

Department of Legislative Services
 Maryland General Assembly
 2015 Session

FISCAL AND POLICY NOTE

Senate Bill 108 (Senator Conway)
 Education, Health, and Environmental Affairs Health and Government Operations

State Finance and Procurement - Maryland State Board of Contract Appeals -
 Membership

This bill (1) expands the membership of the Maryland State Board of Contract Appeals (MSBCA) from three to five members; (2) requires that two members be licensed to practice law in the State and that one member have procurement-related expertise concerning minority business enterprises or other specified procurement preferences; and (3) requires that the board reasonably reflect the geographic, racial, ethnic, cultural, and gender diversity of the State.

Fiscal Summary

State Effect: General fund expenditures by MSBCA increase by \$246,400 in FY 2016 to add two new members to the board. Out-year expenditures reflect annualization, termination of one-time expenses, and inflation. No effect on revenues.

(in dollars)	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	246,400	322,600	337,000	352,200	368,100
Net Effect	(\$246,400)	(\$322,600)	(\$337,000)	(\$352,200)	(\$368,100)

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

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law/Background: Title 15, Subtitle 2 of the State Finance and Procurement Article establishes MSBCA as an independent unit of the Executive Branch and gives it the authority to hear and resolve all protests and disputes relating to the letting of contracts and the performance, breach, modification, and termination of State contracts. The board hears bid protests, which involve the preparation and interpretation of bid specifications, qualification and selection of successful bidders, and contract claims, which relate to the contractual relationship between the State and a contractor including quality of performance, compliance with contract provisions, compensation, claims and change orders, and terminations. Decisions of the board are final, subject to judicial review.

The board consists of three members who must be qualified to serve in a quasi-judicial capacity and have thorough knowledge of procurement practices and processes. Of the three current members, two are licensed to practice law in the State and one is a woman. The term of a member is five years, and a member continues to serve until a successor is appointed.

State Expenditures: The Governor's proposed fiscal 2016 budget includes compensation of \$124,811 for the board's chair and \$112,572 for each of the other two board members. MSBCA advises that no additional staff is required since the bill does not increase the board's caseload. Therefore, general fund expenditures increase by \$246,448 in fiscal 2016, which accounts for the bill's October 1, 2015 effective date. This estimate reflects the cost of adding two members to the board and includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Position(s)	2
Salaries and Fringe Benefits	\$233,700
Operating Expenses	<u>12,748</u>
Total FY 2016 State Expenditures	\$246,448

Future year expenditures reflect full salaries with annual increases and employee turnover as well as annual increases in ongoing operating expenses.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland State Board of Contract Appeals, Department of General Services, Department of Legislative Services

Fiscal Note History: First Reader - February 9, 2015
mar/ljm

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