

'22 SB 461 SF&P DGS OSP Objectives & Rationale SUP

Uploaded by: Ellen Robertson

Position: FAV

Larry Hogan
Governor

Boyd K. Rutherford
Lt Governor



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Secretary

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Deputy Secretary

OFFICE OF THE SECRETARY

BILL: Senate Bill 461
State Finance and Procurement – Procedures and Pricing and Selection
Committee for Preferred Providers

COMMITTEE: Budget and Taxation

DATE: February 16, 2022

POSITION: SUPPORT

Upon review of Senate Bill 461 State Finance and Procurement – Procedures and Pricing and Selection Committee for Preferred Providers, the Maryland Department of General Services (DGS), provides these comments for your consideration.

This bill is a result of the reorganization of State procurement, enacted by the 2017 House Bill 1021, which took full effect in 2019. Senate Bill 461 intends to complement this legislation by providing provisions that will enable the DGS Office of State Procurement (OSP) to operate more effectively, efficiently and with greater transparency.

Since 2019 the OSP has gained insight and first-hand experience on how to improve upon the changes State procurement has undergone since 2017. One of the issues that has become obvious is a need for alignment and consistency under the existing law, which this bill provides. There is an opportunity to establish appropriate language and procedures so as to increase not only the effectiveness of the OSP but also its transparency. One example of this is the creation of a more uniform process for Maryland's three (3) preferred providers to propose their prevailing average market prices based on the market average.

Among the provisions in the bill are those that bolster the abilities of procurement officers to carry out their duties, by providing them the adequate resources to secure the training, strategic sourcing, and administrative support.

We urge a favorable report for Senate Bill 461. For additional information, contact Ellen Robertson at 410-260-2908.

The Bill's Objectives and Rationale are included on the following pages.



Bill Objectives and Rationale

- Renames the Pricing and Selection Committee to the Pricing and Selection Committee for Preferred Providers (page 2, Correctional Services § 3-515). *To incorporate all three preferred providers (Maryland Correctional Enterprises [MCE], Blind Industries & Services of Maryland and Maryland Works) into the same process for oversight and transparency.*
- Requires MCE, rather than the Department of General Services (DGS), to propose the prevailing average market prices based on market average. Those prices are then reviewed and verified by the Pricing and Selection Committee for Preferred Providers (page 2, Correctional Services § 3-515). *MCE already does market research for their pricing while DGS does not have the resources nor expertise to accomplish this task. This aligns all three preferred providers into the same process.*
- Removes procurement from the definition of Development in the Department of Information Technology (DoIT) (page 3, State Finance & Procurement § 3A-301). *DGS is the control agency for information technology procurements, as provided in House Bill 1021, [2017 Maryland Laws, Chapter 590](#).*
- Moves hardware and software to the list for electronic information processing in the definition of Information Technology and removes consulting from associated consulting services (page 4, State Finance & Procurement § 3A-301). *To clarify and organize the definition of IT and associated services beyond consulting.*
- Deletes procurement from the duties of the DoIT. (page 4, State Finance & Procurement § 3A-401). *DGS is the control agency for information technology procurements, as provided in House Bill 1021, [2017 Maryland Laws, Chapter 590](#).*
- Deletes the General Professional Services Selection Board and Purchasing Bureau and adds the Office of State Procurement as a unit in the DGS (page 5, State Finance & Procurement § 4-206(a)). *As provided in House Bill 1021, [2017 Maryland Laws, Chapter 590](#).*
- Defines services; all procurements under DGS now encompass service contracts (page 5, State Finance & Procurement § 4-301). *As provided in House Bill 1021, [2017 Maryland Laws, Chapter 590](#).*

- Again, deletes the Purchasing Bureau and adds the Office of State Procurement in DGS as provided in House Bill 1021, 2017 Maryland Laws, Chapter 590 (page 5, State Finance & Procurement § 4-302). *As provided in House Bill 1021, [2017 Maryland Laws, Chapter 590](#).*
- Delegates power or duty to the Chief Procurement Officer in the Office of State Procurement in order to provide consistency with the duties of the Secretary of DGS and the Chief Procurement Officer throughout statute. (page 5- 7, State Finance & Procurement § 4-303, 4-310, 4-311, 4-312, & 4-313, 4-315, 4-316). *As provided in House Bill 1021, [2017 Maryland Laws, Chapter 590](#).*
- Alters DoIT’s procurement duties to oversee procurements for Information Technology Master Contracts in effect prior to the start of FY 2022. (page 8, State Finance & Procurement § 13-101). DoIT has these duties until the contracts expire or the last day of FY 2027. *As provided in House Bill 1021, [2017 Maryland Laws, Chapter 590](#).*
- Adds “eMaryland Marketplace Advantage” to the definition for the DGS’ Internet-based procurement system. (page 8, State Finance & Procurement § 13-101). *DGS is the control agency for information technology procurements, as provided in House Bill 1021, [2017 Maryland Laws, Chapter 590](#).*
- The Chief Procurement Officer can establish fees for training, strategic sourcing, and administrative costs (page 9, State Finance & Procurement § 13-102.1).
 - With approval of BPW and DBM.
 - Goes into DGS Operations Revenue Fund (formerly the Electronic Transaction Fund), used to cover OSP operating expenses. *DGS is the control agency for procurements, as provided in House Bill 1021, [2017 Maryland Laws, Chapter 590](#).*
- All procurements of supplies and services shall adhere to defined procedures for consistency and transparency in all purchases DGS makes or oversees. (page 10, State Finance & Procurement § 13-111). *DGS is the control agency for procurements, as provided in House Bill 1021, [2017 Maryland Laws, Chapter 590](#).*
- A procurement officer no longer has to post a bid for the amount of each bid when it is received, only when the contract is awarded. (page 11, State Finance & Procurement § 13-111). *This is necessary in order to protect the bidder’s identity; bid prices must remain confidential until bidding is concluded.*

- Language is added to include both bids, proposals and evaluations *in order to be consistent with the authority of the Chief Procurement Officer to charge a reasonable fee for electronic transactions deposited into the Operations Revenue Fund* (page 13, State Finance & Procurement § 13-226).
- Deletes “a sheltered workshop” and adds “the Employment Works Program” or an Employment Works Program vendor. (page 13, State Finance & Procurement § 14-102). *Clarifies the Employment Works Program.*
- Clarifies language for the Pricing and Selection Committee for Preferred Providers (page 13-14, State Finance & Procurement § 14-106). *Language is clarified in order to achieve consistency in processes for all preferred providers and to provide oversight and transparency.*
- All Emergency procurement awards are required to be posted on eMMA (page 18, State Finance & Procurement § 17-502). *This is consistent with the emergency procurements laws that became effective in January 2022. [House Bill 1003](#) / [Senate Bill 780](#) and [House Bill 1091](#) / [Senate Bill 829](#).*

Testimony - SB461 - State Finance and Procurement

Uploaded by: Mary Manzoni

Position: FAV



Maryland Works, Inc.

State Finance and Procurement – Procedures

**Written Testimony of Mary Manzoni, CEO, Maryland Works, Inc.
Presented to the Senate Budget & Taxation Committee
February 16, 2022**

Good afternoon, Committee Chair and members of the Senate Budget and Taxation Committee. My name is Mary Manzoni. I am the new CEO at Maryland Works, a statewide membership association dedicated to expanding employment and business ownership opportunities for people with disabilities/other barriers to employment. I am submitting testimony today in support of SB461.

Maryland Works serves as the state-appointed coordinating entity (CE) for the Employment Works Program (EWP), one of Maryland's socioeconomic preferences in state procurement. In that role, we help nonprofit community service providers to secure state procurements which they utilize in providing skills training and employment experience for Marylanders with disabilities. We also help entrepreneurs with disabilities to gain experience and business growth opportunities through state procurements and procurements of state-aided or controlled entities.

Passage of SB461 will advance Maryland's efforts to refine and strengthen its procurement system. Among other things, the bill would consolidate pricing authority for the Maryland Correctional Enterprises (MCE) under the same pricing and selection committee that was originally formed to set prices for the Maryland Employment Works Program (EWP). Several years ago, pricing authority for Blind Industries and Services of Maryland (BISM) was added under the same committee. We believe that the streamlining of what otherwise constituted three separate committees undertaking the same or similar work makes sense. In short, the move to consolidate the separate committees represents "good government" practices.

On behalf of our entire organization, we thank you for the opportunity to testify before you today and urge your favorable report on SB461 with amendments.

Thank you.

Sen.Griffith_SB461_FAV.pdf

Uploaded by: Melony Griffith

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THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

**Testimony of Senator Melony G. Griffith in Support of Senate Bill 461
State Finance and Procurement – Procedures and Pricing and Selection Committee for
Preferred Providers
Senate Budget and Taxation Committee
Wednesday, February 16, 2022**

Chair Guzzone, Vice Chair Rosapepe, and members of the Senate Budget and Taxation Committee:

I am pleased to present Senate Bill 461. The necessity of this bill is to clarify language for the Maryland procurement process that ensures consistencies with practices that went into effect in 2019.

In 2017, the Maryland General Assembly passed House Bill 1021. This bill reorganized the Office of State Procurement and reformed the Maryland procurement process by creating one procurement office under the Department of General Services, establishing the role and duties of the Chief Procurement Officer, and transferring the authority of certain primary procurement units to the Department of General Services. Additionally, this legislation created the Procurement Improvement Council (PIC). The purpose of the PIC is to ensure that the State is addressing various procurement policies and procedures related to State procurement and to advise the General Assembly on proposed legislation in order to enhance the efficiency and transparency of State procurement. As an appointed member of the PIC, I learned about the need for this Senate Bill 461.

Senate Bill 461, will further refine the bill from 2017, creating an efficient streaming processes of different types of procurement, and clarification of the Office of State Procurement functions and operations, revenue fund, and e-procurement system. By passing this bill we can enhance the efficiency, quality, and transparency of the Maryland Procurement process.

Senate Bill 461 will:

- **Rename** the Pricing and Selection Committee to the Pricing and Selection Committee for Preferred Providers (page 2, Correctional Services § 3-515). To incorporate all three preferred providers (Maryland Correctional Enterprises [MCE], Blind Industries & Services of Maryland and Maryland Works) into the same process for oversight and transparency.



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- **Require** MCE, rather than the Department of General Services (DGS), to propose the prevailing average market prices based on market average. Those prices are then reviewed and verified by the Pricing and Selection Committee for Preferred Providers (page 2, Correctional Services § 3-515). MCE already does market research for their pricing while DGS does not have the resources nor expertise to accomplish this task.
- **Remove** procurement from the definition of Development in the Department of Information Technology (page 3, State Finance & Procurement § 3A-301). DGS is the control agency for information technology procurements, as provided in House Bill 1021, 2017 Maryland Laws, Chapter 590.
- **Delete**
 - Procurement from the duties of the Department of Information Technology. (page 4, State Finance & Procurement § 3A-401). DGS is the control agency for information technology procurements, as provided in House Bill 1021, 2017 Maryland Laws, Chapter 590.
 - The General Professional Services Selection Board and Purchasing Bureau and adds the Office of State Procurement as a unit in the Department of General Services (page 5, State Finance & Procurement § 4-206(a)). As provided in House Bill 1021, 2017 Maryland Laws, Chapter 590.
- **Define** services; all procurements under DGS now encompass service contracts (page 5, State Finance & Procurement § 4-301). As provided in House Bill 1021, 2017 Maryland Laws, Chapter 590.
- **Delegate** power or duty to the Chief Procurement Officer in the Office of State Procurement in order to provide consistency with the duties of the Secretary of DGS and the Chief Procurement Officer throughout statute.(page 5- 7, State Finance & Procurement § 4-303, 4-310, 4-311, 4-312, & 4-313, 4-315, 4-316). *As provided in House Bill 1021, 2017 Maryland Laws, Chapter 590.*
- **Alter** DoIT's procurement duties to oversee procurements for Information Technology Master Contracts in effect prior to the start of FY 2022. (page 8, State Finance & Procurement § 13-101). DoIT has these duties until the contracts expire or the last day of FY 2027. *As provided in House Bill 1021, 2017 Maryland Laws, Chapter 590.*

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- **Add** “eMaryland Marketplace Advantage” to the definition for the Department of General Services’ Internet-based procurement system. (page 8, State Finance & Procurement § 13-101). *DGS is the control agency for information technology procurements, as provided in House Bill 1021, 2017 Maryland Laws, Chapter 590.*
- **Allow** the Chief Procurement Officer to establish fees for training, strategic sourcing, and administrative costs (page 9, State Finance & Procurement § 13-102.1).
 - With approval of BPW and DBM.
 - Goes into DGS Operations Revenue Fund (formerly the Electronic Transaction Fund), used to cover OSP operating expenses.

DGS is the control agency for procurements, as provided in House Bill 1021, 2017 Maryland Laws, Chapter 590.

- **Clarify** language for the Pricing and Selection Committee for Preferred Providers (page 13-14, State Finance & Procurement § 14-106). *Language is clarified in order to achieve consistency in processes for all preferred providers and to provide oversight and transparency.*

Thank you for the opportunity to present Senate Bill 461, I respectfully request a favorable report.