

Department of Legislative Services
Maryland General Assembly
2015 Session

FISCAL AND POLICY NOTE
Revised

House Bill 634
Ways and Means

(Prince George's County Delegation)

Education, Health, and Environmental Affairs

**Prince George's County Board of Education - Authority to Establish a Certified
County-Based Business Participation Program**
PG 408-15

This bill authorizes the Prince George's County Board of Education, in consultation with the Chief Executive Officer (CEO) of the Prince George's County Public Schools to establish a certified county-based business participation program to facilitate the participation of county-based businesses in the school system's procurement for supplies, services, and construction in the county.

The bill takes effect July 1, 2015.

Fiscal Summary

State Effect: None. The bill applies only to Prince George's County.

Local Effect: The bill is authorizing in nature, so it has no direct fiscal effect on Prince George's County. If the county board elects to establish a program, it can implement the bill's provisions with existing resources. To the extent that the program limits competition for some procurements by favoring businesses located in Prince George's County, procurement costs for the county board may increase, as restricting procurement competition has been shown to increase contract costs.

Small Business Effect: Potential Meaningful.

Analysis

Bill Summary: If the county board of education and CEO elect to establish a program authorized by the bill, the board and CEO must (1) consult with the Prince George's County Council regarding implementation of the program; (2) enter into a binding memorandum of understanding with the county council outlining the board's goals and commitment to implementing the program; and (3) establish goals and requirements for the program that may include specified criteria related to the participation of certified county-based small businesses and other certified county-based businesses. To achieve the program's designated goals, the county board and CEO may use incentives and bonuses to achieve the program's goals, including:

- mandatory set-aside procedures;
- mandatory subcontracting procedures with reasonable waiver procedures;
- the application of bonus or percentage points;
- restrictive bidding;
- restrictive price quotations;
- the reduction or waiver of bonding requirements; and
- incentives to encourage maximum participation by certified county-based small businesses and a variety of different certified county-based businesses.

Beginning December 1, 2015, the county board, in consultation with the CEO, must report annually on specified matters to the Prince George's County delegations in both the Senate and the House of Delegates, the Prince George's County Council, and the Prince George's County Executive.

Current Law/Background: Under the Prince George's County Jobs First Act, the county began certifying businesses in January 2013 that meet specified criteria for maintaining a business in the county. The program establishes separate bonus factors or preferences for county-based small businesses and minority business enterprises (MBEs), county-based businesses, and other MBEs. The county-based business log maintained by the county's Office of Central Services includes about 150 certified county-based businesses.

Small Business Effect: If the county board elects to establish a program authorized by the bill, small businesses in Prince George's county that are certified would benefit from procurement preferences in competing for PGCPs contracts. Conversely, small businesses in other parts of the State that normally compete for PGCPs contracts would be disadvantaged.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Prince George's County, Department of Legislative Services

Fiscal Note History: First Reader - March 10, 2015
mar/ljm Revised - House Third Reader - March 23, 2015

Analysis by: Michael C. Rubenstein

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