



June 4, 2008

An Open Letter to the New Jersey Legislature: Taxpayers Support a Review of Computer Costs

Dear Legislator:

On behalf of the thousands of members of the National Taxpayers Union and the New Jersey Taxpayers' Association, we write to endorse A2492. This legislation calls for a study by the Office of Information Technology on the costs carried by the state government to maintain certain high-volume legacy computer processing networks.

Given New Jersey's recent budget troubles, now is the perfect time to look inward and review potential cost cuts. A ripe target for review is the state's information technology (IT) operations. New Jersey spends a significant sum of taxpayer money on maintaining existing computer systems, and the study outlined in A2492 would review if and where future economies could be made.

New Jersey is not the only state looking to study its IT costs; Indiana leaders recently passed a law that calls for a review of their state's large-scale computing systems. Maryland and Arizona also considered similar bills this past legislative session.

Kumar Barve, Maryland House Majority Leader, has noted that private and public enterprises "are achieving greater IT efficiency by revamping their approach to high-volume, transaction processing." Barve relates how the New York Stock Exchange's 2007 decision to move some of its data processing out of a mainframe environment and into a distributed Unix environment is providing a projected savings of over 50 percent. Additionally, he cites the Department of Defense's Information Systems Agency as saving \$2 million annually due to a migration from "legacy, high-volume systems onto mass-market computer products."

Granted, many of the state's IT costs are "sunk;" that is, the purchases have occurred and the expenses are largely unrecoverable. However, if purchasing and maintaining newer systems were to cost less than what it currently takes to service legacy systems – even over the long term – the state should consider migrating to such budget-friendly technologies. We support A2492 because it would determine (without rushing into any purchasing decisions) if similar savings are available to New Jersey taxpayers.

Sincerely,

Duane Parde
National Taxpayers Union

Jerry Cantrell
New Jersey Taxpayers' Association