

Department of Legislative Services
 Maryland General Assembly
 2003 Session

FISCAL AND POLICY NOTE

House Bill 483 (Delegate Rosenberg)
 Health and Government Operations

State Procurement - Community-Schools Benefit Factor

This bill requires the Board of Public Works (BPW) to develop a plan for State agencies to include a community-schools benefit factor when issuing requests for proposals and evaluating competitive sealed proposals for specified services. It requires agencies to use the benefit factor as a technical factor in the evaluation of proposals.

Fiscal Summary

State Effect: General fund expenditures would increase by \$54,500 in FY 2004 for BPW to implement regulations and train agency staff and for the Maryland State Department of Education (MSDE) to hire one employee to manage information and contracts. Out-year estimates reflect removal of implementation costs, annualization, and inflation.

(in dollars)	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	54,500	45,700	48,500	51,600	54,900
Net Effect	(\$54,500)	(\$45,700)	(\$48,500)	(\$51,600)	(\$54,900)

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

Local Effect: Potential significant.

Small Business Effect: Potential significant.

Analysis

Bill Summary: The board's plan will apply to units that procure the following services: (1) early childhood education; (2) educational enhancement and remediation; (3) after-

school programs; (4) health, dental, mental health, and nutrition services; (5) Head Start; (6) youth development; (7) pregnancy prevention; (8) violence prevention; (9) community service and service learning; (10) parent leadership development; (11) parenting education; (12) adult education and GED; (13) child care; (14) family support and preservation; (15) job training and career counseling; (16) housing; (17) juvenile justice and truancy; and (18) substance abuse prevention and treatment.

Offerors must include a written agreement with a local school in their proposal that includes: (1) a statement of common partnership goals and objectives; (2) a statement of each partner's responsibilities; (3) an agreement to place the services in the school, if appropriate; (4) if possible, a statement of how the partnership coordinates with other service providers for the benefit of the local school, and the school's community members; and (5) a partnership accountability plan.

Successful bidders are required to submit annual reports to the unit that awarded the contract that includes information on the progress the offeror and school have made towards a statement of common partnership goals and objectives; a statement of each partner's responsibilities; if possible, a statement of how the partnership coordinates with other service providers for the benefit of the local school, and the school's community members; and a partnership accountability plan.

Each unit is required to submit to the board and MSDE, by each July 1, a summary report that includes information from all of the reports submitted by successful bidders.

Current Law: State agencies may develop evaluation factors tailored to procurements for certain services that are similar to a community-schools benefit factor. There are no requirements that any similar factors be used. There are also no requirements for inclusion of partnership agreements or reports on implementation.

State Expenditures: General fund expenditures could increase by an estimated \$54,451 in fiscal 2004, which accounts for the bill's October 1, 2003 effective date. This estimate reflects the cost of MSDE hiring one Administrative Specialist III to collect data from contractors and grantees and compile annual reports. It includes a salary, fringe benefits, one-time start-up costs, and ongoing operating expenses. The estimate also includes \$20,000 for BPW to implement regulations and train agency procurement staff in fiscal 2004.

Salary and Fringe Benefits	\$31,129
BPW Implementation and Training	20,000
Operating Expenses	<u>3,322</u>
Total FY 2004 State Expenditures	\$54,451

Future year expenditures reflect: (1) full salaries with 4.5% annual increases and 3% employee turnover; (2) 1% annual increases in ongoing operating expenses; and (3) removal of expenditures from the board in fiscal 2005.

The Department of Budget and Management (DBM) is the State's primary procurement unit for services contracts. Administrative expenditures for DBM in the review of services contracts would increase due to the additional technical considerations required by this bill. Reliable estimates of the magnitude of expenditure increases are not possible.

Local Fiscal Effect: To the extent that local jurisdictions would be required to enter into partnership agreements, expenditures for administration of the agreements will increase.

Small Business Effect: To the extent that small businesses are service providers and would be required to enter into partnership agreements, expenditures for administration of the agreements and reporting to State agencies will increase.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Juvenile Justice, Department of Human Resources, Board of Public Works, Maryland State Department of Education, Department of Health and Mental Hygiene, Department of Legislative Services

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