

Department of Legislative Services  
Maryland General Assembly  
2000 Session

**FISCAL NOTE**  
**Revised**

Senate Bill 163 (Senator Hoffman. *et al.*)

Budget and Taxation

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

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This bill extends the date on or before which the Council on Management and Productivity must submit a report on the effect of the Competitive Re-Engineering Pilot Program to the Senate Budget and Taxation Committee and the House Appropriations Committee from October 1, 1999, to October 1, 2002. The bill also extends the termination date for the pilot program from September 30, 2000 to September 30, 2003.

The bill takes effect July 1, 2000.

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**Fiscal Summary**

**State Effect:** No funds are included in the proposed FY 2001 budget for the operation of the pilot. Expenditures by the council would not be affected. State agencies that participate in the program could experience reduced expenditures, due to efficiencies realized.

**Local Effect:** None.

**Small Business Effect:** None.

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**Analysis**

**Current Law:** The Competitive Re-Engineering Pilot Program, enacted in 1997, establishes a process of “competitive re-engineering” and “service redesign” in order to improve the quality, effectiveness, and efficiency of targeted services. A targeted service is a service for which the agency determines that: (1) objective performance measures can be established; (2) the service is or could be provided by the private sector; (3) costs or cost increases for the service could be reduced; and (4) competition for the service is in the best

interest of the State. Service redesign is the process by which employees develop a plan to improve service delivery and reduce costs or reduced cost increases of the targeted service. If State employees do not meet the service redesign options or plan, their targeted service units or functions are opened to a request for proposals. Competitive re-engineering is the procurement process through which State employees may compete with private contractors for services targeted for privatization. The employees submit a proposal in response to a request for proposals for targeted services. The Council on Management and Productivity, established by statute in 1996, is responsible for carrying out the pilot program.

**Background:** The council is housed in the Department of Budget and Management and has advisory authority to: (1) solicit proposals and suggestions from the public and private sectors for innovative ways for the State to manage its resources more efficiently; (2) review and evaluate the organizational structure and management practices of State government; (3) evaluate and recommend public-private partnership alternatives; (4) examine government contracting; and (5) provide information on entrepreneurial government activities and offer procedural and implementation assistance. The council is required to report annually on its activities to the Governor and the Legislative Policy Committee.

To date, no State agency has participated in the Competitive Re-Engineering Pilot Program. In a 1999 report to the General Assembly, the council stated that additional time was needed to implement the pilot.

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### Additional Information

**Prior Introductions:** None.

**Cross File:** HB 267 (Delegate Rawlings, *et al.*) - Appropriations.

**Information Source(s):** Department of Budget and Management; Office of the Governor; Council on Management and Productivity, *Report to the Legislature on Competitive Re-Engineering Pilot Program*; Department of Legislative Services

**Fiscal Note History:** First Reader - February 14, 2000  
cm/jr Revised - Senate Third Reader - March 20, 2000

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