

**H00**  
**Department of General Services**

***Executive Summary***

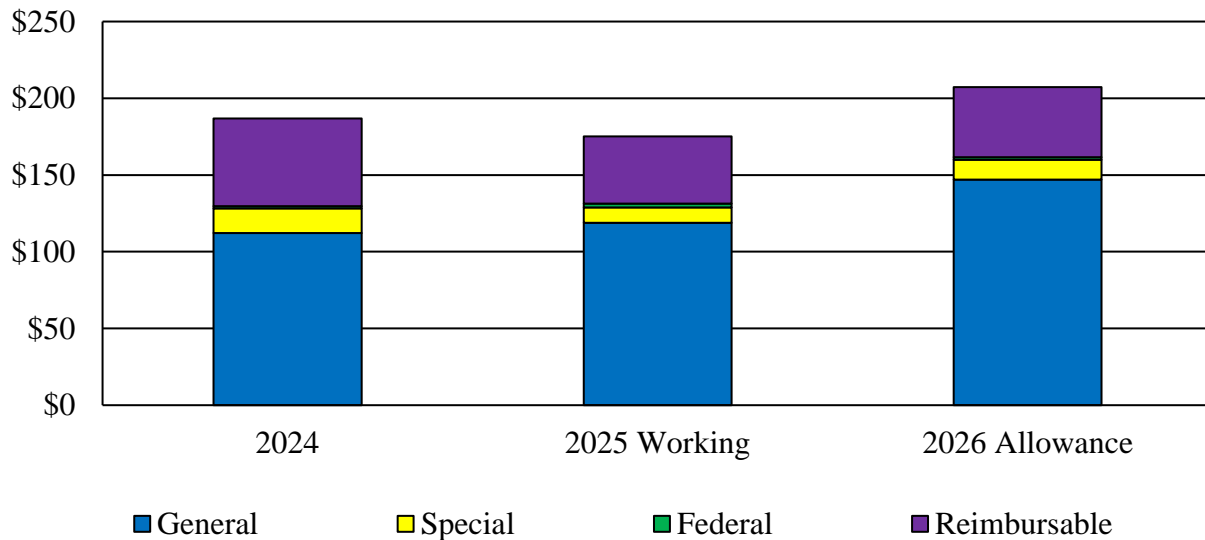
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The Department of General Services (DGS) is the landlord to State agencies. Services provided include operating and maintaining facilities; facility security; facility planning, design, and construction management; real estate management for leased facilities; and State procurement.

***Operating Budget Summary***

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**Fiscal 2026 Budget Increases \$32.1 Million, or 18.3%, to \$207.3 Million  
(\$ in Millions)**



Note: The fiscal 2025 working appropriation accounts for deficiencies. The fiscal 2025 impacts of statewide salary adjustments are centrally budgeted in the Department of Budget and Management (DBM), and adjustments are not reflected in this agency’s budget. The fiscal 2026 impacts of the fiscal 2025 statewide salary adjustments appear in this agency’s budget. The fiscal 2026 statewide salary adjustments are centrally budgeted in DBM and are not included in this agency’s budget.

- Part of the growth in DGS’ fiscal 2026 budget compared to the fiscal 2025 working appropriation is due to a fiscal 2025 deficiency of \$15.0 million budgeted as pay-as-you-go (PAYGO) capital funding for Tradepoint Atlantic’s container terminal project in Baltimore City. The \$15.0 million appropriation for this project appears in the fiscal 2026 allowance only because it is budgeted as operating spending instead of capital spending. After accounting for this funding, DGS’ fiscal 2026 allowance increases by \$17.1 million.

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## ***Key Observations***

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- ***New Procurements Increase Substantially:*** DGS has previously reported that it is more effective to combine procurements that have a common commodity or service into larger procurements, and DGS has a goal to reduce the total number of procurements. In fiscal 2024, there were 1,258 new procurements, which is a significant increase of 264% compared to fiscal 2023.
- ***Agency Relocations from State Center:*** Out of 12 agencies relocating their offices from State Center, 4 agencies have moved to other locations within Baltimore City. The rest of the agencies are estimated to finish relocation by April 2026. Relocation costs from fiscal 2022 through 2024 are estimated to be \$21.5 million, with additional projected costs of \$4.9 million and \$11.2 million in fiscal 2025 and 2026, respectively.
- ***Submittable Grant Administration Platform:*** DGS launched a new grant management system in October 2024 known as Submittable. There has been ongoing confusion among grantees and members of the Maryland General Assembly (MGA) regarding the rollout and use of this platform.

## **Operating Budget Recommended Actions**

	<u><b>Funds</b></u>	<u><b>Positions</b></u>
1. Add language restricting funds pending the submission of a report on State Center relocations.		
2. Adopt committee narrative requesting a report on the status of vacancies and hiring.		
3. Delete funding for 12 new positions added in fiscal 2025 that remain vacant as of December 31, 2024.	-\$ 1,418,115	-12.0
<b>Total Net Change</b>	<b>-\$ 1,418,115</b>	<b>12.0</b>

**H00**  
**Department of General Services**

***Operating Budget Analysis***

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**Program Description**

DGS provides an array of services for State agencies through the following units.

- ***Executive Direction:*** Responsible for leadership and coordination of programs and activities.
- ***Administration:*** Provides personnel and fiscal support for the department.
- ***Facilities Management:*** Supports the operation and maintenance of over 50 State-owned facilities, including the District Courts and multiservice centers. These services are provided through a combination of State positions and private contractors.
- ***Facilities Security:*** Provides facility security and law enforcement services. Security is provided through State employees. The Maryland Capitol Police (MCP) has sworn officers who provide law enforcement services and coordinate with other law enforcement agencies.
- ***Design, Construction, and Energy:*** Serves as the State’s construction manager. The office provides architectural, engineering, and construction inspection services for projects at State facilities. The office also reviews the design of community college and public school construction programs and manages energy procurement and consumption.
- ***Real Estate Management:*** Acquires and disposes of real property interests through three programs – Lease Management and Procurement, Land Acquisition and Disposal, and Valuation and Appraisal.
- ***State Procurement:*** Serves as the control agency for the procurement of commodities as well as architectural and engineering services. Records management services are also provided.
- ***Business Enterprise Administration:*** Serves as a support unit that provides services to other DGS units. Services provided include business outreach and training, marketing, State fuel contract, mail room, and the capital grants and loan program. The office includes the Inventory Management and Support Services Division that determines and manages property disposition for State agencies.

Key goals are to (1) provide the best value for customers and taxpayers; (2) provide a safe and secure environment for State employees and visitors in complexes secured by MCP; (3) carry

out social and economic responsibilities; (4) maintain the condition of DGS-owned buildings to provide a comfortable environment for State employees and visitors; (5) improve the condition of State facilities; and (6) reduce State energy consumption.

## ***Performance Analysis: Managing for Results***

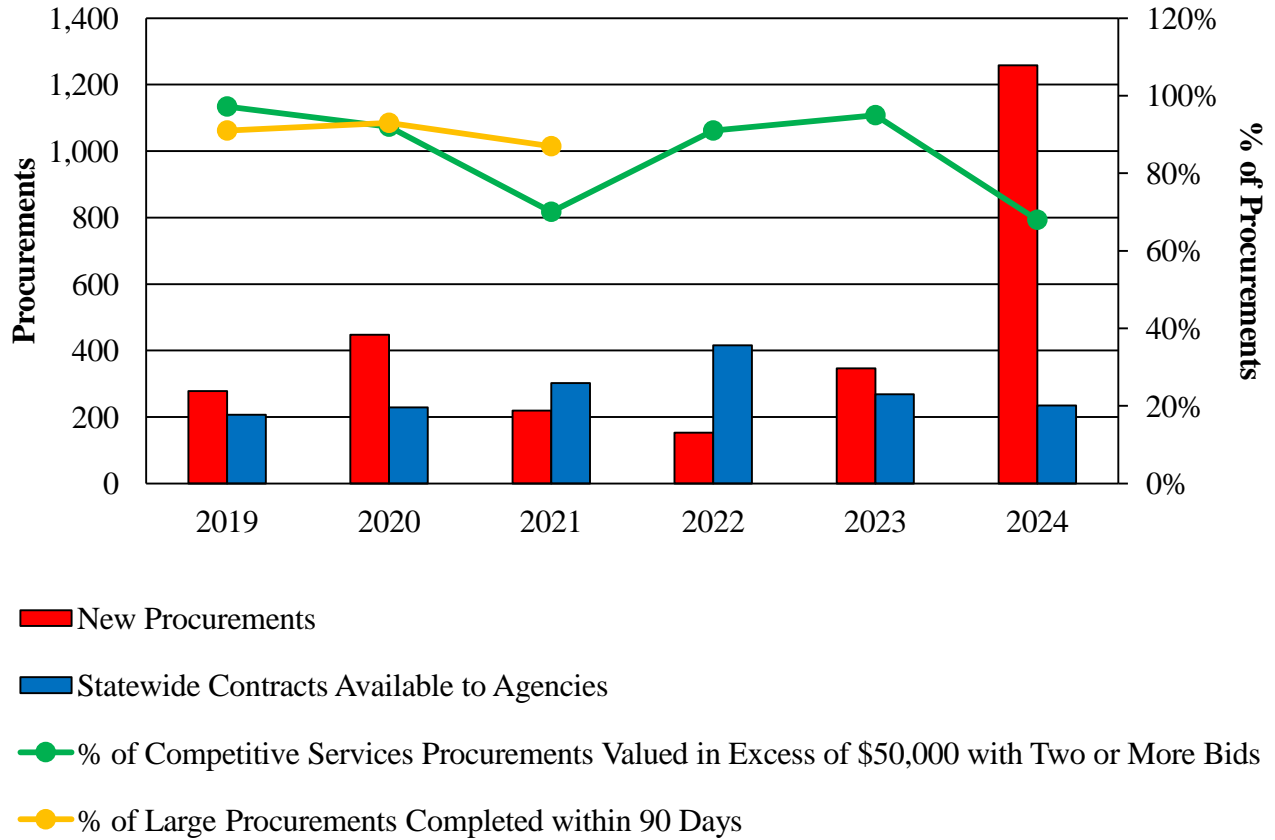
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### **1. Procurement**

The Office of State Procurement (OSP) serves as the control agency for commodities, facilities maintenance, and construction. As of October 1, 2019, it assumed responsibility for procuring services, information technology (IT) products, and public safety construction. Small procurements are delegated to individual agencies and are defined as procurements that are valued at less than \$100,000. DGS has an objective to complete 80% of large procurements, which are valued at more than \$100,000, within 90 days. As shown in **Exhibit 1**, there has been no Managing for Results data for the percentage of large procurements completed within 90 days since fiscal 2021. Data remains unavailable because of data integrity issues related to the transition from the Financial Management Information System to the eMaryland Marketplace Advantage (eMMA) procurement system. These data integrity issues should be reconciled when eMMA is complete. However, delays in eMMA project development have been ongoing for several years. **Appendix 2** provides more information on the eMMA major IT project.

DGS previously reported that it is more effective to combine procurements that have a common commodity or service into larger procurements. As such, DGS has a goal to reduce the total number of procurements through strategic sourcing. Despite this goal, new procurements increased substantially from fiscal 2023 to 2024, rising by 912, or 264%. Additionally, the percentage of competitive services procurements valued over \$50,000 with two or more bids decreased from 95% in fiscal 2023 to 68% in fiscal 2024. **DGS should comment on why the number of new procurements increased substantially and why competitive services procurements are generally receiving fewer bids.**

**Exhibit 1  
Procurement Activity  
Fiscal 2019-2024**



Source: Department of Budget and Management

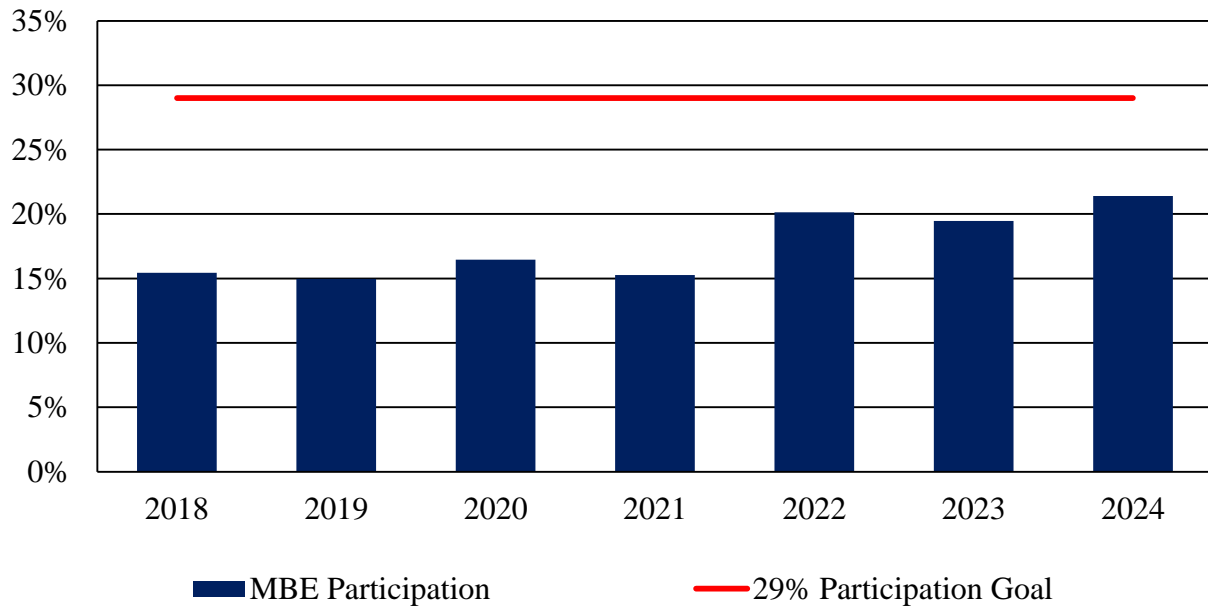
On December 18, 2024, the Governor signed an executive order directing OSP to develop and implement a centralized statewide contract management process in coordination with the Maryland Department of Transportation and the Department of Information Technology (DoIT), in addition to other operational changes to streamline and centralize the procurement process. The purpose of this project is to make the procurement process more efficient and to expand opportunities for minority- and veteran-owned small businesses. **DGS should comment on the implementation timeline for these changes and if any funding is included for this purpose in the fiscal 2026 allowance.**

## 2. Minority Business Enterprise Participation

The State has a Minority Business Enterprise (MBE) program to increase procurement opportunities for minority- and women-owned businesses. The Governor’s Office of Small, Minority, and Women Business Affairs has set the goal that 29% of prime and subcontract awards go to MBE-qualified businesses.

In fiscal 2024, DGS awarded \$95.2 million in contracts to MBE prime contractors and \$49.7 million to MBE subcontractors under the agency’s procurements. As shown in **Exhibit 2**, MBE participation was 21.4% of total procurement spending in fiscal 2024, which is 1.9 percentage points higher than fiscal 2023 but 7.6 percentage points below the MBE goal. This level continues a trend in which MBE participation has been below the target, but the fiscal 2024 level is the highest level DGS has reached since fiscal 2015. In the agency’s fiscal 2025 budget hearing testimony, DGS stated it is collaborating with the National Association for the Advancement of Colored People of Maryland, Chambers of Commerce, historically Black colleges and universities, and community partners to expand MBE participation.

**Exhibit 2**  
**MBE Participation as a Percentage of Total Spending in DGS Procurements**  
**Fiscal 2018-2024**



DGS: Department of General Services  
MBE: Minority Business Enterprise

Source: Department of Budget and Management

### **3. Energy Consumption**

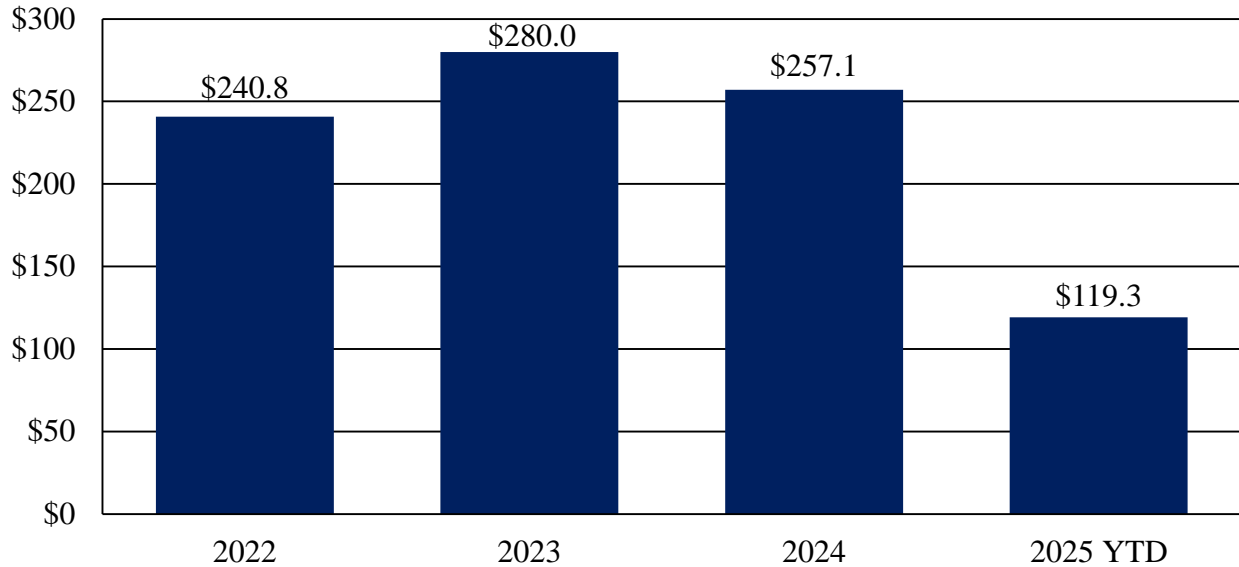
#### **Statewide Energy Database Data**

DGS contracts with a vendor to maintain a publicly accessible data dashboard on DGS' website related to State agency energy usage. The State Energy Database, which launched in 2008, includes historical yearly and monthly graphs of energy consumption by State agencies. While the information in the State Energy Database provides a means of understanding costs on an aggregate, statewide scale, the data has not been complete because the percentage of State facilities with complete data in the database has stagnated at approximately 60% since fiscal 2022.

Originally, for information to appear on the State Energy Database, an accounts payable office within an agency had to send copies of their bills to DGS, which then copied and forwarded everything to the database contractor. DGS has stated there are over 100 accounts payable offices throughout all State agencies and that data compliance was a challenge. To address the problem of collecting utility data, DGS started a Utility Bill Centralization (UBC) pilot program in calendar 2022. This UBC program changed the utility billing addresses from DGS' accounts payable office to the database contractor. When the contractor receives an invoice, it automatically notifies DGS who can access and pay the bill while also uploading its data to the State Energy Database. DGS reported in fiscal 2023 that, with successful completion of this pilot among DGS facilities, it would begin enrolling other State agencies. However, the percentage of statewide facilities with complete data in the State Energy Database only increased from 59.8% in fiscal 2023 to 60.3% in fiscal 2024. **DGS should comment on the status of expanding the UBC pilot program to other agencies and getting complete information from additional State agencies uploaded to the State Energy Database.**

**Exhibit 3** shows energy spending from fiscal 2022 to 2025 year to date for State agencies that have data included in the State Energy Database. From fiscal 2022 to 2023, energy costs increased by 16.3% and from fiscal 2023 to 2024, energy costs decreased by 8.2%.

**Exhibit 3**  
**State of Maryland Yearly Cost of Energy**  
**Fiscal 2022-2025 YTD**  
**(\$ in Millions)**



YTD: year to date

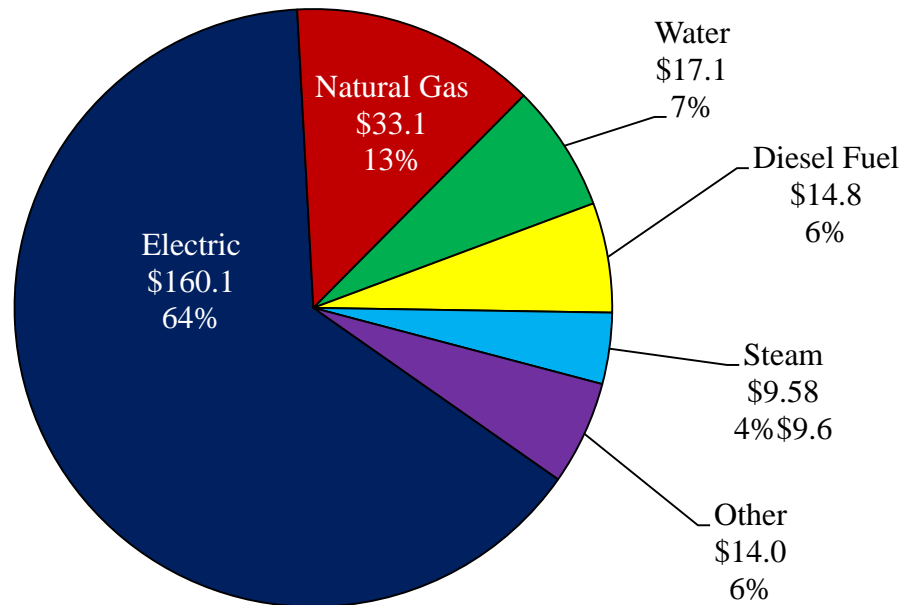
Source: Department of General Services State Energy Database

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**Exhibit 4** lists the utility costs for the State agencies that provide information to the State Energy Database. In calendar 2024, a total of \$248.6 million was spent, with almost two-thirds being spent on electricity. Natural gas and water make up the next largest shares at 13% and 7%, respectively, while diesel fuel, steam, and other sources make up the final 16%.



**Exhibit 4**  
**State of Maryland Energy Costs by Commodity**  
**Calendar 2024**  
**(\$ in Millions)**



Source: Department of General Services State Energy Database

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### **Energy Performance Contracts**

DGS has a goal of reducing energy consumption and helping the State become more energy efficient. DGS contracts with a private vendor to audit facilities and recommend improvements that reduce energy consumption. Improvements include replacing aging equipment with energy-saving equipment or improving insulation. If the savings are greater than the cost of the improvements, the State may enter into a contract with the vendor to implement the improvements, under which payment for the cost of the investment is expected from the cost savings realized by the use of the new equipment or modifications. Generally, the State receives a surety bond that guarantees savings. **Exhibit 5** shows that the State had 19 active Energy Performance Contracts (EPC) with estimated energy savings of 0.72 metric million British Thermal Units, which created \$20.6 million of savings in fiscal 2024.

**Exhibit 5**  
**Energy Efficiency Performance Measures**  
**Fiscal 2020-2024**  
**(\$ in Millions)**

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
EPCs	27	26	26	24	19
Energy Savings Achieved through EPCs (in MMBTUs)	1.20	1.20	1.20	0.90	0.72
Savings Realized from EPC Usage	\$24.95	\$24.89	\$24.89	\$19.63	\$20.63

EPC: Energy Performance Contract  
MMBTU: metric million British Thermal Unit

Note: A British Thermal Unit is defined as the amount of heat required to raise the temperature of one pound of water by 1° Fahrenheit at a pressure of one atmosphere.

Source: Department of Budget and Management

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Chapter 247 of 2022 extended the maximum EPC lease term from 15 to 30 years. Since EPCs are required to provide energy savings without increasing costs, the length of maturity of EPCs are a function of the useful life of the improvement. DGS advises that in spite of increasing the maximum lease term to 30 years, the department does not expect many projects to have a 30-year lease.

In its fiscal 2023 annual report, DGS reported that it had undertaken a project of light-emitting diode lighting installation in State buildings. DGS estimated that these replacements should result in annual cost savings of approximately \$1 million and a reduction of 4.8 million kilowatt hours of electricity. DGS' fiscal 2024 annual report has not been released as of February 13, 2025. **DGS should discuss the ongoing costs and savings from this project to date.**

## **Fiscal 2025**

### **Cost Containment**

In July 2024, the Board of Public Works (BPW) approved two cost containment measures for DGS totaling \$726,867 in general funds:

- \$450,000 for the Office of Facilities Management by eliminating options in a janitorial services contract; and
- \$276,867 for the Office of Facilities Security to delay the hiring of new positions.

## **Proposed Deficiency**

The fiscal 2026 budget plan includes four proposed deficiency appropriations for DGS totaling \$4,892,271 in general funds in fiscal 2025:

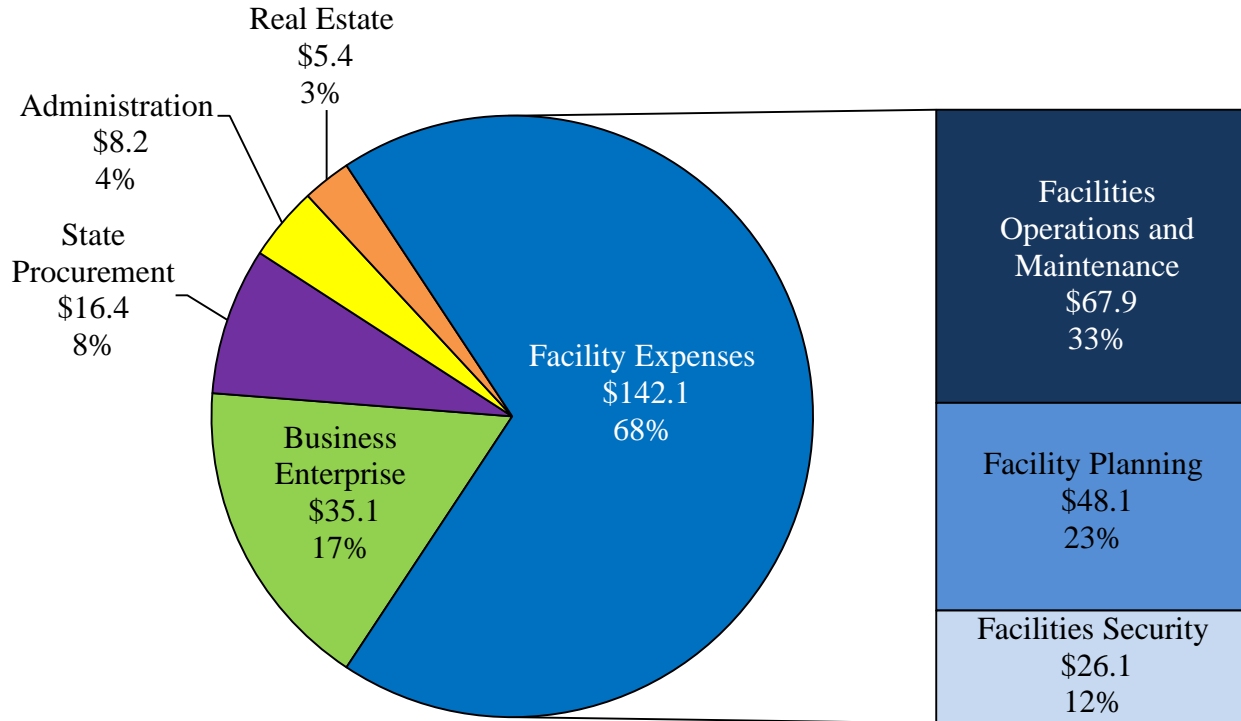
- \$2,991,292 to fund security upgrades at the Annapolis Complex;
- \$1,000,000 to hire a consultant to do an assessment of the eMMA procurement system;
- \$555,000 to fund various maintenance contracts; and
- \$345,979 to fund operational costs for the new Department of Legislative Services (DLS) building.

DGS also receives \$35.8 million in PAYGO deficiencies for capital projects, which is discussed in the capital budget analysis for DE0201 – Board of Public Works.

## **Fiscal 2026 Overview of Agency Spending**

The fiscal 2026 allowance for DGS is \$207.3 million. **Exhibit 6** shows how the allowance is distributed across uses. Facilities operations, maintenance, planning, and security combined account for 68% of the budget, or \$142.1 million. The Business Enterprise Administration comprises 17%, or \$35.1 million; State Procurement accounts for 8%, or \$16.4 million; and the final 7% supports administrative costs and real estate management.

**Exhibit 6  
Overview of Agency Spending  
Fiscal 2026 Allowance  
(\$ in Millions)**



Note: The fiscal 2026 statewide salary adjustments are centrally budgeted in the Department of Budget and Management and are not included in this agency’s budget.

Source: Department of Budget and Management

**Proposed Budget Change**

**Exhibit 7** outlines major changes driving the net increase of \$32.1 million from the fiscal 2025 working appropriation to the fiscal 2026 allowance. Part of the growth in DGS’ allowance compared to the working appropriation is due to a fiscal 2025 deficiency of \$15.0 million budgeted as PAYGO capital funding for Tradepoint Atlantic’s container terminal project in Baltimore City. The \$15.0 million appropriation for this project appears in only the fiscal 2026 allowance because it is budgeted as operating spending instead of capital spending.

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After accounting for this funding, DGS’ fiscal 2026 allowance increases by \$17.1 million. Of the remaining \$17.1 million increase, \$10 million is also PAYGO funding budgeted as operating spending to support a new headquarters in College Park for the IonQ quantum computing company. Other increases include \$7.0 million for salary increases and associated fringe benefits and \$340,008 for personnel costs for 4 contractual conversions and 1 new position.

**Exhibit 7  
Proposed Budget  
Department of General Services  
(\$ in Thousands)**

<b>How Much It Grows:</b>	<b>General Fund</b>	<b>Special Fund</b>	<b>Federal Fund</b>	<b>Reimb. Fund</b>	<b>Total</b>
Fiscal 2024 Actual	\$112,100	\$16,106	\$1,575	\$56,948	\$186,728
Fiscal 2025 Working Appropriation	118,881	9,888	2,662	43,785	175,215
Fiscal 2026 Allowance	<u>146,940</u>	<u>13,008</u>	<u>1,605</u>	<u>45,752</u>	<u>207,305</u>
Fiscal 2025-2026 Amount Change	\$28,059	\$3,121	-\$1,057	\$1,967	\$32,090
Fiscal 2025-2026 Percent Change	23.6%	31.6%	-39.7%	4.5%	18.3%
<b>Where It Goes:</b>					<b><u>Change</u></b>
<b>Personnel Expenses</b>					
Salary increases and associated fringe benefits, including fiscal 2025 cost-of-living adjustments and increments.....					\$6,966
Salaries for 5 new positions, including 4 contractual conversions.....					340
Turnover rate decreases from 5.21% to 5.02%.....					156
Employee and retiree health insurance.....					66
Workers’ compensation.....					-127
Realignment of a fiscal 2025 deficiency to fund security upgrades for the Annapolis Complex, including 10 additional officers.....					-1,743
Overtime, miscellaneous adjustments, and shift differential.....					-23
<b>Other Changes</b>					
Funds to support Tradepoint Atlantic’s container terminal project (\$15 million is budgeted as PAYGO in fiscal 2025, making the project level funded in fiscal 2026).....					15,000
PAYGO funds to support a new headquarters for the quantum computing company IonQ (\$10 million is categorized as PAYGO in fiscal 2025, making the project level funded in fiscal 2026).....					10,000
Electricity, water, and sewage utilities.....					\$1,505

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<b>Where It Goes:</b>	<b><u>Change</u></b>
Decarbonization planning consultant work related to the Climate Solutions Now Act .....	1,200
Building maintenance and repairs.....	970
Fuel management contract for the Business Enterprise Administration.....	789
Janitorial services for DGS-maintained facilities .....	729
Security services for State facilities not supported by the DGS police force .....	544
Maintenance contract with Broadway Services for Civic Plaza building .....	342
Rent.....	313
One-time consulting work related to the procurement process of offshore wind projects .....	250
Contractual personnel salary increases and fringe benefits .....	199
Online energy and utility bill management service .....	36
Security equipment installation and maintenance contract.....	-107
Vehicle expenses.....	-155
One time security software application acquisition cost .....	-217
Security costs for DGS headquarters and State Center.....	-389
Statewide Cost Allocations.....	-477
Security identification cards for State facilities and weapons and ammunition for the Maryland Capitol Police .....	-681
One-time deficiency appropriations for facilities operation and maintenance .....	-711
Landscaping contract for State buildings in the Annapolis Complex .....	-790
One-time fiscal 2025 deficiency for security upgrades at the Annapolis Complex including cameras, hardening exterior doors and windows, and increasing fence height .....	-998
Fiscal 2025 deficiency for a consultant to do an assessment of the <i>eMaryland Marketplace Advantage</i> information technology project .....	-1,000
Other .....	103
<b>Total</b>	<b>\$32,090</b>

DGS: Department of General Services  
 PAYGO: pay as you go

Note: Numbers may not sum to total due to rounding. The fiscal 2025 working appropriation accounts for deficiencies. The fiscal 2025 impacts of statewide salary adjustments are centrally budgeted in the Department of Budget and Management (DBM), and adjustments are not reflected in this agency’s budget. The fiscal 2026 impacts of the fiscal 2025 statewide salary adjustments appear in this agency’s budget. The fiscal 2026 statewide salary adjustments are centrally budgeted in DBM and are not included in this agency’s budget.

***Personnel Data***

	<b><u>FY 24</u></b> <b><u>Actual</u></b>	<b><u>FY 25</u></b> <b><u>Working</u></b>	<b><u>FY 26</u></b> <b><u>Allowance</u></b>	<b><u>FY 25-26</u></b> <b><u>Change</u></b>
Regular Positions	703.00	727.00	732.00	5.00
Contractual FTEs	<u>35.63</u>	<u>41.00</u>	<u>40.00</u>	<u>-1.00</u>
<b>Total Personnel</b>	<b>738.63</b>	<b>768.00</b>	<b>772.00</b>	<b>4.00</b>

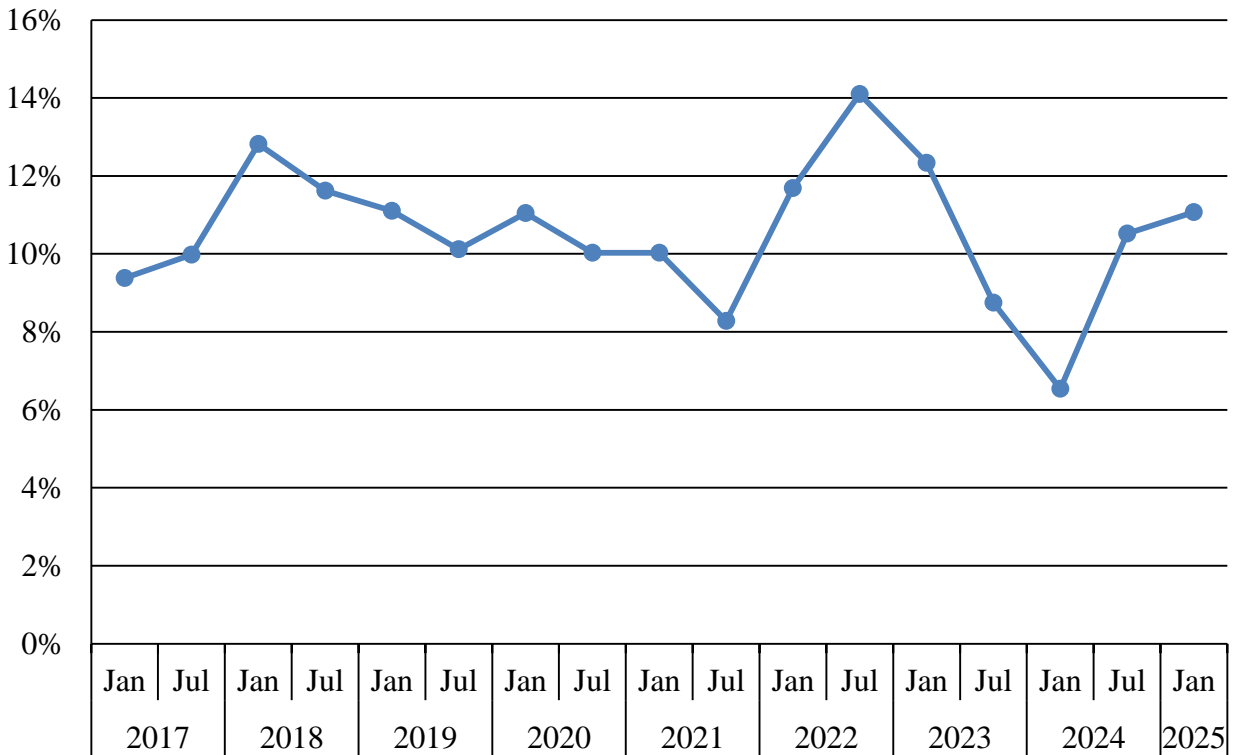
***Vacancy Data: Regular Positions***

Turnover and Necessary Vacancies, Excluding New Positions	36.75	5.02%
Positions and Percentage Vacant as of 12/31/24	80.50	11.07%
Vacancies Above Turnover	43.75	

- The fiscal 2026 allowance includes a net increase of 5 regular positions. Of these new positions, 3 are contractual conversions for administrative positions in the Business Enterprise Administration and 1 is an administrative position in the Office of Design, Construction, and Energy. The 1 new position is for a police officer under the Office of Facilities Security.
- Among the 80.5 regular positions that were vacant as of December 31, 2024, 9 have been vacant for more than one year. Notable vacancies in Executive Direction include a deputy secretary and 2 assistant Attorneys General. One of the assistant Attorney General positions has been vacant since June 2023.
- A total of 24 new positions created in fiscal 2025 were still vacant as of December 31, 2024. Of these positions, 12 are in OSP and 10 are in the Office of Facilities Security. **DLS recommends deleting funds for 12 new positions in OSP that were added in fiscal 2025 and remain unfilled.**

**Exhibit 8** shows the vacancy rate for regular positions from January 2017 to January 2025. From a low of 6.54% in January 2024, the vacancy rate increased by 4.53 percentage points to 11.07% at the beginning of January 2025. Over the time frame displayed, the average vacancy rate was 10.56%, and current levels exceed that by approximately 0.5 of a percentage point. The addition of 24 new positions at the start of fiscal 2025 drives some of this growth in vacancies. However, excluding the vacant new positions in fiscal 2025, DGS still reported a high vacancy rate of 8.0% as of December 31, 2024. **DLS recommends adopting committee narrative requesting a report from DGS on the status of its vacancies.**

**Exhibit 8**  
**DGS Vacancy Rates**  
**Calendar 2017-2025**



DGS: Department of General Services

Source: Department of Budget and Management



## *Issues*

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### **1. State Center Settlement and Agency Relocation Status**

The State Center property is comprised of four buildings in Baltimore City. The buildings on 300 and 301 West Preston Street and 1100 North Eutaw Street were constructed in the late 1950s, and the building on 201 West Preston Street was constructed in the early 1970s. The buildings are in poor condition, and renovation is expensive.

To address the poor condition of State Center, previous Administrations contemplated a public-private partnership (P3) to redevelop the property, and the Martin J. O'Malley Administration entered into a P3 agreement with developers. The Lawrence J. Hogan, Jr. Administration later voided the contract, and the courts upheld the State's decision to void the contract. As of July 15, 2024, total State Center litigation costs were \$5,513,647. On November 20, 2024, BPW approved a settlement of \$58.5 million payable to State Center LLC, the P3 contractor. Of this payment, 80% (\$46.8 million) will consist of general funds and the remaining 20% (\$11.7 million) will be paid with special funds from the Transportation Trust Fund. The fiscal 2026 allowance includes a proposed deficiency appropriation in the Maryland Transit Administration to cover these costs. The first payment of \$40 million was due by December 9, 2024, and the second payment of \$18.5 million is due on July 1, 2025.

#### **Status of Agency Relocations**

In April 2021, the Hogan Administration announced plans to relocate State agencies from the State Center Complex to vacant office space within Baltimore City's Central Business District. Although not in the Preston Street complex, the Department of Human Services (DHS) headquarters is included in this relocation project. DHS is moving out of the State building at 311 West Saratoga Street owned by Baltimore City.

Committee narrative in the 2024 *Joint Chairmen's Report* (JCR) requested two reports on the status of State Center relocation. As of this writing, the report due on December 15, 2024, has not been submitted, but DGS provided a draft report to DLS dated January 17, 2025. **Exhibit 9** lists the relocation status of each agency that is moving out of State Center per the draft report. As of January 2025, 5 of 12 agencies have completed their move to a new office space. Two more agencies are estimated to be relocated in calendar 2025, with the remaining agencies planning to relocate in calendar 2026. **DGS should provide a status update on whether the Maryland Department of Aging has relocated as planned.**

**Exhibit 9**  
**Relocation Status from State Center**  
**As of January 17, 2025**

<u>Agency</u>	<u>New Location</u>	<u>Estimated Relocation</u>
State Department of Assessments and Taxation	115 Market Place, Suites 123 and 200	Completed in April 2024
Comptroller	7 St. Paul Street	Completed in June 2024
Department of Planning	120 East Baltimore Street	Completed in August 2024
Department of Information Technology	100 South Charles Street	Completed in September 2024
Department of Labor	100 South Charles Street	Completed in January 2025
Department of Aging	36 South Charles Street	February 2025
Department of Disabilities (Telephone Relay)	36 South Charles Street	April 2025
Department of Budget and Management	300 East Lombard Street	June 2026
Department of General Services, Maryland Tax Court, Department of Budget and Management – Office of Capital Budgeting	1 South Street	April 2026
Department of Health	300 to 400 North Greene Street	September 2026

Source: Department of General Services

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**DGS Relocation**

The former location of the Department of Public Safety and Correctional Services – Division of Parole and Probation, 2100 Guilford Avenue in Baltimore City, was selected as a new location for DGS. A construction and renovation plan with funding for fiscal 2023 and 2024 was included in the 2022 *Capital Improvement Program* (CIP). However, as renovation plans

progressed, design modifications were found to be necessary and came with greater costs. At the same time, concerns arose from the surrounding community about disruptions from construction and traffic congestion. These issues were reflected in the 2023 CIP, which delayed funding to fiscal 2025 and 2026, and showed an increase in cost from the initial estimate of \$23.8 million to \$76.3 million. In response to committee narrative in the 2023 JCR, DGS submitted a report on January 15, 2024, indicating that it had decided not to move forward with renovation and relocation to 2100 Guilford Avenue. DGS previously reported that it would issue a request for information to determine alternative uses of the property but will continue to manage maintenance and security of the site. DGS recently reported that it will relocate to 1 South Street in Baltimore City by April 2026. **DGS should comment on any updated plans for the 2100 Guilford Avenue property.**

### **Use of State Center Funds from the Dedicated Purpose Account**

The fiscal 2022 budget appropriated \$50 million in the Dedicated Purpose Account (DPA) to cover moving expenses, rent and parking for the first year at new locations, new furniture, cubicles, new IT equipment, and relocating existing IT equipment. The fiscal 2025 budget added a \$30 million deficiency to the DPA for fiscal 2024. DGS also indicated that \$6.9 million is estimated to be reverted to the DPA at fiscal 2025 closeout from MD Labor that has yet to be finalized due to lower furniture costs than anticipated. Furthermore, there is a provision in the Budget Reconciliation and Financing Act of 2025 (BRFA) that would allow the Governor to transfer \$20 million from the DPA set aside for the relocation of agencies from State Center to the General Fund in fiscal 2025. DGS has spent the following amounts from the DPA:

- \$121,839 in fiscal 2022 for space studies to plan agency relocations;
- \$1.1 million in fiscal 2023 for IT assessments and consultant management services; and
- \$27.3 million in fiscal 2024 for moving expenses, construction or alterations of office space, and moving costs.

There will be an estimated \$29.3 million in the DPA at the end of fiscal 2025 for future relocation costs after accounting for the \$30 million fiscal 2024 deficiency, estimated \$6.9 million reversion from MD Labor, and the \$20 million transfer from the DPA to the General Fund contingent on the BRFA. DGS provided a list of funding requests by each agency for relocation costs. As shown in **Exhibit 10**, the requests total \$114,911,176, but DGS notes only \$95,771,785, or 83%, is eligible for reimbursement from the DPA. **DGS should comment on how much funding from the DPA has been spent in fiscal 2025 year to date and how much currently remains in the DPA. DGS should also comment on what sources of funds will be used to cover the requested expenses that exceed the remaining DPA appropriation.**

**DLS recommends adding budget bill language restricting funds pending the submission of a report on the status of State Center relocations and moving costs.**

**Exhibit 10**  
**State Center Relocation Funding Requests**  
(\$ in Thousands)

<u>Agency</u>	<u>Furniture</u>	<u>Equip.</u>	<u>Low Voltage</u>	<u>Moving</u>	<u>Surplus Disposal</u>	<u>Parking</u>	<u>Rent</u>	<u>Security</u>	<u>Document Digitization</u>	<u>Other</u>	<u>Total</u>	<u>Total Eligible for DPA Reimb.</u>
MTC	\$50	\$1	\$50	\$15	\$10	\$50	\$200	\$5	\$20	\$0	\$401	\$151
MDOD	15	20	23	50	20	21	106	0	50	0	305	178
MDOA	507	159	73	70	80	126	1,005	87		133	2,244	1,111
MDP	875	100	108	450	150	167	696	0	100	363	3,008	2,145
Comptroller	3,573	1,064	550	142	69	221	1,116	712	199	0	7,647	6,309
SDAT	4,268	46	53	105	88	182	1,035	256	0	163	6,197	4,980
DBM	3,500	100	384	161	80	498	1,045	800	200	0	6,768	5,225
DoIT	226	7	26	12	1	0	0	15	0	0.3	288	288
MDH	32,451	222	2,778	921	695	715	4,044	1,389	6,200	10,500	59,913	55,155
MD Labor	9,665	32	111	718	11	989	2,449	315	1,952	330	16,572	13,133
DGS	2,915	202	699	235	485	978	3,494	349	350	345	10,051	5,579
DoIT Enterprise	0	490	0	0	0	0	0	0	0	1,026	1,516	1,516
<b>Total</b>	<b>\$58,044</b>	<b>\$2,444</b>	<b>\$4,855</b>	<b>\$2,878</b>	<b>\$1,688</b>	<b>\$3,949</b>	<b>\$15,191</b>	<b>\$3,929,105</b>	<b>\$9,071</b>	<b>\$12,861</b>	<b>\$114,911</b>	<b>\$95,771</b>

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Analysis of the FY 2026 Maryland Executive Budget, 2025

DBM: Department of Budget and Management  
DGS: Department of General Services  
DoIT: Department of Information Technology  
DPA: Dedicated Purpose Account  
MDH: Maryland Department of Health  
MD Labor: Maryland Department of Labor

MDOA: Maryland Department of Aging  
MDOD: Maryland Department of Disabilities  
MDP: Maryland Department of Planning  
MTC: Maryland Tax Court  
SDAT: State Department of Assessments and Taxation

Note: Numbers may not sum to total due to rounding.

Source: Department of General Services

### **3. Critical Maintenance**

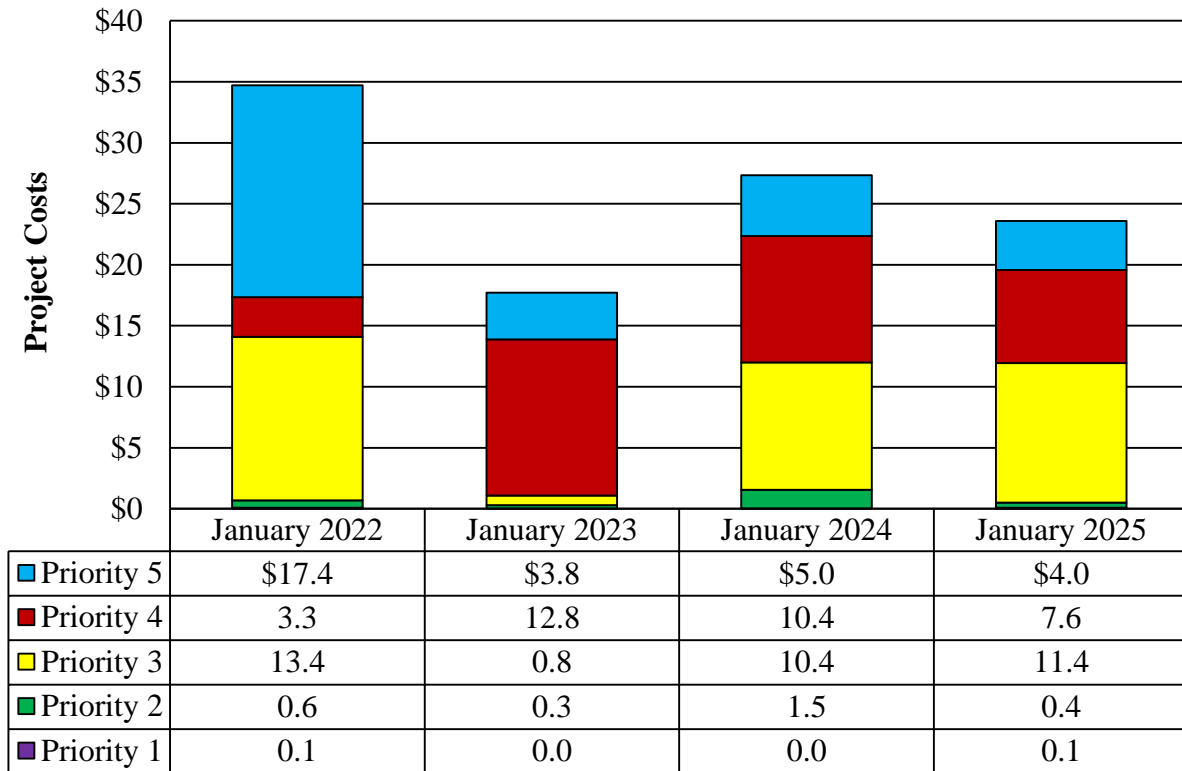
Pursuant to Sections 4-407 and 4-408 of the State Finance and Procurement Article, DGS is required to establish and supervise a comprehensive and continuing program of maintenance and repair of all public improvements. DGS' maintenance of State facilities includes both critical maintenance, funded through the operating budget for projects usually costing less than \$200,000, and facilities renewal, funded through the capital budget for projects usually costing more than \$200,000.

DGS evaluates and prioritizes maintenance projects into the following five categories by priority, with 1 being the highest priority:

- **Priority 1:** serious prolonged impact on facility mission such as high risk of litigation, cessation of services, or reduction of mandated services;
- **Priority 2:** system or unit is prematurely deteriorating or causes the premature deterioration of a related asset, such as damaged roofs or windows that cause water damage to the interior, or a defective fire alarm system;
- **Priority 3:** end of life expectancy, common examples of which are lighting and air conditioning;
- **Priority 4:** restore to original design effectiveness, which includes a damaged loading dock, a master lock replacement, generators, and replacing insulation; and
- **Priority 5:** system improvements or redesign. Examples include repairing a sliding gate, unpaved parking lot, and noise reduction.

As of January 2025, there are 195 projects in the critical maintenance backlog, which is a decrease of 64 projects compared to 259 projects reported in January 2024. **Exhibit 11** shows the cost of critical maintenance projects in DGS' backlog. There was an overall decrease of 13.8% in January 2025 compared to January 2024, with the largest nominal decrease being \$2.7 million (26.2%) for priority 4 projects. There also was a \$1 million (20%) decrease in priority 5 projects, while there was an increase of \$1 million (9.6%) in priority 2 projects. Priority 1 projects increased to \$100,000 from \$0 over the same period.

**Exhibit 11**  
**Operating Critical Maintenance Projects Backlog**  
**Calendar 2022-2025**  
**(\$ in Millions)**



Source: Department of General Services

**4. Submittable Grant Administration Platform**

In October 2024, DGS launched a new grants management system called “Submittable” to improve its management and oversight of miscellaneous capital grants authorized each session by MGA. At any one time, DGS administers roughly 4,000 active grants and, prior to implementation of the new system, the process was almost completely paper driven and lacked appropriate procedures and protocols to ensure the effective and timely administration of grants from initial grant application intake through reimbursement, which can span several years. While the new system should be viewed as an improvement to the process, its implementation lacked sufficient onboarding for grantees and members of MGA on how to access and use the system. As a result, DLS is fielding an increasing number of complaints from grantees and legislators concerning system access and the receipt of timely grant status information for projects. This has forced DLS to act as an intermediary to field and address grantee and member inquiries.

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DGS has advised that it recognizes the need to make refinements to Submittable, specifically to improve member access. The department indicates that this component, referred to as Connect, is under development. Notwithstanding the future deployment of Connect, DGS' desire to centralize and control communications regarding grantmaking needs to be balanced with system capabilities that are intuitive and able to be used by grantees and members to access and navigate the system, especially in the first year of deployment. As it stands, the system is not intuitive and establishes a rigid process for making a query that can require the entry of required fields of information that are not readily known by the requestor yet are required to complete the query.

**DGS should be prepared to brief the committees on the essential features of the new grants management system and the steps the agency has taken to ensure that the responsible party of record on each of the approximately 4,000 active grants is sufficiently educated and assisted when using Submittable. DGS should also outline plans for the development of reports that provide key status updates and contact information for DGS staff who can answer questions from legislative staff and other system users.**

## Operating Budget Recommended Actions

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1. Add the following language to the general fund appropriation:

, provided that \$50,000 of the Department of General Services (DGS) Executive Direction administrative appropriation may not be expended until DGS submits a report to the budget committees on:

- (1) the status of moves and new site locations for each agency moving out of the State Center complex in Baltimore City; and
- (2) the uses and timing of State Center funds appropriated into the Dedicated Purpose Account to support State agency moves and demolition. The budget committees shall have 45 days from the receipt of the report to review and comment to allow for funds to be released prior to the end of fiscal 2026.

**Explanation:** The budget committees are interested in receiving updated information regarding the ongoing relocation of agencies from State Center in Baltimore City and how funding from the Dedicated Purpose Account has been used for this endeavor.

<b>Information Request</b>	<b>Author</b>	<b>Due Date</b>
Status of State Center agency relocations and funding	DGS	October 1, 2025

2. Adopt the following narrative:

**Status of Vacant Positions:** The Department of General Services (DGS) experienced a large increase in its vacancy rate in calendar 2024, particularly within the Office of State Procurement and the Office of Facilities Security, stemming from the addition of 24 new positions that were largely not filled as of December 31, 2024. There were 80.5 vacant positions at that time, including 9 positions that were vacant for more than one year. The committees request that DGS submit a report including the following:

- the number of positions vacant as of December 31, 2024, that remain vacant as of September 1, 2025;
- a description of outreach and advertisement efforts used to recruit the vacant positions;
- the number of job postings and qualifying applicants received in response to each posting; and
- a description of specific actions that the agency is taking to fill positions that have been vacant for more than one year.



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<b>Information Request</b>	<b>Author</b>	<b>Due Date</b>		
Status update on vacant positions	DGS	October 1, 2025		
			<b><u>Amount Change</u></b>	<b><u>Position Change</u></b>
3. Delete funding for 12 new positions added in fiscal 2025 that remain vacant as of December 31, 2024.			-\$ 1,418,115 GF	-12.0
<b>Total General Fund Net Change</b>			<b>-\$ 1,418,115</b>	<b>-12.0</b>

**Appendix 1**  
**2024 Joint Chairmen’s Report Responses from Agency**

The 2024 JCR requested that DGS prepare three reports. Electronic copies of the full JCR responses can be found on the DLS Library website.

- ***Status of State Center Relocation:*** DGS provided status updates on each agency that is relocating from State Center, litigation costs and timeline, and how much money remained in the DPA for future moveout expenses. Two reports were requested by July 15, 2024, and December 15, 2024. DGS provided a draft of its second report to DLS on February 17, 2025. Further discussion of this report be found in Issue 1 of this analysis.
- ***State Agency Office Leases and Smart Growth Areas:*** The committees also requested a report regarding DGS’ responsibility to manage the location and selection of new leases and lease renewals for State agency offices that are not in State-owned buildings. The committees were interested in the State’s rental of office space in Smart Growth areas and particularly in Prince George’s County. Smart Growth seeks to limit development sprawl by redirecting growth to areas that are already developed with the goal to preserve the State’s farmland, open spaces, and natural resources. This report was due December 1, 2024, and was not submitted as of February 19, 2025.
- ***Office of Legislative Audits (OLA) Report on DGS Corrective Actions:*** The Joint Audit and Evaluation Committee requests that budget bill language be added for each unit of State government that has four or more repeat audit findings in its most recent fiscal compliance audit pending the adoption of corrective action by the agency and a determination by OLA that each finding was corrected. DGS had four repeat audit findings in its most recent fiscal compliance audit, and OLA is currently determining if corrective action has been taken by the agency.

**Appendix 2**  
**eMaryland Marketplace Advantage eProcurement Solution**  
**Major Information Technology Development Project**  
**Department of General Services**

<b>New/Ongoing:</b> Ongoing								
<b>Start Date:</b> 2018					<b>Est. Completion Date:</b> June 2027			
<b>Implementation Strategy:</b> Agile								
<b>(\$ in Millions)</b>	<b>Prior Years</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>Remainder</b>	<b>Total</b>
<b>GF</b>	\$41.017	\$1.900	\$6.104	\$4.919	\$0.000	\$0.000	\$0.000	\$53.940
<b>SF</b>	3.000	0.000	0.000	0.000	0.000	0.000	0.000	3.000
<b>Total</b>	<b>\$44.017</b>	<b>\$1.900</b>	<b>\$6.104</b>	<b>\$4.919</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$56.940</b>

- Project Summary:** This project implements a statewide procurement system available to State agencies and vendors. The procurement system should provide a single, user-friendly portal for suppliers and end-users that supports a number of platforms, including smartphone mobile devices. The system will support public notices, sourcing, receiving, vendor self-service registration and management, solicitation development, bid document management, government-to-business online electronic punch-out catalogs, requisitioning, and a readily available data warehouse repository with reporting tools for appropriate public information. The system also was to include management information systems to better track and manage procurements and should support the department’s efforts to improve strategic purchases. The project had four release cycles: (1) release 1.0 was the public bid board; (2) release 1.1 was contract management; (3) release 1.2 was vendor management; and (4) release 2.0 was procure-to-pay.
- Need:** The prior state procurement system, “eMM” was provided by a contract with Periscope Holdings, Inc. The contract expired in August 2019. Agencies have been using an outdated purchasing and inventory system while the new eMMA system was in development.
- Observations and Milestones:** The Bid Board (Release 1.0), Contract Management functionality (Release 1.1), Vendor Management (Release 1.2), and Procure-to-Pay (Release 2.0) project components were delivered; however, the total system delivered after Release 2.0 was found to be inadequate. Design flaws in Procure-to-Pay’s vendor management code stemming from inadequate requirements gathering by the systems integration vendor were identified. Reviews and additional requirements gathering are now needed. Current project team efforts are focused on a reversion to the legacy purchasing and inventory system by agencies. The development team expected to begin a six-week assessment in February 2024 to determine next steps.
- Changes:** No changes announced while project next steps are being assessed since decision not to accept the “minimal viable product.”

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- **Concerns:** Release of the Procure-to-Pay stage, or minimal viable product, revealed important policy failures and system design components incompatible with existing State practices. These conditions prevent adoption of the system as is. DGS notes a lack of support for closeout procedures, a lack of standard practices across agencies for procurement, budgeting, interagency agreements, the onboarding process to use eMMA, and varying levels of staff for procurements.

**Appendix 3**  
**AS400 Replacement**  
**Major Information Technology Development Project**  
**Department of General Services**

<b>New/Ongoing:</b> Ongoing								
<b>Start Date:</b> July 2022					<b>Est. Completion Date:</b> June 2029			
<b>Implementation Strategy:</b> Agile								
<b>(\$ in Millions)</b>	<b>Prior Years</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>Remainder</b>	<b>Total</b>
<b>GF</b>	\$1.600	\$0.050	\$0.050	\$2.390	\$1.292	\$0.000	\$0.000	\$5.382
<b>Total</b>	<b>\$1.600</b>	<b>\$0.050</b>	<b>\$0.050</b>	<b>\$2.390</b>	<b>\$1.292</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$5.382</b>

- Project Summary:** The Office of Design, Construction, and Energy is responsible for design and construction management as well as tracking capital grants. The office also manages capital funds for agencies that do not have procurement authority (approximately 20 agencies). A new cloud-based system should be more accurate, user-friendly, and reduce time spent on redundant documentation. This project will implement a new management tool to track the cost, schedule, and progress of capital projects used by the Office of Design, Construction, and Energy. It will replace the legacy AS400 with a cloud-based financial and project management system. Management of design and construction is complex and includes the contract, schedule, and financial management of the projects and their fund sources.
- Need:** The current IBM system, the AS400, was developed in 1988 and utilized by the State of Maryland beginning in 1990. It has not seen any substantial modifications since adoption and support for the system was discontinued by IBM in 2008. DGS uses the AS400 system as a management tool to track financial detail, scheduling, and progress of projects. System reports are utilized by project managers, senior agency administrators, and elected officials. The system provides basic reporting capabilities and interfaces with other systems used by the State, but it has several flaws in its capabilities, hardware, software, and user interface. A new system will enable the State to manage the finances and schedules of multi-million-dollar projects more efficiently and accurately.
- Observations and Milestones:** The project charter was sent to DoIT in November 2023, and a project manager was hired in fiscal 2024. DGS is still attempting to procure a business analyst, who will be critical to documenting the functional requirements for the new system. DGS forecasts that the request for proposals will be awarded during fiscal 2026.

**Appendix 4  
Object/Fund Difference Report  
Department of General Services**

<u>Object/Fund</u>	<u>FY 24 Actual</u>	<u>FY 25 Working Appropriation</u>	<u>FY 26 Allowance</u>	<u>FY 25 - FY 26 Amount Change</u>	<u>Percent Change</u>
<b>Positions</b>					
01 Regular	703.00	727.00	732.00	5.00	0.7%
02 Contractual	35.63	41.00	40.00	-1.00	-2.4%
<b>Total Positions</b>	<b>738.63</b>	<b>768.00</b>	<b>772.00</b>	<b>4.00</b>	<b>0.5%</b>
<b>Objects</b>					
01 Salaries and Wages	\$ 84,861,174	\$ 84,712,924	\$ 91,782,889	\$ 7,069,965	8.3%
02 Technical and Special Fees	2,363,444	2,303,047	2,501,794	198,747	8.6%
03 Communication	1,010,401	997,969	1,049,302	51,333	5.1%
04 Travel	138,148	94,190	127,360	33,170	35.2%
06 Fuel and Utilities	28,790,342	25,888,345	27,538,479	1,650,134	6.4%
07 Motor Vehicles	1,748,257	2,313,709	1,646,900	-666,809	-28.8%
08 Contractual Services	40,787,658	30,200,852	33,328,147	3,127,295	10.4%
09 Supplies and Materials	1,317,369	1,402,971	1,464,184	61,213	4.4%
10 Equipment – Replacement	61,203	19,310	19,310	0	0%
11 Equipment – Additional	235,238	369,576	399,837	30,261	8.2%
12 Grants, Subsidies, and Contributions	879,450	903,723	25,931,561	25,027,838	2769.4%
13 Fixed Charges	4,922,850	5,879,849	6,167,816	287,967	4.9%
14 Land and Structures	19,612,823	15,236,146	15,347,161	111,015	0.7%
<b>Total Objects</b>	<b>\$ 186,728,357</b>	<b>\$ 170,322,611</b>	<b>\$ 207,304,740</b>	<b>\$ 36,982,129</b>	<b>21.7%</b>
<b>Funds</b>					
01 General Fund	\$ 112,099,858	\$ 113,988,316	\$ 146,939,965	\$ 32,951,649	28.9%
03 Special Fund	16,105,565	9,887,531	13,008,423	3,120,892	31.6%
05 Federal Fund	1,575,156	2,662,143	1,604,671	-1,057,472	-39.7%
09 Reimbursable Fund	56,947,778	43,784,621	45,751,681	1,967,060	4.5%
<b>Total Funds</b>	<b>\$ 186,728,357</b>	<b>\$ 170,322,611</b>	<b>\$ 207,304,740</b>	<b>\$ 36,982,129</b>	<b>21.7%</b>

Note: The fiscal 2025 appropriation does not include deficiencies. The fiscal 2026 allowance does not include statewide salary adjustments budgeted within the Department of Budget and Management.

**Appendix 5  
Fiscal Summary  
Department of General Services**

<u>Program/Unit</u>	<u>FY 24 Actual</u>	<u>FY 25 Wrk Approp</u>	<u>FY 26 Allowance</u>	<u>Change</u>	<u>FY 25 - FY 26 % Change</u>
01 Executive Direction	\$ 3,379,638	\$ 3,509,089	\$ 4,142,749	\$ 633,660	18.1%
02 Administration	3,880,748	3,811,583	4,087,855	276,272	7.2%
03 Major Information Technology Development	6,953,751	0	0	0	0%
01 Facilities Security	24,812,606	24,872,888	26,055,658	1,182,770	4.8%
01 Office of Facilities Management	60,958,314	56,947,636	62,356,022	5,408,386	9.5%
05 Reimbursable Lease Management	3,583,608	3,585,161	3,877,077	291,916	8.1%
07 Parking Facilities	1,652,254	1,653,851	1,654,808	957	0.1%
01 Office of State Procurement	13,648,027	15,635,375	16,438,188	802,813	5.1%
01 Office of Real Estate	10,891,289	4,918,140	5,410,040	491,900	10.0%
01 Office of Design, Construction and Energy	49,420,233	45,628,654	48,134,643	2,505,989	5.5%
01 Business Enterprise Administration	7,547,889	9,760,234	35,147,700	25,387,466	260.1%
<b>Total Expenditures</b>	<b>\$ 186,728,357</b>	<b>\$ 170,322,611</b>	<b>\$ 207,304,740</b>	<b>\$ 36,982,129</b>	<b>21.7%</b>
General Fund	\$ 112,099,858	\$ 113,988,316	\$ 146,939,965	\$ 32,951,649	28.9%
Special Fund	16,105,565	9,887,531	13,008,423	3,120,892	31.6%
Federal Fund	1,575,156	2,662,143	1,604,671	-1,057,472	-39.7%
<b>Total Appropriations</b>	<b>\$ 129,780,579</b>	<b>\$ 126,537,990</b>	<b>\$ 161,553,059</b>	<b>\$ 35,015,069</b>	<b>27.7%</b>
Reimbursable Fund	\$ 56,947,778	\$ 43,784,621	\$ 45,751,681	\$ 1,967,060	4.5%
<b>Total Funds</b>	<b>\$ 186,728,357</b>	<b>\$ 170,322,611</b>	<b>\$ 207,304,740</b>	<b>\$ 36,982,129</b>	<b>21.7%</b>

Note: The fiscal 2025 appropriation does not include deficiencies. The fiscal 2026 allowance does not include statewide salary adjustments budgeted within the Department of Budget and Management.