MARYLAND
BOARD OF PUBLIC WORKS

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February 21, 2015

Senate Budget and Taxation Committee
Subcommittee on Education, Business and Administration
Suite 3 West, Miller Senate Office Building
Annapolis, Maryland 21401

Dear Senator King and Members of the Subcommittee:

We welcome the opportunity to appear before you on behalf of the Board of Public Works. Today's presentation supports our fiscal year 2016 operating budget. We are pleased that the Department of Legislative Service's analysis supports the Board's proposed operations budget, including the 2015 deficiency appropriation to support Statewide procurement training.

Board budget overview. The Board's budget comprises two types of appropriations: agency operations and pass-through accounts. Our two perennial pass-through grantees, Historic Annapolis Foundation and the Maryland Zoo in Baltimore, are important guardians of State treasures and are prepared to comment on their requests.

Board operations. As for Board of Public Works operations, the amount budgeted comprises primarily personnel expenses (90% v. 10% for non-personnel expenses). Our mission remains to enable the Board members to carry out the myriad duties involved in stewarding State assets and also to assure public and intra-governmental access to Board deliberations, decision-making, and records, all of which are vitally important to the Board and to Maryland citizens.

DLS request for comments. In her analysis, the legislative analyst expressly asks us to comment on the ongoing Procurement Improvement Review, procurement training, and the 2% across-the-board reductions to the 2015 and 2016 fiscal year budgets.

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(1) BPW should comment on the:

- *findings of the [procurement improvement review] analysis*
- *progress made toward implementing proposed recommendations*
- *impact the recommendations have on agency operations*

"Rudderless." So replied a Maryland procurement officer when asked to describe the State procurement system to the independent consultant the Board engaged to analyze State procurement laws, policies, and processes – and to design improved processes and a change implementation plan.

We have many moving parts and engaged participants, abstract ideas and concrete requirements, good intentions and earnest beliefs, but we have no central nervous system that connects and coordinates. Currently, requirements and practices differ across agencies creating a difficult environment for businesses as well as State personnel. We see the Board of Public Works, carrying forth its legislatively-delegated role to set procurement policy, as a change agent to establish policy and best practices, providing tools for agencies to conduct effective procurements.

The Board of Public Works Office distilled from the two comprehensive analyses (Treya Partners and DLS) that the essential mission of State Procurement at this time is to: **Establish consistency in policy and best practices across State agencies**.

However, to accomplish all the recommended goals to achieve that mission at once would not be feasible. That means this Office focused on the recommendations that could most easily and efficiently be adopted and simultaneously provide the most benefit.

To that end, this Office is currently working on:

- Request for Proposals for development of procurement training manual
- Finalizing a partnership with a State institution of higher learning to deliver training to State procurement employees.

(2) BPW should discuss the timeline for awarding the training contract and beginning the training courses for State employees. The board should also discuss how employees will be selected for participation and how the agency intends to continue outreach to those who do not receive training through this initial funding, particularly since additional funding does not appear to be provided in fiscal 2016.

Three institutions submitted proposals in response to the Board's October 2014 competitive solicitation for procurement training. The colleges have agreed to continue their proposals until the Board had learned whether it will have the FY 2015 deficiency funding necessary to award the contract.

Once initial funding is established through a current fiscal year deficiency, curriculum development can begin immediately after Board approval of the training agreement. The colleges propose different timelines for implementing the training, but generally around six months from curriculum development to course registration. The 500 employees to be trained will be identified by State agencies using Board-developed criteria. Training materials will be made available online.

The proposed deficiency of $200,000 will – we hope – be sufficient to cover cost of basic procurement training for 500 employees only. Advanced procurement curriculum development and courses, refresher training, and training for new employees would require additional and reliable stream of funding.

The Board will continue to encourage employees to attend training sponsored by the Maryland Public Purchasing Association and national organizations.

(3) BPW should identify how the 2% across-the-board reductions will be implemented in fiscal 2015 and 2016 and the impact that it will have on agency operations.

We are working with DBM and the Governor's Office to process the reductions, and will share this information with the committee soon.

We continue to do an excellent job of managing our resources and meeting the tasks – expected and unexpected – assigned to us.[1] Thank you for your continued support of our sustained efforts to improve our operations and service to the Board members, the General Assembly, and the public.

Sincerely,

Sheila C. McDonald

Sheila McDonald

[1]Even thirty years ago, now-retired Judge Wilner noted, "As an institution the board has managed to earn and retain the confidence of the General Assembly, which has heaped more and more responsibility on it." *The Maryland Board of Public Works: A History* by Alan Wilner (1984) at 123-24.