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Senate Education, Health and Environmental Affairs Committee
The Honorable Paul G. Pinsky
2 West Miller Senate Building
Annapolis, Maryland 21401-1991

RE: SB 703 – Procurement – Minority Business Enterprises – Qualification and Certification

Dear Chairman Pinsky and Members of the Committee:

I am pleased to introduce Senate Bill 703. This bill is the second bill this Session that I have had the privilege of introducing which embodies one of the recommendations of the Senate President's Advisory Workgroup on Equity and Inclusion. Senator Griffith chaired this Workgroup, and, along with Senators Ellis and Patterson, I was one of its seven members. The Workgroup issued its Report just last month.

Ever since 1978, Maryland has had a Minority Business Enterprise (MBE) Program to encourage women and minority-owned firms to participate in the State procurement process. Maryland's current MBE statute requires agencies to make every effort to achieve an overall minimum goal of 29% of the total dollar amount of their procurement contracts directly or indirectly from certified MBE firms. The oversight of this program is vested in the Governor's Office of Small, Minority and Women Business Affairs; however, the Office of Minority Business Enterprise within the Maryland State Department of Transportation serves as the State's official MBE certification unit. In fiscal 2019, Maryland's MBE achievement was only 17.9% of contract awards, not the 29% goal set forth in the MBE statute.

The federal government has its own MBE program, overseen by the U. S. Small Business Administration. Currently, businesses must separately qualify as MBE's under federal and State law. So a business which has successfully navigated federal statutes and regulations and qualified as a federal MBE must apply and qualify separately under Maryland's MBE program. This is burdensome to minority and women-owned businesses and deters them from participating in the State procurement process.

With that as an introduction, Senate Bill 703 merely requires the State Board of Public Works, which oversees all State procurement, to adopt new procurement regulations that will enable a federal MBE that has been certified under the federal disadvantaged business enterprise program to become certified as a Maryland MBE without requiring the business to file any additional paperwork other than evidence of its federal certification.

Current Maryland law requires a federally certified MBE to not only establish that it has received federal certification but also to separately and independently establish that it meets the eligibility requirements of the Maryland MBE program. In order to obtain a Maryland MBE certification, an applicant has to fill out lengthy application documents, undergo an investigation, be the subject of a deliberative administrative proceeding and then await an ultimate determination letter. So Senate Bill 73 changes existing law to provide that a federal certification alone will suffice, and an MBE will no longer have to separately establish its eligibility under Maryland law.

For these reasons, I hope that you will give SB 468 a favorable report.