

Department of Legislative Services
 Maryland General Assembly
 2007 Session

FISCAL AND POLICY NOTE

House Bill 1252 (Delegate Miller, *et al.*)
 Health and Government Operations

Maryland Funding Accountability and Transparency Act of 2007

This bill requires the Department of Budget and Management (DBM) to develop a free, public, web-based database that includes detailed information on State grants, loans, awards, contracts, subcontracts, subgrants, purchase orders, and other payments or forms of financial assistance greater than \$25,000.

Fiscal Summary

State Effect: General fund expenditure increase of \$362,000 in FY 2008 to develop and maintain the searchable web-based database. Out-year expenditures reflect annualization, inflation, and reduced staffing and contractual needs.

(in dollars)	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	362,000	294,900	238,500	244,400	250,600
Net Effect	(\$362,000)	(\$294,900)	(\$238,500)	(\$244,400)	(\$250,600)

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

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: The web site developed by DBM must include a search function that allows the public to submit queries based on, at a minimum:

- the name of the entity receiving the grant, contract, or award;
- the amount of the award;
- the transaction type;
- the agency making the award;
- the funding source;
- the purpose of each award; and
- the location of the entity receiving the award.

The web site must be operational by January 1, 2008.

DBM is authorized to designate one or more State agencies to assist in the development, operation, and support of the web site. Other State agencies must provide the information necessary for inclusion in the database.

Current Law/Background: The Department of General Services (DGS) operates eMaryland Marketplace (eMM), a web-based procurement portal that serves as the primary vehicle for State agencies to post procurement notices, receive online bids, and announce contract awards. In July 2006, eMM unveiled an archival search function that allows any member of the public to submit queries for all contract awards made by State agencies within date ranges designated by the individual. For each contract award within the designated time period, query results provide:

- the agency making the award;
- the amount of the award;
- solicitation and contract numbers;
- a description of the services provided;
- the date of the award; and
- the name of the vendor receiving the award.

The results can be sorted by each of those fields except award amounts and description of service. eMM includes all Executive Branch agencies, including institutions of higher education, as well as some local jurisdictions, including Baltimore City. However, eMM provides information only on State contracts, not grants or loans, and does not include any information on subcontractors.

Fiscal 2008 operating costs for eMM are projected to be \$418,000; this is a significant savings over previous fiscal year operating costs due to a rebidding of the vendor contract. The new contract includes DGS' purchase of the vendor-developed software,

which will reduce ongoing maintenance and support costs. DGS also reports that it cost \$215,000 to develop the archival search function.

DBM operates ADPICS, an in-house procurement management system that monitors and records payments to vendors for State contracts that have already been awarded. However, ADPICS does not manage contracts for the University System of Maryland, the Maryland Department of Transportation, the Judiciary, and several independent agencies. It is not linked to eMM and, because it serves administrative and management functions, is not available to the public. DBM estimates the cost of operating and maintaining ADPICS to be between \$4 and \$5 million annually.

State Expenditures: DBM projects that the cost of implementing the provisions of this bill would be \$1.2 million in fiscal 2008, including three new positions to assemble, organize, and maintain the information in the database, and \$850,000 in contractual costs to hire a vendor to develop the web-based system. DBM expects ongoing operating costs to be approximately \$450,000 annually for the three positions and ongoing maintenance of the online system.

The Department of Legislative Services (DLS) believes that considerable savings could be realized by building on the existing eMM framework. It is not clear whether eMM itself could be adapted to this purpose or electronically linked to this system. Since the bill allows DBM to designate one or more agencies to participate in the development of the new system, it could request the underlying contract award data and web-based search function from eMM, which DGS now owns, to serve as a starting point for this project. Information currently available on ADPICS regarding purchase orders could also be adapted for inclusion in the new system.

Even after building on existing resources, DBM would still need to make a considerable effort to gather information on grants, subgrants, and subcontractors not currently available in either ADPICS or eMM. DBM notes that the State awards many sizable grants to counties, which are responsible for awarding grants to businesses and/or nonprofit organizations to provide services to local residents, including social services, health and mental health services, and child care services. These subgrantees are frequently not tracked by State agencies that make the initial grants, so responsibility for collecting that information would fall to DBM.

DLS estimates that general fund expenditures could increase by \$361,968 in fiscal 2008, which accounts for the bill's October 1, 2007 effective date. This estimate reflects the cost of hiring one regular position and one contractual position to gather information on grants, subgrants, and subcontracts, loans, and other State awards not included in eMM, and to verify contract information that is in eMM. It includes salaries, fringe benefits,

and one-time start-up costs, including \$250,000 for information technology (IT) services. Depending on the interpretation of the bill's requirement that a web site be developed and operated by January 1, 2008, additional expenditures may be incurred in the first three months of fiscal 2008 to meet the bill's deadline.

Salaries and Fringe Benefits	\$107,485
Start-up Costs (IT contractual services and equipment)	<u>254,483</u>
Total FY 2008 State Expenditures	\$361,968

Future year expenditures reflect (1) full salary with 4.5% annual increases and 3% employee turnover for the regular position; (2) full salary with 4.5% annual increases and 6.8% employee turnover for the contractual employee; (3) approximately \$150,000 for ongoing maintenance and operation of the web-based system; and (4) 1% annual increases in ongoing operating expenses.

DLS assumes that after DBM establishes procedures for gathering and maintaining the data for the new system during the project's first two years, it will need only one regular position to gather and maintain that information in the out-years. Operating expenses for the web-based system are assumed to be substantially less than the entire eMM system, which includes other functions besides the search function.

Additional Information

Prior Introductions: None.

Cross File: SB 995 (Senator Mooney, *et al.*) – Rules.

Information Source(s): Department of Budget and Management, Department of Legislative Services

Fiscal Note History: First Reader - March 19, 2007
mll/rhh

Analysis by: Michael C. Rubenstein

Direct Inquiries to:
(410) 946-5510
(301) 970-5510