

**Department of Fiscal Services**  
Maryland General Assembly

**FISCAL NOTE**  
**Revised**

House Bill 164 (Chairman, Commerce and Government Matters Committee, *et al.*)  
(Departmental - Council on Management and Productivity)

Appropriations

Referred to Budget and Taxation

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**State Employees - Procurement - Competitive Re-Engineering  
Pilot Program - Government Services**

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This enrolled departmental bill establishes a Competitive Re-Engineering Pilot Program with a September 30, 2000 sunset date. The purpose of the program is to establish a process of competitive re-engineering and service redesign in order to improve the quality, effectiveness, and efficiency of targeted services. Competitive re-engineering means the procurement process created by the Council on Management and Productivity under which State employees may compete with private contractors by submitting a proposal in response to a request for proposals for targeted services. Service redesign means the process by which employees develop a plan to improve service delivery and reduce costs or reduce cost increases while maintaining the quality of the targeted service.

The council must submit a report to the Senate Budget and Taxation Committee and the House Appropriations Committee by October 1, 1999 concerning the effect of the program within each agency that participates in the program. In addition, the council, for the purposes of review and comment, must notify the committees upon the selection of State agencies that will participate in the program.

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**Fiscal Summary**

**State Effect:** Expenditures could decrease to the extent that competitive re-engineering creates a more efficient and cost effective means of providing services to the public. Any reduction in expenditures, however, cannot be reliably estimated at this time. Revenues would not be affected. The process itself would be implemented with existing budgeted resources.

**Local Effect:** None.

**Small Business Effect:** The Department of Budget and Management has determined that this bill has minimal or no impact on small businesses (attached). Fiscal Services concurs with this assessment, however, it is noted that small businesses would benefit from any increased opportunity to compete for governmental business. (The attached assessment does not reflect amendments to the bill.)

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### **Fiscal Analysis**

**Additional Comments:** Fiscal Services notes that the policy of the State is to use State employees to perform all State functions in State-operated facilities in preference to contracting with the private sector to perform those functions (State Personnel and Pensions Article, Section 13-402). According to “Subtitle 4. Service Contracts,” for service contracts over \$100,000 the Board of Public Works may approve a service contract only if the board receives certification by the Department of Budget and Management (DBM) that the service contract is exempt from the preference or that the unit has complied with certain requirements to provide information. DBM may certify service contracts where the unit has shown savings to the State of 20% of the contract or \$200,000 whichever is less, and DBM finds that the potential economic advantage is not outweighed by the preference.

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**Information Source(s):** Department of General Services, Department of Budget and Management, Department of Human Resources, Department of Fiscal Services

**Fiscal Note History:** First Reader - January 30, 1997

mld Revised - Enrolled Bill - April 24, 1997

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