

Department of Legislative Services
 Maryland General Assembly
 2024 Session

FISCAL AND POLICY NOTE
Enrolled - Revised

Senate Bill 1014

(Senator Charles)

Budget and Taxation

Health and Government Operations

State Procurement - Procurement Forecast and Outreach

This bill requires each State procurement unit, by June 30 of each year, to submit to the Governor’s Office of Small, Minority, and Women Business Affairs (GOSBA) a procurement forecast for all procurement contracts valued at more than \$100,000 for the upcoming fiscal year. It also requires each unit, by August 15 of each year, to submit a reconciliation of the prior year’s forecast with specified information about actual procurements carried out during the fiscal year. GOSBA, in consultation with primary procurement units, must (1) identify potential contracting opportunities for and increase outreach efforts to small businesses; (2) identify and increase awareness of procurement opportunities for small businesses for services and supplies; and (3) assist small businesses with procedures for bidding on a procurement contract or responding to a request for proposals. A new staff position must be created in GOSBA to implement the bill.

Fiscal Summary

State Effect: General fund expenditures increase by \$77,900 in FY 2025; out-year expenditures reflect annualization and inflation. State procurement units can otherwise carry out the bill’s requirements with existing resources. Revenues are not affected.

(in dollars)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	77,900	92,700	96,800	101,100	105,500
Net Effect	(\$77,900)	(\$92,700)	(\$96,800)	(\$101,100)	(\$105,500)

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: None.

Small Business Effect: Potential meaningful.

Analysis

Bill Summary: The reconciliation of each procurement unit's prior year's procurement forecast must include:

- the status of the forecasted procurements;
- the total number of forecasted contracts that have been awarded; and
- the total number of procurements that have been awarded but were unanticipated by the unit's prior forecast.

Each procurement unit must notify GOSBA within 15 days of any updates to the existing forecast, including (1) any additional procurements forecasted for the current fiscal year and (2) any previously forecasted procurements that are no longer anticipated to occur during the fiscal year. GOSBA must publish the information provided by each unit on its website.

Current Law: GOSBA is established in statute and is led by a Special Secretary appointed by the Governor. Statute assigns numerous responsibilities to the Special Secretary, among them providing help to minority persons, small businesses, and veteran-owned small businesses and the communities in which they live, work, and employ others.

Primary procurement units are generally those units that are authorized to conduct specified procurements on their own behalf without the approval of any other primary procurement unit, subject to oversight by the Board of Public Works. They are:

- the State Treasurer;
- the Department of General Services;
- the Department of Transportation;
- the University System of Maryland;
- the Maryland Port Commission;
- Morgan State University; and
- St. Mary's College of Maryland.

State regulations require State procurement units to prepare a procurement expenditure forecast each year for the upcoming fiscal year. Agencies advise that GOSBA requires them to submit the forecasts by June 30 each year, which gives them enough time to incorporate procurements prompted by legislation enacted during the legislative session.

State Expenditures: GOSBA lacks sufficient staff to carry out the additional outreach to, and technical assistance for, small businesses required by the bill. Therefore, general fund expenditures increase by \$77,933 in fiscal 2025, which accounts for the bill's

October 1, 2024 effective date. This estimate reflects the cost of hiring one administrator to conduct outreach to small businesses, provide technical assistance to small businesses, and track procurement activity by State procurement units. It includes a salary, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Position	1.0
Salary and Fringe Benefits	\$70,677
Operating Expenses	<u>7,256</u>
Total FY 2025 State Expenditures	\$77,933

Future year expenditures reflect a full salary with annual increases and employee turnover as well as annual increases in ongoing operating expenses.

Procurement regulations already require State procurement units to submit annual procurement forecasts to GOSBA, which GOSBA requires be delivered by June 30, and units can likely prepare the required annual reconciliation reports and other updates with existing resources.

Small Business Effect: Small businesses may benefit from increased notifications and outreach by GOSBA and State agencies regarding procurement opportunities with the State. They may also benefit from technical assistance in responding to State solicitations.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: None.

Information Source(s): Governor’s Office of Small, Minority, and Women Business Affairs; Department of Commerce; Maryland Department of Aging; University System of Maryland; Maryland Department of Agriculture; Department of Budget and Management; Maryland Department of the Environment; Department of General Services; Maryland Department of Health; Department of Housing and Community Development; Department of Human Services; Department of Juvenile Services; Maryland Department of Labor; Department of Natural Resources; Maryland Department of Planning; Department of Public Safety and Correctional Services; Board of Public Works; Department of State Police; Maryland Department of Transportation; Department of Veterans Affairs; Department of Service and Civic Innovation; Department of Legislative Services

Fiscal Note History:
km/ljm

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