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OFFICE OF THE SECRETARY

BILL: **House Bill 723**
State Finance and Procurement – Procedures and Pricing and Selection
Committee for Preferred Providers

COMMITTEE: House Health and Government Operations

DATE: March 1, 2022

POSITION: SUPPORT

Upon review of House Bill 723 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. House Bill 723 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 House Bill 723. 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](#).*