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Budget and Taxation Committee



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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
House Health and Government Operations Committee
Tuesday, March 22, 2022

Madam Chair Pendergrass, Vice Chair Pena-Melnyk, and members of the House Health and Government Operations Committee:

I am pleased to present Senate Bill 461, cross-file to House Bill 723. SB 461 unanimously passed the Senate. This bill clarifies 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.
- **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



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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.*
- **Add** "eMaryland Marketplace Advantage" to the definition for the Department of General Services' Internet-based procurement system. (page 8, State Finance &

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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.