.

Agencies are expected to maintain the efficiencies (e.g. adhere to the shipping contract, ensure drivers are using the vendor tool) as part of normal operations. GOPI and GMI will continue to track key performance indicators into FY2027 to ensure savings projections hold true and to catch any slippage. For example, if shipping expenses start increasing or fleet maintenance expenses rise, those trends will be flagged for corrective action. At the end of each quarter, GMI will develop a report card summarizing the status of agency progress based on initiative KPIs, highlights of which will be presented at the Performance Cabinet meeting at the beginning of the next quarter.

Some initiatives require minimal follow-up after implementation, while others demand more extensive oversight and monitoring. The sections below describe the sustainment activities for shipping, fleet maintenance, office supplies, and food and beverage through FY2027.

Shipping sustainment

The shipping initiative aims to increase agency adoption of the statewide contract and encourage the use of lower-priced delivery methods to reduce unnecessary shipping expenses. Agencies were directed to use the statewide contract and were encouraged to default to three-day or ground shipping when possible. GMI and DGS OSP supported agencies with onboarding and troubleshooting, and DGS OSP now requests monthly information on instances where employees are unable to use the statewide contract or require expedited delivery.

Through the Q2 of FY2027, GMI will monitor contractor's reports on agency use of the statewide shipping contract and review a guidance tracker documenting instances and rationales for off-contract use. GMI will analyze both the guidance tracker and contract usage data, flagging agencies that show increases in off-contract or expedited shipping. Based on this analysis, GMI will hold working sessions with agencies to review quarterly trends and troubleshoot barriers to on-contract usage. To reinforce desired behaviors, select agencies will participate in quarterly meetings, and for those showing declining compliance or rising costs, GMI will work with agency leaders to develop corrective actions. At the end of each quarter through December 2026, GMI will include shipping progress data across participating agencies in the quarterly report card.

Fleet maintenance sustainment

Through Q2 of FY2027, GMI will track agency spending on maintenance vendors along with user feedback collected through the vendor tool surveys. GMI will review these data sets to identify agencies with rising maintenance costs or lower satisfaction levels. Drawing on these insights, GMI will convene quarterly working sessions with agencies to discuss emerging trends and address challenges related to effective use of the vendor tool. To reinforce consistent practices, selected agencies will participate in follow-up meetings, and those demonstrating reduced tool usage or increasing spend will collaborate with GMI to develop targeted corrective actions. GMI will also report on Fleet Maintenance performance metrics in the quarterly report card through December 2026.

Office supplies sustainment

The office supplies initiative aims to secure deeper discounts, streamline purchasing, and modernize how the State manages its annual office supply spending. To address inconsistent use of statewide contracts, GMI supported DGS OSP in developing a negotiation playbook to guide ongoing contractor engagements. Using this framework, the DGS OSP renegotiated pricing to secure 10–20% discounts and created a standardized catalog that directs agency buyers toward lower-cost, high-volume items.

Through Q2 of FY2027, GMI will monitor agency spend on office supplies through contractor invoices and track utilization of the statewide catalog. This analysis will help identify agencies with increasing off-contract purchases or declining catalog adoption. Using these insights, GMI will facilitate quarterly discussions with agencies to review patterns, address barriers to catalog use, and promote more consistent purchasing practices. Agencies showing persistent challenges will participate in additional follow-up sessions to develop corrective steps aimed at improving compliance and reducing costs. Office supplies performance metrics will be included in the quarterly report card through December 2026.

Contracts oversight and negotiations sustainment

Through Q3 FY2026, for initiatives where GMI supported contract oversight and negotiations, GMI will review monthly contractor invoices to assess total agency spending and ensure it aligns with the expected range under the contract modifications. If expenditures exceed that range, GMI will engage the agency's GMI POC to understand the underlying reasons and identify potential solutions to bring spending back in line with expectations.

FY2028 and Beyond

When FY2028 begins, the State will enter its second full year of recurring savings generated by the initiatives launched under GMI. With major opportunities already identified and implemented in prior years, the focus now shifts from expansion to preservation and durability, ensuring that the gains achieved in FY2026 and FY2027 continue to hold over time.

GMI's sustainment framework will continue to guide this next phase and will be customized to the initiatives pursued in FY2027. These plans will outline the ongoing roles and responsibilities of GMI and State agencies in maintaining savings, reinforcing compliance with standards, and safeguarding operational efficiencies.

In FY2028, agencies will be expected to continue integrating new practices into their routine operations. GOPI and GMI will continue tracking key performance indicators to ensure projected savings do not erode and to identify where renewed attention may be needed.

FY2028 is intended to focus on solidifying cultural enablers such as embedding data-driven decision-making, fostering disciplined asset management, and strengthening cross-agency collaboration. This period is envisioned as one of consolidation, where the State focuses on maturing the systems and behaviors that underpin sustainable, long-term savings.

By reaffirming the practices established through GMI and maintaining rigorous oversight, Maryland positions itself to uphold the benefits achieved to date and continue building a government that is efficient, accountable, and fiscally responsible.

CONCLUSION

Maryland's GMI represents a comprehensive, data-driven approach to delivering better value to taxpayers. This report detailed how the State is improving efficiency across core administrative functions while upholding service quality, in direct response to the fiscal mandate of saving \$50 million. This initiative has been an important component of the Administration's plan to address the fiscal crisis responsibly by tightening the State's belt in smart, targeted ways rather than blunt cuts to services and the State workforce.

Looking ahead, the success of GMI will ultimately be measured not only by dollars saved, but by the lasting changes in how Maryland's government operates. Through this multi-year plan, GMI is strengthening the State's use of data to drive asset management, purchasing decisions and contract negotiations. These sustainment efforts will ensure that the savings are reflected in future budgets and that agencies have the tools and oversight to prevent costs from creeping back up.

In conclusion, GMI has positioned the State for ongoing savings in FY2027 and beyond. The cost-saving measures detailed in this report will be monitored closely and any further opportunities identified will be pursued with the same rigor. DBM is available to provide and discuss updates on GMI progress and impact as requested.