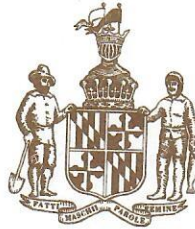


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THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

Madame Chairman Pena-Melnyk and Madame Vice-Chair Cullison:

I introduced Bill 816 to create a mechanism within the State government units whereby the Governor's Office of Small, Minority, and Women Business Affairs (Governor's MBE Office) could evaluate and assess how each of the State of Maryland's state units increases its utilization of small minority, women and veteran owned businesses in government contracting. The mechanism would measure growth, business practices and non-financial aspects of performance by using a scorecard.

Scorecard first appeared in the 1990s to measure performances of businesses and adapt them to include nonfinancial information. While originally developed for the for-profit companies to measure growth, business processes and financial performance, non-profit companies and government agencies adopted scorecards as a means of measuring performance in a variety of areas. Scorecard users collected information to pool into a single report. The advantage to using a scorecard as one mechanism for State units is to measure their progress and determine how well they are doing in meeting their annual goals for growth in contracts and procurements.

The State of Maryland established the Minority Business Enterprise program in 1978 to increase economic opportunity and participation for minority and women-owned firms to compete in state government procurement. Unfortunately, the goals set in 1978 are nowhere near achievement. Maryland's MBE regulations require agencies to structure their procurements to aim to achieve an overall minimum of 29% of the total dollar value of their procurement contracts directly or indirectly from all certified Minority Business Enterprises. Originally established as the Office of Minority Affairs, the Governor's Office of Small, Minority, and Women Business Affairs determines the subgoals to be set for the agencies as listed in State Finance and Procurement Article, §14-301(i)(1)(a)1, 2, 3, 4, and 6, Annotated Code of Maryland. Methodologies for assessing all aspects of success in increasing procurements for Minority, Women and Veteran-Owned small business are absent.

As you know on February 16th Governor Wes Moore signed an executive order to strengthen participation, compliance, and accountability of the Minority Business Enterprise Program in which seventy agencies participate. He has asked agencies to provide data to assess the

Program's overall performance and provided deadlines to gather data that will give the State a snapshot of where we are in achieving goals. State agencies could use scorecard in conjunction with other data collecting tools to accrue information and identify best practices as agencies seek to grow their MBE participation. Scorecard is one mechanism used to make assessments that go beyond the financial data and provide a broader assessment of State units by scoring methodologies and solicitation practices in attracting MBE's and veteran-owned businesses.

While there are benefits to using a scorecard, the most important advantages include the ability to bring information into a single report, which can save time, money, and resources. It also would allow government agencies to track their performance in service and quality in addition to tracking their financial data. Scorecards would allow State agencies to reduce inefficiencies and recognize where they fall short in achieving their goals.

This bill is in line with the goals set forth by Governor in his February 16, 2023, Executive Order and I am introducing it as another means of providing data to make an accurate assessment of where we stand as a State in reaching the established goal of 29% minority, women, and veteran participation in State procurements. Thank you and I welcome any questions you may have.

Respectfully submitted,

N. Scott Phillips