

D39S00
Maryland State Board of Contract Appeals

Operating Budget Data

(\$ in Thousands)

	<u>FY 13</u> <u>Actual</u>	<u>FY 14</u> <u>Working</u>	<u>FY 15</u> <u>Allowance</u>	<u>FY 14-15</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Fund	\$628	\$663	\$673	\$9	1.4%
Contingent & Back of Bill Reductions	0	-12	-6	6	
Adjusted General Fund	\$628	\$652	\$667	\$15	2.3%
Special Fund	5	0	0	0	
Adjusted Special Fund	\$5	\$0	\$0	\$0	
Adjusted Grand Total	\$633	\$652	\$667	\$15	2.3%

- The fiscal 2015 allowance increases by approximately \$15,000 over the fiscal 2014 working appropriation, net of contingent and across-the-board reductions, primarily due to increases in personnel expenses.

Personnel Data

	<u>FY 13</u> <u>Actual</u>	<u>FY 14</u> <u>Working</u>	<u>FY 15</u> <u>Allowance</u>	<u>FY 14-15</u> <u>Change</u>
Regular Positions	5.00	5.00	5.00	0.00
Contractual FTEs	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total Personnel	5.00	5.00	5.00	0.00

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	0.00	0.00%
Positions and Percentage Vacant as of 12/31/13	0.00	0.00%

- The fiscal 2015 allowance includes 5 positions, representing no change from the prior year. The agency currently has no vacancies.

Note: Numbers may not sum to total due to rounding.

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Analysis in Brief

Major Trends

Caseloads Decline While Efficiency Remains High: The number of new cases has been decreasing since fiscal 2010, while the board has lowered the number of cases carried forward.

Recommended Actions

1. Concur with Governor's allowance.

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Operating Budget Analysis

Program Description

Title 15, Subtitle 2 of the State Finance and Procurement Article established the Maryland State Board of Contract Appeals (MSBCA) and vested it with 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.

Statutory qualifications to serve on the three member panel are the ability to serve in a quasi-judicial capacity and possession of a thorough knowledge of procurement practices and processes. MSBCA's mission addresses the need to:

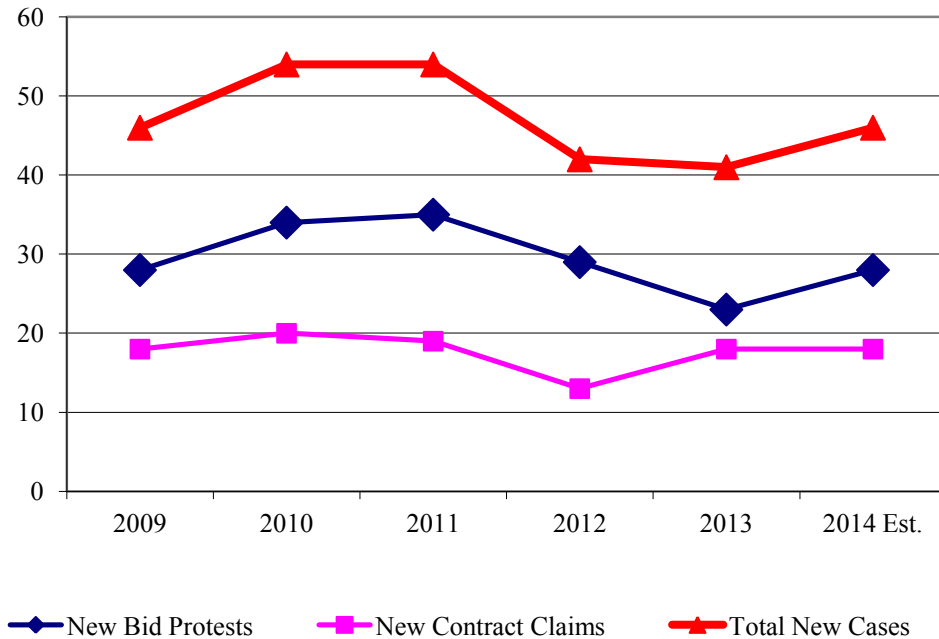
- resolve bid protests and contract claims before the board in the least time possible consistent with established legal requirements; and
- enhance the value and credibility of board opinions, by providing in a timely manner, written opinions in sufficient detail and with appropriate research and documentation to serve as guides to future actions by procurement authorities, the legal community, and contractors doing or wishing to do business with the State.

Performance Analysis: Managing for Results

1. Caseloads Decline While Efficiency Remains High

Overall, MSBCA's Managing for Results performance measures indicate continued success. **Exhibit 1** shows the number of new bid protests and the number of new contract claims from fiscal 2009 through an estimate for fiscal 2014. The exhibit shows that the number of cases has been declining since fiscal 2010, reaching a low of 41 cases total in fiscal 2013. This is mainly due to a large decline in the number of new bid protests, which fell from a high of 35 in fiscal 2011 to a low of 23 in fiscal 2013.

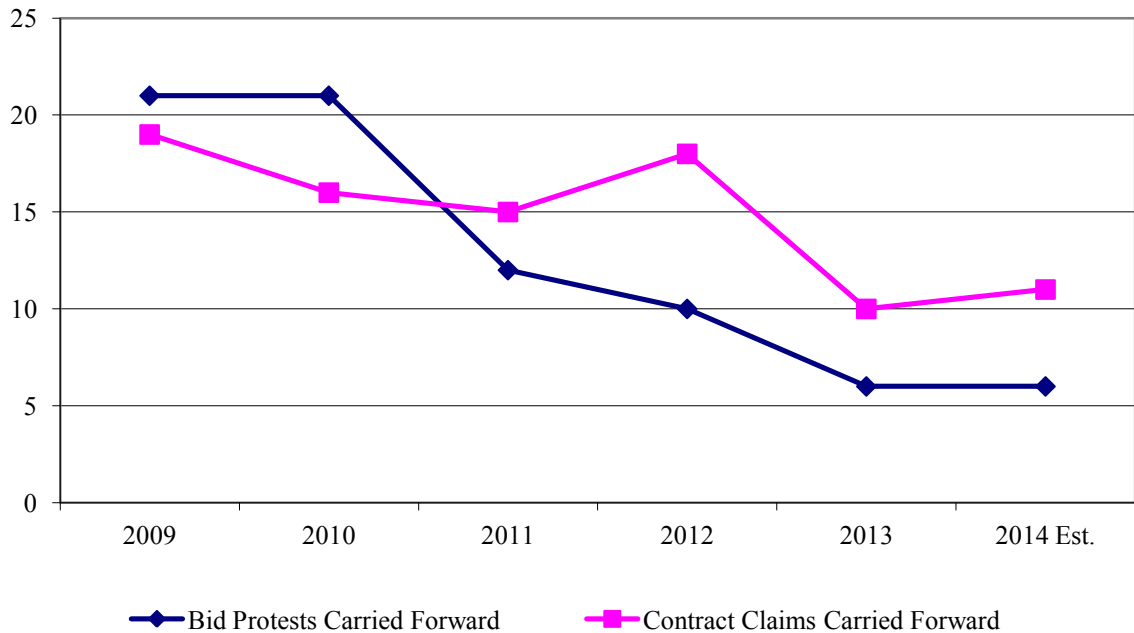
Exhibit 1
Maryland State Board of Contract Appeals Caseload
Fiscal 2009-2014



Source: Maryland State Board of Contract Appeals

Exhibit 2 displays the number of both bid protests and contract claims carried forward into the next year. With the exception of an increase in carried forward contract claims in fiscal 2012, the number of both carried forward bid claims and contract claims has been on a steady decline since fiscal 2009, reaching lows of 6 and 10 cases in fiscal 2013, respectively. Further, the percentage of decisions issued within three months for bid protests and within six months for contract appeals has remained at 100% for several years and is expected to continue into fiscal 2014 and 2015.

Exhibit 2
Bid Protest and Contract Claims Carried Forward
Fiscal 2009-2014



Source: Maryland State Board of Contract Appeals

Fiscal 2014 Actions

Cost Containment

There are three across-the-board withdrawn appropriations that offset the increase in deficiency appropriations. This includes reductions to employee/retiree health insurance, funding for a new Statewide Personnel information technology system, and retirement reinvestment. These actions are fully explained in the analyses of the Department of Budget and Management – Personnel, the Department of Information Technology, and the State Retirement Agency, respectively.

Proposed Budget

As shown in **Exhibit 3**, the fiscal 2015 allowance increases by \$15,093 over the fiscal 2014 working appropriation, net of contingent and across-the-board reductions, primarily due to increases in personnel expenses.

Exhibit 3
Proposed Budget
Maryland State Board of Contract Appeals
(\$ in Thousands)

How Much It Grows:	General Fund	Total
2014 Working Appropriation	\$652	\$652
2015 Allowance	<u>667</u>	<u>667</u>
Amount Change	\$15	\$15
Percent Change	2.3%	2.3%

Where It Goes:

Personnel Expenses

Annualized salary increase.....	\$10
Employee retirement contributions.....	6
Increments and other compensation.....	1
Employee and retiree health insurance	-5

Other Changes

Subscription	2
Supplies.....	1

Total **\$15**

Note: The fiscal 2014 working appropriation reflects negative deficiencies and contingent reductions. The fiscal 2015 allowance reflects back of the bill and contingent reductions. Numbers may not sum to total due to rounding.

Personnel expenses increase by approximately \$12,000. The annualization of the cost-of-living adjustment (COLA) and increments from fiscal 2014 increase the allowance by approximately \$10,000, while costs for employee retirement contributions increase by approximately \$6,000. These increases are partially offset by employee and retiree health insurance contributions, which decrease by approximately \$5,000.

Other changes in fiscal 2015 include increases for subscriptions to the *Code of Maryland Regulations* and the *Daily Record*, at approximately \$2,000, as well as increases for office supplies by about \$1,000.

Cost Containment

There is one across-the-board reduction and one contingent reduction reflected in the Governor's spending plan for the fiscal 2015 allowance. This affects funding for employee/retiree health insurance and retirement reinvestment. These actions are fully explained in the analyses of the Department of Budget and Management – Personnel and the State Retirement Agency.

Recommended Actions

1. Concur with Governor's allowance.

Current and Prior Year Budgets

Current and Prior Year Budgets **Maryland State Board of Contract Appeals** (\$ in Thousands)

	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Fund</u>	<u>Federal</u> <u>Fund</u>	<u>Reimb.</u> <u>Fund</u>	<u>Total</u>
Fiscal 2013					
Legislative Appropriation	\$628	\$0	\$0	\$0	\$628
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	2	5	0	0	7
Reversions and Cancellations	-3	0	0	0	-3
Actual Expenditures	\$628	\$5	\$0	\$0	\$633
Fiscal 2014					
Legislative Appropriation	\$655	\$0	\$0	\$0	\$655
Budget Amendments	9	0	0	0	9
Working Appropriation	\$663	\$0	\$0	\$0	\$663

Note: The fiscal 2014 working appropriation does not include deficiencies or contingent reductions. Numbers may not sum to total due to rounding

Fiscal 2013

MSBCA completed fiscal 2013 \$4,826 above the legislative appropriation. This was due to budget amendments which added \$5,210 in special funds for the COLA from the Budget Restoration Fund, \$2,000 in general funds for a realignment of health benefit disbursements, and \$190 for telecommunications costs. These increases were offset by reversions including \$1,471 in general funds related to the assessed fee for the development of a new Statewide Personnel System, which spent approximately 48% of this major information technology project's appropriated budget, as well as \$1,103 in general funds for other reversions.

Fiscal 2014

The fiscal 2014 working appropriation includes \$8,750 in additional general funds over the legislative appropriation due to increases for the COLA and increment payments.

Audit Findings

Audit Period for Last Audit:	February 22, 2010 – March 19, 2013
Issue Date:	May 2013
Number of Findings:	0
Number of Repeat Findings:	0
% of Repeat Findings:	N/A
Rating: (if applicable)	N/A

**Object/Fund Difference Report
Maryland State Board of Contract Appeals**

<u>Object/Fund</u>	<u>FY 13 Actual</u>	<u>FY 14 Working Appropriation</u>	<u>FY 15 Allowance</u>	<u>FY 14 - FY 15 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	5.00	5.00	5.00	0.00	0%
Total Positions	5.00	5.00	5.00	0.00	0%
Objects					
01 Salaries and Wages	\$ 607,489	\$ 634,726	\$ 642,661	\$ 7,935	1.3%
02 Technical and Spec. Fees	-101	0	0	0	0.0%
03 Communication	8,280	7,743	7,784	41	0.5%
07 Motor Vehicles	4,320	4,320	4,320	0	0%
08 Contractual Services	10,638	12,570	11,832	-738	-5.9%
09 Supplies and Materials	1,121	1,900	2,800	900	47.4%
10 Equipment – Replacement	0	700	0	-700	-100.0%
13 Fixed Charges	1,545	1,306	3,250	1,944	148.9%
Total Objects	\$ 633,292	\$ 663,265	\$ 672,647	\$ 9,382	1.4%
Funds					
01 General Fund	\$ 628,082	\$ 663,265	\$ 672,647	\$ 9,382	1.4%
03 Special Fund	5,210	0	0	0	0.0%
Total Funds	\$ 633,292	\$ 663,265	\$ 672,647	\$ 9,382	1.4%

Note: The fiscal 2014 appropriation does not include deficiencies. The fiscal 2015 allowance does not include contingent reductions.