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Chair

Appropriations Committee



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## *The Maryland House of Delegates*

ANNAPOLIS, MARYLAND 21401

### **Testimony House Bill 770 Baltimore City Community College – Procurement Authority By Delegate Maggie McIntosh**

Chairman Pendergrass, Vice Chair Pena Melnyk and Members of the House Health and Government Committee.

I am here today to present House Bill 770, entitled Baltimore City Community College – Procurement Authority.

As a former educator and a supporter of Baltimore City Community College, I am very pleased to present this bill. The purpose of this legislation is to help to exempt Baltimore City Community College from specific provisions of State procurement law.

I need to tell this Committee honestly that I had been in dialogue with the Chair and Sub Committee Chair about the situation BCCC finds itself in even before the pandemic closed us down last year. I give full credit to Chair Pendergrass for helping me see more clearly what needs to change to help BCCC fulfill its mission. BCCC is a state agency and has been for several decades. It does not benefit from the Cade Formula for Community Colleges or the Community College Capital Fund. It is not a part of the University System of Maryland; it stands alone as a state entity and has since the mid 80's. Its Board of Trustees is appointed by the Governor.

Chair Pendergrass challenged me to find out, in terms of this bill, how BCCC compares to other Community Colleges with similar missions. What I found was surprising. Community College Presidents have the authority to procure goods and services for varying amounts, from \$80,000 to \$100,000. In some instances, the Department Heads even have this authority. Their Board or Trustees must approve any procurement over \$100,000. My survey of four Community Colleges found that in the past several years their Boards approved more than \$1M for single projects. Capital projects have to be coordinated through County Governments.

I am submitting an amendment to HB 770 that will mirror to some extent the procurement process of other Community Colleges. First, the President or Designee can procure up to \$100,000 of goods and services. Second, the Board of Trustees can approve a procurement up to \$500,000. And finally, any procurement over \$500,000 must have both Board or Trustee approval AND Board of Public Works' approval. This is a hybrid approach that acknowledges BCCC's mission as a community college and its status as a state agency. The amendment also

strikes language that exempts BCCC from going through the Department of General Services for capital projects and improvements over \$500,000. BCCC does not have the capacity to do major capital projects, nor does it desire to expand its scope in this area.

BCCC's mission is to serve the most economically distressed students in the state. However, achieving this mission is a struggle with little or no flexibility in its procurement process. This is the driving force for the State's role, however, the current procurement rules have negatively impacted the faculty and administration's ability to serve their students.

I ask you to think back one year ago, when we closed the State and all the Community College Campuses down. Every campus in Maryland was able to procure devices for students who did not have them so that they could continue learning through digital classes. BCCC was limited by the current law to procuring only \$50,000 before it had to go through the Board of Public Works. Their request was prioritized behind millions of dollars of PPE orders to protect essential workers. Their request was prioritized behind the Maryland State Department of Education's request for digital devices and hotspots. BCCC did not fail their students, the procurement system which they have been asked to operate failed their students in Baltimore.

Today you will also hear from President McCurdy, who will provide more insight into the vital need for this legislation and how it will allow Baltimore City Community College to thrive. I urge you to vote favorable for HB770.

Sincerely,

A handwritten signature in black ink, appearing to read 'M. McIntosh', with a stylized, cursive script.

Chairwoman Maggie McIntosh  
District 43, Baltimore City





## BALTIMORE CITY COMMUNITY COLLEGE

### Low Procurement Threshold Impacts

The existing \$50,000 procurement threshold impedes the College's ability to conduct business with vendors by contributing to contract impediments such as time, attractiveness to vendors, and inflation exposure.

A higher threshold would allow us a buffer for inflation, position the College more competitively by providing a strategic advantage when procuring multi-year agreements, and greatly reducing the time it takes to procure goods and services, allowing the College to focus on academic program delivery. This bill will impact and enable the College to provide a value-added educational experience to students. The staff turnover in other agencies often hinder BCCC's ability to complete capital projects on schedule and/or obtain approval of plans for new facilities on a campus where many key buildings are more than fifty years old.

Below are specific examples of adverse impacts of a low procurement threshold of \$50,000.

1. **Perkins Dental Hygiene Grant** – In the FY2020 Perkins Grant, the Dental Hygiene Program was attempting to purchase equipment that would allow the enhancement of Instrumentation and Anesthesia Simulation and techniques to prepare students in the diagnosis of oral structures and conditions to include competency assessment to meet accreditation standards. This procurement was **approximately \$54,000**. The vendor that was used was Practicon Inc. A sole source was ultimately able to be used in conjunction with getting oversight approval. **Due to the oversight approval timeline, this funding would have been lost, if the grant hadn't been extended for two months due to COVID.** During the delay, BCCC was unable to use the equipment during the grant period. This has a direct impact on our students.
2. **MORA – Refugee School Impact Project Grant and MORA – Refugee Youth Mentoring Grant** (two separate grants)– The International Rescue Committee or IRC provides case management for refugee youth students in the Workforce area. The School Impact Grant spends **over \$150,000** with IRC and **over \$50K** with the Youth Mentoring Grant. On average, these oversight approvals take two to four months. **During the oversight approval process, services are not being provided for students during the grant period.**
3. **Perkins Grants** - BCCC has lost a substantial amount of Perkins funding over the years especially with the Perkins Nursing Program - which typically purchases medical equipment. **Due to the timeframe it takes to get oversight approval, the College cannot spend down the grant timely.** As a result, the College award has been reduced in subsequent years. This funding directly impacts students. Approximate funding lost for FY2018 was **\$36,900**, FY2019 was **\$50,846**, and **\$61,210** was FY2020. **Over the past 15 years, the grant funds have reduced from ~ \$1,000,000 to the current award amount, \$293,580.**
4. **Software – Instructure, Inc. (\$56,000 to \$62,000 annually) and Higher One/CashNet (~ \$54,000 - \$60,000 annually),** are two examples where BCCC was delayed in providing



software service to students because the College could not get approval within 90 days. Additionally, the College's competitive advantage allowing multi-year contracts was hindered. This software is used directly for our students to support online learning. **CashNet allows the students an option to pay online (outside of a tuition payment plan).** This can be the difference in the retention level of BCCC's students. Now that the College operates in a remote learning environment, this software has become even more critical for students.

5. **Comcast** – The College decreased the contract amount to **\$49,000** to expedite the procurement process to attain internet services for students during the pandemic. **As a result, fewer students were provided internet services to operate in the new remote environment.**

6. **Facilities** in general– All buildings and facilities require maintenance. Preventive maintenance is always better than emergency situations. BCCC has several older buildings that need and require regular maintenance. The higher threshold would allow BCCC to procure multi-year contracts for required maintenance. **The majority of these contracts ensure the safety of faculty, staff, and students. Without the ability to have these type of maintenance contracts and not having to procure them year after year increases the risk to the College and everyone that utilizes the campuses.** Examples include elevators, fire alarms, basic equipment such as hot water heaters. The noted critical replacement costs totaled ~ **\$500,000** (see specifics in number 7). **Another example, the College spent approximately \$1.4 million when items failed in the Life Science Building causing a major flood.** The building was out of service for a significant period, costing the College more to procure an emergency contract versus planned routine maintenance. Also, many contractors will not follow another contractor's work (i.e. Otis Elevator, Johnson Controls) meaning the College will have to reset the procurement approval process with a new vendor.

7. **Facilities** – Facilities renewal funding projects are expected to cost less than **\$200,000**. Funding won't be available until April. Oversight approval will be needed which typically takes several months. As mentioned above, **the fire alarm panel (\$150,000)** needs to be replaced in the Life Science Building that is used for many classes and labs for students. **This panel has failed and is in need of replacement. Another example is the hot water heater in the gym which is also failing (\$125,000), rusted, and leaking. Without the ability to immediately correct these deficiencies, the College is at risk.** In addition, the College needs to update the restroom and the student lounge. Both of these projects will require oversight approval due to the expected cost.

Other projects that are critical include the **Fine Arts Restroom Renovation** for accessibility that will cost ~ **\$112,000**; Physical Education Restroom renovation for accessibility that will cost approximately **\$50,000**; and campus-wide ADA Water Fountain replacements of approximately **\$63,000**.

8. Specific Example for **Facilities** – The **HVAC system** in one of the older buildings, West Pavilion **failed (~ \$54,000)**. It took several months to get oversight approval. During the approval period, there was **no heat and eventually no air conditioning. The working conditions were unfavorable, and a number of employees were not able to work.** The





elevator in the West Pavilion (~ \$52,000) had not received routine maintenance, a fire occurred and put the elevator out of service for several months. **This was the only elevator in the building causing BCCC to be out of ADA compliance.**

9. **Media/Sole Source** – The College’s media and publication vendors require oversight approval. Due to the cost, the lengthy oversight approval process caused delays in the College’s marketing and communication ability. Combined spending is ~\$250,000. Not being able to have the higher threshold, limits the ability to negotiate and impedes the College’s competitive advantage. These vendors are the College’s primary vehicle to market, promote and communicate with the surrounding communities and stakeholders. Examples include **Vector Media (\$94,000), 4Imprint (24,000), Uptown Press (\$15,000), Sinclair Broadcasting Group (5,000), Radio One (\$15,000), WWIN \$56,000), and WERQ (\$49,000).**

10. **Heartland, the College’s student loan servicer is the institution’s vehicle to apply financial aid awards to students’ accounts.** Under the original contract, the project scope was smaller and limited the College’s functionality. To maintain federal compliance, the College had to expand its modules e.g. financial aid student refunds, tuition payment plans, and 1098T processing. However, **the College fell out of compliance because the \$50k threshold was too low to accommodate the amended contract.** These contracts average between \$125,000 to \$200,000 depending on the services being offered.

11. **Regent - financial aid management system;** Under the original contract, the project scope was smaller and limited the College’s support to students. Additional programming was needed along with additional modules. The associated costs were greater than the existing \$50K threshold. As a result, the contract engagement was delayed. When the College began renegotiations on price, **the institution was subjected to higher inflation rates.** The delay of contract approval delayed support to students. Without a financial aid management system, students cannot use financial aid. The annual cost is **approximately \$185,000 to \$225,000 for licensing fees.**