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THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

February 18, 2020

**FAVORABLE SUPPORT of SB 442/HB 313:
Public-Private Partnership Agreements - Minority Business Enterprise Programs**

Dear Chairman Barve and Members of the Environment & Transportation Committee:

I urge you to vote a favorable report on HB 313/SB 442: Public-Private Partnership Agreements - Minority Business Enterprise Program. HB 313/SB 442 improves inclusion efforts and competitiveness for Minority Business Enterprises (MBE) in the state of Maryland. If passed, the legislation serves as a mechanism to re-establish a minority business enterprise procurement authority that is consistent with the State's MBE participation goals.

What the Bill Does

The bill proposes to restore a previous provision of Maryland's Minority Business Enterprise program to public-private partnerships (P3) which terminated in June of 2016.

HB 313/SB 442 reestablishes a clause that the Board of Public Works (BPW) may not approve a P3 agreement until a reporting agency, in consultation with the Governor's Office of Small, Minority, and Women Business Affairs (GOSBA) and office of the Attorney General establishes reasonable and appropriate MBE participation goals for the project, as specified.

Why Support the Bill

In August 2013, the GOSBA announced a statewide goal of 29% MBE participation that remains in effect for fiscal 2020. In a Business Disparity Study published in February of 2017, the General Assembly found that there are substantial adverse disparities that are consistent with discrimination against businesses owned by minorities and women in the state of Maryland.

Despite the encouraged participation goal set by the GOSBA, a study conducted in fiscal year 2018 noted that state agencies collectively only reached a total of 15% MBE participation. Reauthorizing an MBE Program to P3s would help improve participation goals by:

- Expanding contracting opportunities for certified Minority Business Enterprises
- Better attracting MBE vendors to procurement opportunities by requiring State agencies to provide appropriate data and technical support, which can be implemented using existing resources.

Background

As mentioned on the Board of Public Works' website, the board oversees procurement policy and operational procedures for most State agencies (including the direct review and approval of most State contracts exceeding \$200,000).

Under the authority of the Board of Public Works, four primary state agencies have jurisdiction over State procurement which include:

- Office of the State Treasurer
- Department of General Services
- Department of Transportation & Maryland Transportation Authority
- Maryland Port Commission

As enacted in 2013, Chapter 5 established a framework for the approval and oversight of P3s. However, the provisions of Chapter 5 of 2013 were effectively terminated on June 30, 2016, consistent with the termination date for the MBE program.

In 2017, the State's MBE program was restored for five years following the completion of a new disparity study in that year, however, it is worth noting that that provision which extended to P3 projects was not reactivated.

Leveraging MBEs

According to a recent Government and Community Programs Resource Guide provided by Senator Ben Cardin, Maryland has the highest rate of minority and women-owned businesses per capita and rank in at second for minority women-owned firms in the United States. Minority businesses comprise of nearly 34% percent of the state's small business vendor community.

It is no secret that economies strengthen and become more profitable when diversity is prioritized. As the Chairman of the Legislative Black Caucus, I understand that MBEs are not limited to just African-American firms, rather black businesses represent a strong subset of the minority population which serves as the engine for a vibrant economic community in the state of Maryland.

Just this month, over 500 minority businesses traveled to Annapolis for an Annual Advocacy Night to learn about state opportunities in funding, tech innovation, and procurement. As MBEs continue to surge and expand, the ball now lies in our court.

I strongly urge you to support HB 313/SB 442: Public-Private Partnership Agreements - Minority Business Enterprise Program.

Sincerely,

Darryl Barnes

Darryl Barnes
Chairman, Legislative Black Caucus of Maryland, Inc.