D39S00
Maryland State Board of Contract Appeals

Operating Budget Data

($ in Thousands)

	FY 11 Actual	FY 12 Working	FY 13 Allowance	FY 12-13 Change	% Change Prior Year
General Fund	$597	$624	$630	$6	0.9%
Adjusted General Fund	**$597**	**$624**	**$630**	**$6**	**0.9%**
Adjusted Grand Total	**$597**	**$624**	**$630**	**$6**	**0.9%**

- The fiscal 2013 allowance increases by approximately $6,000 over the fiscal 2012 working appropriation primarily due to increases in employee retirement and statewide cost allocations.

Personnel Data

	FY 11 Actual	FY 12 Working	FY 13 Allowance	FY 12-13 Change
Regular Positions	5.00	5.00	5.00	0.00
Contractual FTEs	0.00	0.00	0.00	0.00
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 12/31/11	0.00	0.00%

- The fiscal 2013 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

Caseload Increases; Efficiency Remains High: The number of new cases has been increasing since fiscal 2008. However, the board has continued to reach its case resolution timeliness goals in 100% of cases. Additionally, the number of contract claims carried forward declined in fiscal 2011.

Recommended Actions

1. Concur with Governor's allowance.

D39S00
Maryland State Board of Contract Appeals

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

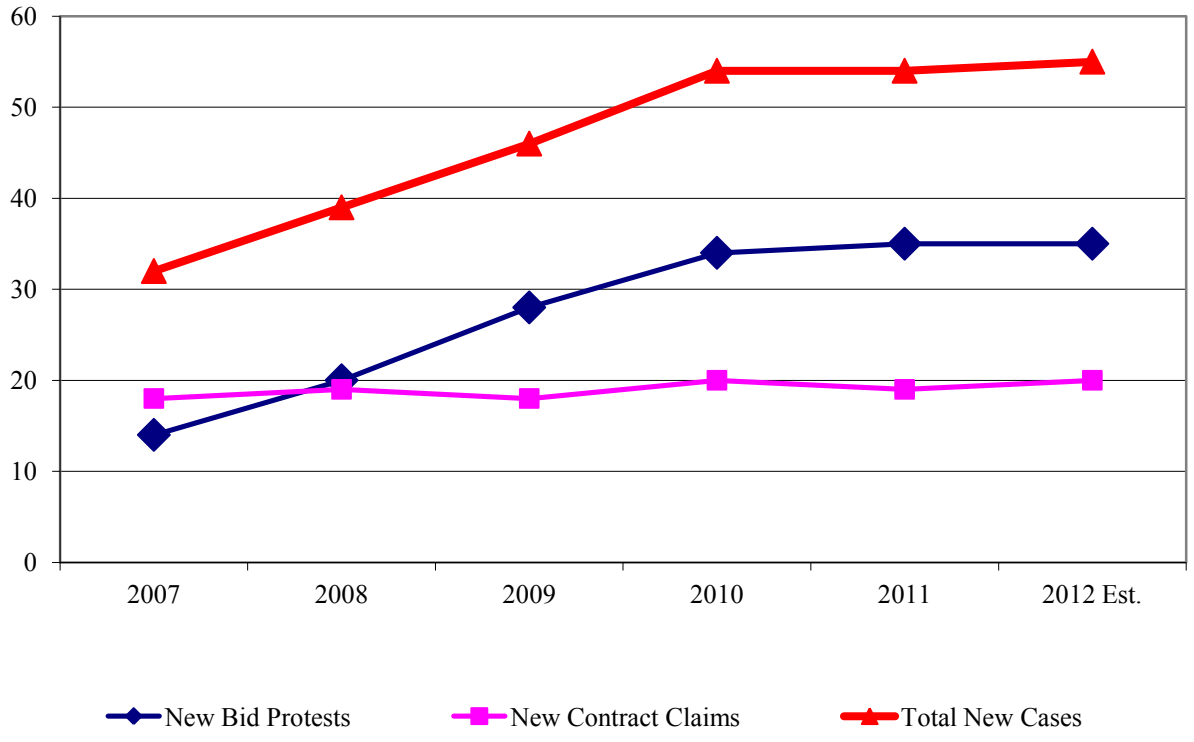
- enhance the value and credibility of board opinions, by providing in a timely manner, written opinions in sufficient detail and with appropriate research and documentation to serve as guides to future actions by procurement authorities, the legal community, and contractors doing or wishing to do business with the State.

Performance Analysis: Managing for Results

Overall, MSBCA's Managing for Results performance measures indicate continued success despite an increasing caseload. **Exhibit 1** shows the number of new bid protests and the number of new contract claims from fiscal 2007 through an estimate for fiscal 2012. The exhibit shows some significant growth in new bid protests – about 150% between fiscal 2007 through 2011. A more competitive economy might be the driving force behind the increase.

Despite the increase in its caseload, the board has been able to maintain its efficiency. The percent of decisions issued within three months for bid protests and within six months for contract appeals has remained at 100% for several years. The board is also making gains in reducing the number of cases carried forward into the next year.

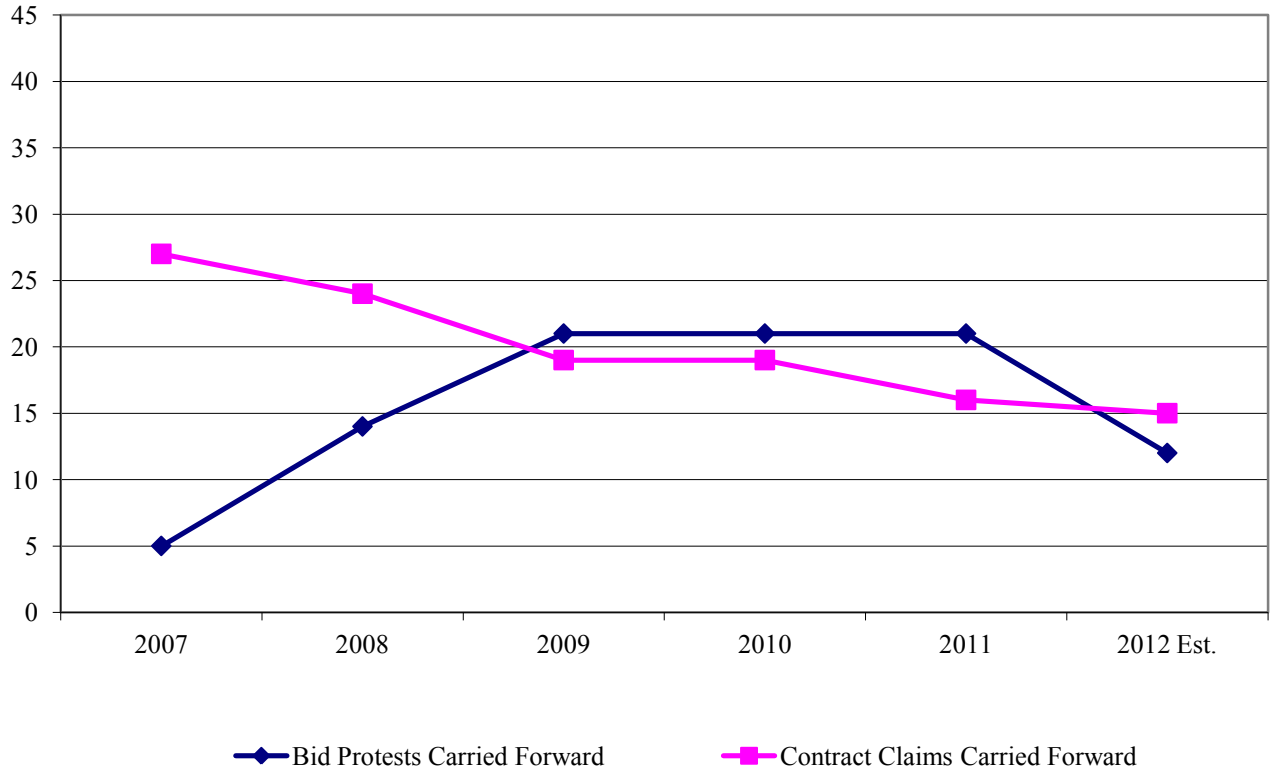
Exhibit 1
Maryland State Board of Contract Appeals Caseload
Fiscal 2007-2012



Source: Maryland State Board of Contract Appeals

As shown in **Exhibit 2**, the number of bid protest cases that are carried forward increased in fiscal 2008 and 2009. However, that number has not grown since fiscal 2009. Conversely, the number of contract claims carried forward has been declining fairly steadily since 2007.

Exhibit 2
Bid Protest and Contract Claims Carried Forward
Fiscal 2007-2012



Source: Maryland State Board of Contract Appeals

Proposed Budget

As shown in **Exhibit 3**, the fiscal 2013 allowance increases by $5,742 over the fiscal 2012 working appropriation primarily due to increases in employee retirement and statewide cost allocations.

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

How Much It Grows:	General Fund	Total
2012 Working Appropriation	$624	$624
2013 Allowance	630	630
Amount Change	$6	$6
Percent Change	0.9%	0.9%
Contingent Reductions	$0	$0
Adjusted Change	$6	$6
Adjusted Percent Change	0.9%	0.9%

Where It Goes:	
Personnel Expenses	
One-time bonus of $750 per employee in fiscal 2012	-$4
Employee and retiree health insurance	1
Employee retirement	6
Other Changes	
Department of Budget and Management paid telecommunications	-2
Statewide allocations	4
Office supplies	1
Total	**$6**

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

Personnel expenses increase by approximately $3,000. This is due to increases in health insurance costs and to the employee retirement system. The increase was mitigated in part due to the removal in the budget of the one-time $750 per employee bonus in fiscal 2012.

Other changes in fiscal 2013 are dominated by the board's share of various statewide costs. Telecommunication expenses charged by the Department of Budget and Management are declining by close to $2,000. Conversely, other statewide expenses are increasing. The board is charged with an additional $4,000 for the State retirement administrative fee, the Department of Information Technology services allocation, and the Statewide Personnel System allocation.

Finally, office supplies increase by about $1,000 which is consistent with actual expenditures in fiscal 2011.

Recommended Actions

1. Concur with Governor's allowance.

Appendix 1

Current and Prior Year Budgets

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

	General Fund	Special Fund	Federal Fund	Reimb. Fund	Total
Fiscal 2011					
Legislative Appropriation	$591	$0	$0	$0	$591
Deficiency Appropriation	6	0	0	0	6
Budget Amendments	0	0	0	0	0
Reversions and Cancellations	0	0	0	0	0
Actual Expenditures	**$597**	**$0**	**$0**	**$0**	**$597**
Fiscal 2012					
Legislative Appropriation	$620	$0	$0	$0	$620
Budget Amendments	4	0	0	0	4
Working Appropriation	**$624**	**$0**	**$0**	**$0**	**$624**

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

Fiscal 2011

MSBCA completed fiscal 2011 $5,449 above the legislative appropriation. This is primarily due to a deficiency which provided an additional $5,667 in general funds for operating expenses.

Fiscal 2012

The fiscal 2012 working appropriation includes $4,035 in additional general funds over the original appropriation due to the one-time $750 per employee bonus.

Appendix 2

Audit Findings

Audit Period for Last Audit:	March 15, 2007 – February 21, 2010
Issue Date:	March 2010
Number of Findings:	0
Number of Repeat Findings:	0
% of Repeat Findings:	n/a
Rating: (if applicable)	n/a

The audit did not disclose any findings.

Object/Fund Difference Report
Maryland State Board of Contract Appeals

Object/Fund	FY 11 Actual	FY 12 Working Appropriation	FY 13 Allowance	FY 12 - FY 13 Amount Change	Percent Change
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	$ 572,915	$ 599,565	$ 602,370	$ 2,805	0.5%
03 Communication	7,453	8,959	7,165	-1,794	-20.0%
07 Motor Vehicles	4,320	4,320	4,320	0	0%
08 Contractual Services	9,057	9,009	13,135	4,126	45.8%
09 Supplies and Materials	1,930	1,200	1,925	725	60.4%
13 Fixed Charges	1,260	1,290	1,170	-120	-9.3%
Total Objects	**$ 596,935**	**$ 624,343**	**$ 630,085**	**$ 5,742**	**0.9%**
Funds					
01 General Fund	$ 596,935	$ 624,343	$ 630,085	$ 5,742	0.9%
Total Funds	**$ 596,935**	**$ 624,343**	**$ 630,085**	**$ 5,742**	**0.9%**

Note: The fiscal 2012 appropriation does not include deficiencies.