

Department of Legislative Services
 Maryland General Assembly
 2014 Session

FISCAL AND POLICY NOTE

House Bill 632 (Delegate Pena-Melnyk, *et al.*)
 Health and Government Operations

**Procurement - Maryland Funding Accountability and Transparency Act -
 Revisions**

This bill enhances the content and functionality of the Maryland Funding Accountability and Transparency website.

Fiscal Summary

State Effect: Total State expenditures increase by \$1.4 million in FY 2015 to implement most of the upgrades to the transparency website required by the bill. This includes \$873,800 in general funds by the Department of Information Technology (DoIT) and \$575,000 in Transportation Trust Funds by the Maryland Department of Transportation (MDOT). Maintenance costs in the out-years are expected to be \$100,000 for each agency. Full implementation of the upgrades mandated by the bill presents additional technical and operational challenges; to the extent that they can be resolved, they result in additional significant increases in expenditures, likely in the millions of dollars – the impact of which is not reflected below. No effect on revenues.

(in dollars)	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	873,800	100,000	100,000	100,000	100,000
SF Expenditure	575,000	100,000	100,000	100,000	100,000
Net Effect	(\$1,448,800)	(\$200,000)	(\$200,000)	(\$200,000)	(\$200,000)

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

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: For each payee receiving a payment from the State, the website must include (1) the name of the owner, if applicable; (2) the budget program code under which a payment was made; and (3) the method of procurement used for the contract. Beginning January 1, 2015, it must also include, for each payee, the total amount of payments made by the State and by each State agency.

The website must also allow users to compare data for multiple fiscal years, and, for each contract under which payments were made, access the following information:

- the start and end date of the contract, including modifications and extensions;
- the number and classification of full-time employees who were employed by the payee under the contract;
- the average compensation of the employees in each classification; and
- any audit reports related to the contract.

Current Law/Background: The Maryland Funding Accountability and Transparency Act of 2008 (Chapter 659) required the Department of Budget and Management (DBM) to develop a free, public, searchable website by January 1, 2009, that included detailed information on State payments of \$25,000 or more, beginning with data for fiscal 2008. Payments to State employees and retirees as compensation or retirement allowance, respectively, are exempt from inclusion on the website. The site was also required to include a search function that allows the public to submit queries based on, at a minimum:

- the name and zip code of the payee receiving a payment;
- the amount of a payment; and
- the agency making a payment.

The website became operational in January 2009, and it cost approximately \$200,000 to develop.

Chapter 659 also required the Secretary of Information Technology to conduct a feasibility and cost study for the expansion of the website to include all State awards greater than \$25,000, including all grants, subgrants, loans, awards, cooperative agreements, and other forms of financial assistance. The expanded website would allow users to search and aggregate State awards by, at a minimum:

- the name of the entity receiving the grant, contract, or award;
- the amount of the award;
- the transaction type;

- the agency making the award;
- the funding source;
- the purpose of each award; and
- the location of the entity receiving the award.

Based on the results of the feasibility and cost study, DBM added a separate search function for State grants in 2010. The website is available at <http://www.spending.dbm.maryland.gov>.

In conjunction with DBM, DoIT administers the State's Financial Management Information System (FMIS), which includes two major modules: R*STARS is the primary budgeting and accounting module whereas ADPICS is an in-house procurement management system that monitors and records payments to vendors for State contracts that have already been awarded. Most Executive Branch agencies are covered by FMIS, but the University System of Maryland (USM), MDOT, the Judiciary, and the General Assembly each operate their own financial management systems.

The low cost of the original website was due in large part to the fact that, by design, all of the information included in the website's database was available from R*STARS. Therefore, the cost involved developing a basic online search function and downloading the necessary raw data from FMIS into the search function.

State Fiscal Effect: DBM and MDOT both advise that some of the information required by the bill to be included in the website is not readily available from FMIS or the MDOT system, and some may not be available at all. Specifically, DBM advises that the following data is not currently available:

- the name of the owner of each payee;
- the number and classification of full-time employees employed by the payee;
- the average compensation of those employees; and
- audit reports related to the contract.

The rest of the data is available, but much of it is in ADPICS because it relates to contract management rather than direct payments to vendors. Although the two FMIS modules are linked, not all information in them is connected. For instance, not all payments in R*STARS are linked directly to contract data in ADPICS. Therefore, DBM advises that inclusion of this information in the database requires a substantial rewrite of the existing transparency site, which involves a much larger endeavor than the initial system.

The challenges involved with including data from MDOT are similar. MDOT advises that it maintains a financial management system that is largely parallel to FMIS; its R*STARS component interfaces on a daily basis with FMIS R*STARS, which enables

MDOT data to be easily downloaded to the transparency website. However, MDOT ADPICS data does not pass through to FMIS. As a result, inclusion of MDOT's contract data in the website also involves costly reprogramming.

Therefore, including the information currently available in FMIS and MDOT's financial management system results in general fund expenditures by DoIT increasing by \$873,800 in fiscal 2015, and Transportation Trust Fund expenditures by MDOT increasing by \$575,000. These costs are to contract with an outside information technology firm to reprogram the transparency website to incorporate and link data from ADPICS and R*STARS as required by the bill. Ongoing maintenance costs once the system is developed are expected to be \$100,000 annually for both DoIT and MDOT.

Including the items specified above that are not currently included in FMIS or any other State system poses additional technical and operational challenges that may not be able to be resolved. Contract bids submitted by vendors do not currently provide staffing or compensation information. That information is typically considered to be proprietary by vendors. Although the State could request that such information be included in contract bids or post-award documents, this is not standard contracting practice and may dissuade many vendors from bidding on State contracts. To the extent that the information is collected, compiling it and formatting it for inclusion in the website likely becomes a significant information technology project, possibly costing in the millions of dollars. It bears noting that all contracts are subject to audits by the Office of Legislative Audits (OLA), and any audit documents are readily available on the OLA website.

Additional Information

Prior Introductions: None.

Cross File: SB 484 (Senator Madaleno, *et al.*) - Budget and Taxation.

Information Source(s): Department of Information Technology, Department of Budget and Management, Maryland Department of Transportation, Department of Legislative Services

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