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*STATE OF MARYLAND*  
**BOARD OF PUBLIC WORKS**  
*GOVERNOR'S RECEPTION ROOM, SECOND FLOOR, STATE HOUSE*  
*ANNAPOLIS, MARYLAND*

**September 3, 2014**  
**10:29 a.m.**

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# PRESENT

**HONORABLE MARTIN O'MALLEY**

Governor

**HONORABLE NANCY KOPP**

Treasurer

**HONORABLE PETER FRANCHOT**

Comptroller

**SHEILA C. MCDONALD**

Secretary of Public Works

**AL COLLINS**

Secretary of General Services

**T. ELOISE FOSTER**

Secretary of Budget and Management

**JAMES SMITH**

Secretary of Transportation

**EMILY WILSON**

Director, Land Acquisition & Planning, Department of Natural Resources

**ZENITA WICKHAM HURLEY**

Special Secretary, Governor's Office of Minority Affairs

**MARY JO CHILDS**

Procurement Advisor, Board of Public Works

**MISSY HODGES**

Recording Secretary, Board of Public Works

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# PROCEEDINGS

GOVERNOR O'MALLEY: Today is September 3, 2014. This is the Board of Public Works. Mr. Comptroller and Madam Treasurer, any opening thoughts?

COMPTROLLER FRANCHOT: Thank you, Governor. Good morning, Treasurer Kopp. I hope everyone had a great Labor Day weekend. Which, as some of you may have figured out, for me always is, always has been, and always will be the logical end to the summer season. I in fact have launched a petition drive a few weeks ago to start Maryland public schools after Labor Day to allow the overwhelming bipartisan movement of families, rank and file teachers, students, and small businesses to speak directly to the new Governor and the new Legislature in January when the General Assembly convenes. We have collected nearly 5,000 signatures so far. You are all welcome to go to [www.marylandtaxes.com](http://www.marylandtaxes.com) and sign on if you wish. We are collecting them the old-fashioned way, in addition, with about a hundred supporters gathering signatures at restaurants, supermarkets, fairgrounds, and in neighborhoods throughout the State. I myself stood on the boardwalk in Ocean City. I almost got trampled holding my petition out with people coming over saying sign us up.

The bottom line is that there is an overwhelming support out there for this common sense adjustment that is good for families, good for teachers, good for the small businesses whose tax revenues support the nation's best public

school system and who truly are at the heart and soul of the Maryland economy. So our kids won't miss out on the summers we had cherished, so families aren't denied the precious summertime together, and so teachers aren't deprived of the time they deserve to earn extra money with a second job or frankly just spend time with their own kids and recharge their batteries from stressful teaching. And so small businesses who have taken their share of hits lately can get a needed break. And I particularly like the fact that this important reform can be done at no cost to the taxpayers.

So I would respectfully ask each of you if you would like to join the movement and let summer be summer by signing our petition.

Governor, it's a pleasure to see you. I understand you even think that this --

GOVERNOR O'MALLEY: Sign me up.

COMPTROLLER FRANCHOT: Good.

GOVERNOR O'MALLEY: I'll sign your petition.

COMPTROLLER FRANCHOT: Good. Hang on, I'll get one sent over.

GOVERNOR O'MALLEY: I'll sign. I'm for that. In fact, I've been tempted to do an executive order extending summer by another month.

(Laughter.)

TREASURER KOPP: Hold on, there.

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GOVERNOR O'MALLEY: Madam Treasurer?

TREASURER KOPP: I think it was fine until last week. I'm ready for autumn now. It's a pleasure to be here. I must say that celebrating Labor Day, this is just a Nancy Kopp comment, celebrating Labor Day brings home what is happening to the state of labor not just in Maryland but in this nation. And the growing disparity amongst our people, and the important but overlooked role that labor, not just blue collar labor, but hardworking American middle class people play in our economy and society. And I just am very, very concerned about where we are going. And the fact that we celebrate Labor Day not by thinking about the role of labor but by going out and spending money and having barbecues, I have never found quite as exciting as some. But there you go. It's good to be here.

GOVERNOR O'MALLEY: All righty. The Secretary's Agenda. Is this where, the one that Mr. Gill has?

SECRETARY MCDONALD: Yes, we have an interesting Agenda. The Secretary of Natural Resources can come up for Item 8.

GOVERNOR O'MALLEY: Okay, Item 8. Let's take Item 8 first off the bat here. Item 8 on the Secretary's Agenda. Mr. Secretary?

MR. GILL: Thank you, Governor, Madam Treasurer, Mr. Comptroller, Governor. It is my privilege to ask the Board of Public Works to approve naming the Visitors Center at Patapsco Valley State Park the William

Offutt Johnson Visitors Center. I will tell you in a moment why I am making that recommendation. But with me today are Mr. Johnson, who passed away a year ago, his daughter Jenna, and her husband Larry, and their two children Joshua and Bethany, and various friends and supporters.

Offutt Johnson worked for the Department of Natural Resources for 35 years, first as a planner in Forests and Parks, later as the Assistant Director of Program Open Space, and finally for the last seven years as a park naturalist at Patapsco. The Visitors Center is a 19th-century, 150-year-old stone dwelling. Mr. Johnson worked tirelessly to restore the house. The project was basically unfunded and he, working with the Park Manager, organized a nonprofit friends of group to raise funds and receive donated services to complete the work. After he retired he continued to volunteer, helping among other things to establish a foundation for Maryland conservation history.

Mr. Johnson was an inspiration to those who knew him. He always said that his work was not a job, but a way of life. Shortly before he died a year ago this past July, he had a conversation with our former Green Ridge State Forest manager Francis Zumbun, who is with us today. He said to Francis, you know, we talk about the crown jewels of parks, the Grand Canyon, Yosemite, and Yellowstone. But let me tell you, from the smallest tot lots to the largest parks, they are all jewels in the crown. They are all special places.

We ask the Board to name the Visitors Center at Patapsco Valley State Park, itself a special place, after this special man.

GOVERNOR O'MALLEY: Okay. Do we want to hear from any family members? Come on up. That's okay. Bring the kids. Bring the whole family up because we're going to do a picture as soon as you've done, as soon as you share your reflections with us.

MRS. MARTIN: Okay! He was the one who did all the talking. All my life whenever we would go on vacations or trips we would always go to visitors centers. And now he is gone and he is getting me to another visitors center.

(Laughter.)

MRS. MARTIN: Because I'll have to, it will be named after him. I just thank you all so much for doing that. He, he loved the out of doors. He grew up in Cumberland, Maryland and his dad was a forest, forester. And it's his life. That was his pride and joy. He loved being out there and making places for people to go.

GOVERNOR O'MALLEY: Well I want to thank you for everything that you and your family and your dad have done for all of us. Because some of the nicest people, and I have met a lot of nice people in our State, but some of the nicest are people like your dad who work in the Department of Natural Resources. Who take care of the parks, who connect us with the other

living systems of this beautiful place we call Maryland. And I hope this is some comfort and some small tribute to the love that your dad gave all of us in his life. And I hope the grandkids appreciate what a great guy they had as a grandfather. So why don't you all come on up, we'll do a picture all together. Well, let's do the vote first.

TREASURER KOPP: That's a great picture.

(Laughter.)

GOVERNOR O'MALLEY: That is a great picture. The Comptroller moves approval, seconded by the Treasurer. All in favor signal by saying, "Aye."

THE BOARD: Aye.

GOVERNOR O'MALLEY: All opposed?

(No response.)

GOVERNOR O'MALLEY: It's unanimous. Come on around for a picture.

(Applause.)

GOVERNOR O'MALLEY: Come on up. What do we have? We have the sign? What is your name, pal? Joshua, say hi to Comptroller Franchot. Hey, thank you. Come up front and center. What's your name, honey? What is it? Hello Bethany, come on up. Hi. Larry, good to meet you. Come on up, come

on up in the center, come on. Front, front, front. Go all the way up, go all the way up. And you guys get to hold that.

(Laughter.)

GOVERNOR O'MALLEY: Everybody squeeze together. Come on, second round. Yes. Mr. Baker is going to put this online with all of his great works.

(Applause.)

GOVERNOR O'MALLEY: And there's more where that came from if you need more.

MRS. MARTIN: Thank you.

GOVERNOR O'MALLEY: Yes, don't be shy about asking me. If you want more of the signs, we've got more of those.

(Laughter.)

GOVERNOR O'MALLEY: Sure. It's a poor state that can't afford to duplicate.

(Laughter.)

GOVERNOR O'MALLEY: Thank you, fellows. Thank you for your good work. I meant what I said, too.

Okay. Also on the Secretary's Agenda, we have a number of people here. I see Ted Mack, who is the Head of our African American Heritage Commission.

SECRETARY MCDONALD: Item 20, yes.

GOVERNOR O'MALLEY: So this is Item 20.

SECRETARY MCDONALD: And we have a --

GOVERNOR O'MALLEY: Thank you.

SECRETARY MCDONALD: We also, I think Mayor Sanders might be here --

GOVERNOR O'MALLEY: And Mayor Sanders, from the Town of Highland Beach, all part of this same item, right, Mr. Mack?

MR. MACK: Yes.

GOVERNOR O'MALLEY: Thanks. Tell us what we have here.

MR. MACK: We have Mayor Sanders from Highland Beach, the historic Highland Beach which was one of the first incorporated cities in this State.

GOVERNOR O'MALLEY: Stay close to that microphone, Mr. Mack. Your soft-spokenness doesn't always come over the internet.

MR. MACK: Okay. And I want to introduce William Sanders, III, and he will tell you about this wonderful project that he has going on to preserve the history of that historical place.

GOVERNOR O'MALLEY: Awesome.

MR. SANDERS: Good morning.

GOVERNOR O'MALLEY: Good morning.

MR. SANDERS: And I will be very succinct. I will tell you that one of the privileges that I have in serving as Mayor is also continuing the legacy of the Town of Highland Beach, and in particular of Frederick Douglass. We have in our community the Frederick Douglass Museum and Cultural Center. That's a building that was not built to be a cultural center, it was built to be a home for Frederick Douglass. Built in 1895, unfortunately he died before he could move in but he had a hand in developing that particular property and intended to move in. Unfortunately it is a very, very small building. And we have many, many visitors that come to learn about the history to learn about the legacy of African Americans in the State of Maryland as well as the history of Frederick Douglass and Highland Beach.

Because it is so small what we want to do is to create a, what we call, a museum annex in our Town Hall. We have a floor in the Town Hall that is undeveloped and this would be a place where those artifacts that cannot be exhibited in the town in the museum would be housed there. So visitors to the museum could actually come to the museum and see what the museum house was about, and then walk down a couple of blocks to our Town Hall and go upstairs on our second floor in the museum annex and get a sense of what was happening around the turn of the century.

So that's the project and we are very appreciative of being here, and thank you all.

GOVERNOR O'MALLEY: That's great. Thank you.

TREASURER KOPP: Mayor, I should know this and I'm embarrassed that I don't.

MR. SANDERS: Then I'd better know it then.

(Laughter.)

TREASURER KOPP: No, no, no. Between the two buildings --

MR. SANDERS: Yes?

TREASURER KOPP: -- walking from, what do you pass? And how do you go --

MR. SANDERS: The Frederick Douglass Museum and Cultural Center is on the Chesapeake Bay. So if you have not been to the community it is right across from the Chesapeake Bay Foundation building that is our neighbor.

TREASURER KOPP: Okay.

MR. SANDERS: We are separated by something called Black Walnut Creek. But if you walk down two blocks along the Bay, and then turn up Douglass Avenue, named of course for Frederick Douglass, and go up another two blocks you will come to the Town Hall.

TREASURER KOPP: So there is a way to make an entire community out of that campus, as it were?

MR. SANDERS: Yes, absolutely. And we do have some other projects in mind to signify the historical significance of many of the homes. There are 31 homes in the community --

TREASURER KOPP: Yes.

MR. SANDERS: -- that are historic homes. And we have projects in the works for those as well.

TREASURER KOPP: I've got to come down and --

MR. SANDERS: Yes.

TREASURER KOPP: That's very good. Thank you.

MR. SANDERS: Please, we'd be happy to have you.

GOVERNOR O'MALLEY: I've been to that home that Frederick Douglass --

MR. SANDERS: Really?

GOVERNOR O'MALLEY: -- anticipated retiring in. And in his writings he said he looks forward to sitting on that porch watching his grandchildren play on the beach and looking across the water to the place where he was born into slavery, but now lives out his golden years --

MR. SANDERS: Absolutely.

GOVERNOR O'MALLEY: -- in freedom.

MR. SANDERS: Absolutely. And that is part of the legacy. That is part of the history. And if you come to the beach and you look up on the

second floor, you will see what we call a crow's nest that was built specifically to do exactly what you said, Governor.

GOVERNOR O'MALLEY: Yes. It's a very neat place. And part of his spirit no doubt is there.

MR. SANDERS: Pardon me?

GOVERNOR O'MALLEY: And part of his spirit no doubt is there.

MR. SANDERS: Yes.

GOVERNOR O'MALLEY: And we will soon be, thanks to Eddie and Sylvia Brown's generosity, putting a full-length portrait of Frederick Douglass --

TREASURER KOPP: Mm-hmm.

GOVERNOR O'MALLEY: -- installing it in the Reception Hall at Government House.

MR. SANDERS: Wow.

GOVERNOR O'MALLEY: And that will be on September 15th. It will be the first image of, for all of the images of famous Americans in these historic buildings, that will be the first one in Government House of a black person.

MR. SANDERS: Wow.

GOVERNOR O'MALLEY: So that will be pretty cool.

MR. SANDERS: I think so.

(Laughter.)

GOVERNOR O'MALLEY: All right. The Treasurer moves approval of Item 20, seconded by the Comptroller. All in favor signal by saying, "Aye."

THE BOARD: Aye.

GOVERNOR O'MALLEY: All opposed?

(No response.)

GOVERNOR O'MALLEY: The ayes have it. And that was also -  
- I'm sorry, was it 21A, also?

SECRETARY MCDONALD: No, that was the whole Item 20, A and B.

GOVERNOR O'MALLEY: Okay.

SECRETARY MCDONALD: So I don't think we had anybody here from the Wilson Farmstead?

MR. MACK: No.

SECRETARY MCDONALD: Okay. So yes, that's the entire item has been approved.

GOVERNOR O'MALLEY: Okay. Item 20 is approved. Thank you, Mayor.

MR. SANDERS: Thank you very much.

GOVERNOR O'MALLEY: Thank you, Mr. Mack. Thank you, everyone. Okay, the balance of the Secretary's Agenda --

SECRETARY MCDONALD: I just need to withdraw Item 21 --

GOVERNOR O'MALLEY: Withdrawing Item 21, but the balance of the Secretary's Agenda. Any questions?

TREASURER KOPP: Can I just have a question, Mr. Mack --

MR. MACK: Yes?

TREASURER KOPPE: -- about 20B? Just out of curiosity.

SECRETARY MCDONALD: The Wilson Farmstead.

TREASURER KOPP: The Wilson Farmstead, the professional Negro League Ballfield?

MR. MACK: Mm-hmm, yes, ma'am.

TREASURER KOPP: Another thing I should know but I haven't got, what, is the ballfield, I mean, if you go there would you know it was a Negro League Ballfield?

MR. MACK: If you go there now, no, you would not know that it was a Negro League Ballfield unless you were probably from the area and knew a little bit about the history of that area. And that is why it is being developed and -

-

TREASURER KOPP: Okay. So that will make it clear?

MR. MACK: That makes it clear.

TREASURER KOPP: So we can also have -- I'm dreaming of these maps of Maryland.

MR. MACK: Yes.

TREASURER KOPP: And the Negro League was an amazing important--

MR. MACK: Yes.

TREASURER KOPP: -- and Maryland did very well --

MR. MACK: Right. That was the center, center, that was the point of center for all of the leagues that we had around throughout the State. And this is the second phase. The first phase that you all approved, this is the continuation of developing that.

TREASURER KOPP: Okay. Very good. I'd like to see that developed. It will be a great tourist --

MR. MACK: And they are doing a great job --

TREASURER KOPP: Thank you. Thank you.

GOVERNOR O'MALLEY: Okay. The balance of the Secretary's Agenda, the Comptroller moves approval, seconded by the Treasurer. All in favor signal by saying, "Aye."

THE BOARD: Aye.

GOVERNOR O'MALLEY: All opposed?

(No response.)

GOVERNOR O'MALLEY: The ayes have it. We move on now to the Department of Natural Resources Real Property.

MS. WILSON: Good morning, Governor, Madam Treasurer, Mr. Comptroller. Emily Wilson with the Maryland Department of Natural Resources. First if I may, Governor, on behalf of the department we certainly do appreciate your kind words to the employees of the Department of Natural Resources. I certainly share that sentiment, although probably perhaps a little biased. But it is a special place, so thank you.

GOVERNOR O'MALLEY: Thank you. I meant it.

MS. WILSON: In a few minutes we are going to have a slew of Rural Legacy sponsors coming in for one of our items. But we do have 11 items on the Agenda. We are withdrawing Item 11A.

Item 9A is our FY2015 Rural Legacy awards, a little over \$16 million for 18 Rural Legacy areas across the State. It also includes two expansions. This is enough to preserve on average around 4,500 acres. Through the life of the Rural Legacy Program we have been able to permanently conserve 80,000 acres, almost 30,000 in this administration alone. We are so thankful of the support of this program. And we have terrific sponsors all across the State. There are 31 Rural Legacy areas total across the State. And these are the folks who really have the "boots on the ground." This is a truly grassroots program where they are working locally, land trusts and our local governments, with folks

in these targeted Rural Legacy areas to permanently conserve working landscapes across the State. So we do have a slew of those awardees here today in support. And if it's okay I think they might like to get a picture as well.

GOVERNOR O'MALLEY: Sure.

MS. WILSON: Thank you.

GOVERNOR O'MALLEY: Do you want to go through them individually, or do you have a list? Or --

MS. WILSON: Well, there's 18. So --

GOVERNOR O'MALLEY: Okay, well why don't we call out their names?

MS. WILSON: Okay. What --

SECRETARY MCDONALD: -- keep just calling them --

MS. WILSON: Sure. That's fine. If all the sponsors are here do you want to start --

SECRETARY MCDONALD: -- go ahead and walk --

MS. WILSON: So we have Rob Etgen from the Ag Security Corridor. Barbara Polito, I believe, might be here from Anne Arundel South, but if not Mark Garrity is here as well. Bill Amoss from the Deer Creek Rural Legacy Area in Harford County. Jen Powers from Gunpowder. Rob Gunter and Donna Landis from Lands End, Queen Anne's County. Henry Pitts from Manor in Baltimore County. Anne Bradley from Mid-Maryland Frederick. Chris Briggs

from Mid-Maryland Washington. Commissioner Bill Valentine, Mountain Ridge, Allegany County. Liz Zucker, Nanticoke Rural Legacy Area. Jeanine Nutter from Prince George's, Patuxent Prince George's. Ned Halle and Ann Jones from Piney Run. Frank McKenzie from Quantico. And Steven Ball from Zekiah.

GOVERNOR O'MALLEY: Let me move that and then let's all come up in front of these chairs. Everybody, come on up to the table. Come on up flush against the table. We'll fit more people in and we can kind of fold in shoulder over shoulder. This is great stuff. Thank you all for what you are doing to preserve Maryland's lands, Rural Legacy lands, for the future. Ned Halle, thank you for your leadership.

MS. WILSON: Ned Halle is the Chairman of our Rural Legacy Advisory Commission.

GOVERNOR O'MALLEY: As well he should be.

(Laughter.)

GOVERNOR O'MALLEY: That's a great appointment plus an outstanding lawyer. Jim Smith, you know about a lot of these places, right? They are all in that beautiful swathe of your county that smart zoning preserved for future generations. Mr. Comptroller, do you have a motion, motion to approve?

COMPTROLLER FRANCHOT: Move approval.

GOVERNOR O'MALLEY: The Treasurer seconds. All in favor signal by saying, "Aye."

THE BOARD: Aye.

GOVERNOR O'MALLEY: All opposed?

(No response.)

GOVERNOR O'MALLEY: All right. It was unanimous with an echo, and in stereo.

MS. WILSON: Thank you. Thank you, guys.

(Applause.)

GOVERNOR O'MALLEY: Thanks a lot, ma'am, this was very cool. Good to see you. I talked to our friend Buckley the other day. So how many acres in total was that?

MS. WILSON: This, the funding for this is able on average to preserve about 4,500 acres across the State.

GOVERNOR O'MALLEY: Wow.

MS. WILSON: Yes.

GOVERNOR O'MALLEY: So --

MS. WILSON: And these are all projects ready to go.

GOVERNOR O'MALLEY: Cumulatively, or just in what we approved today?

MS. WILSON: Just today.

GOVERNOR O'MALLEY: Just today, it was 4,500 acres?

MS. WILSON: It can, yes. So we will bring back individual projects throughout the year --

GOVERNOR O'MALLEY: Of farm mostly?

MS. WILSON: Farms and forests, working landscapes.

GOVERNOR O'MALLEY: Farms and forest woodlands?

MS. WILSON: Mm-hmm.

GOVERNOR O'MALLEY: Boy that Deer Creek RLA is one big Rural Legacy area.

MS. WILSON: It is. It is very ecologically significant. Deer Creek is actually a scenic river in Maryland.

GOVERNOR O'MALLEY: Does the river run all the way through that?

MS. WILSON: Deer Creek, Bill, do you want to elaborate on Deer Creek?

GOVERNOR O'MALLEY: Bill, tell us about, come on up and tell us about Deer Creek.

MS. WILSON: This Bill Amoss. He is our local sponsor for the Deer Creek Rural Legacy Area.

MR. AMOSS: I'd be glad to. We've got two really nice farms. We are getting a tremendous discount on purchasing those easements. Both of those properties are very productive farmland but also a great connection for our

forest corridors, environmentally sensitive areas on it like wetlands and stuff. So they are two really nice farms we are preserving in Harford County in the Deer Creek Rural Legacy Area.

GOVERNOR O'MALLEY: And does Deer Creek run through it?

MR. AMOSS: Yes.

GOVERNOR O'MALLEY: I mean it is actually a navigable, is it navigable?

MR. AMOSS: Yes. Well, we canoe on it every spring. So if you want to come up we'll have a canoe for you.

GOVERNOR O'MALLEY: But only in the spring? Does --

MR. AMOSS: No, no, all year long. But typically, you know, we enjoy, you know, it's a fishing, trout, canoeing, that river, from one end of the county to the other. And it exits at Susquehanna State Park. So --

GOVERNOR O'MALLEY: Are there a lot of rocks in it?

MR. AMOSS: There can be, yes, in sections of it.

GOVERNOR O'MALLEY: Uh-huh.

MR. AMOSS: So, but it's a great corridor. We have done a lot of preservation thanks to you and we also have our county program active in that area and we have preserved a lot of land in our Deer Creek Rural Legacy Area. So --

MS. WILSON: Mm-hmm. It's a very active area.

MR. AMOSS: Yes. Yes.

MS. WILSON: In terms of conservation.

GOVERNOR O'MALLEY: Where is the easiest, where is the easiest upstream access?

MR. AMOSS: There's plenty of places to put in and exit. It depends on how much time you want to spend on the river, so.

GOVERNOR O'MALLEY: Mm-hmm.

MR. AMOSS: Yes. And we have a lot of nice anchors from parks, whether State or county, throughout the sections of the Deer Creek. And of course mixed in with a lot of productive agriculture so it's a great --

GOVERNOR O'MALLEY: And it empties into the Susquehanna?

MR. AMOSS: Yes. Yes.

GOVERNOR O'MALLEY: Huh. I've got to check that out.

MR. AMOSS: Check it out. Come on up.

GOVERNOR O'MALLEY: Questions?

TREASURER KOPP: Yes. Mr. Amoss, you are Bill Amoss of Harford County?

MR. AMOSS: Yes. Dad was Senator Amoss, yes. Yes.

TREASURER KOPP: And Delegate Amoss before --

MR. AMOSS: Yes. That was correct, yes. Over the years, yes.

TREASURER KOPP: My regards.

MR. AMOSS: Thank you very much.

TREASURER KOPP: Great guy.

MR. AMOSS: And thank you for your support over the years. It's a great, a team effort--

GOVERNOR O'MALLEY: This is very good. There were many who said over the recession we couldn't afford to preserve Maryland for the future.

MR. AMOSS: Yes.

GOVERNOR O'MALLEY: And you guys never gave up. So thank you for hanging in there --

MR. AMOSS: Thank you.

GOVERNOR O'MALLEY: -- and being advocates and making such progress. We actually, by sticking with Open Space and Rural Legacy, we made more progress given the economics of the downturn in the downturn than we might have in a boom time when values were inflated.

TREASURER KOPP: Mm-hmm.

MR. AMOSS: Yes. We are paying about one-third of what we used to pay right at the boom time.

GOVERNOR O'MALLEY: Right. Covering a lot more acreage.

MR. AMOSS: A lot more acres. And, you know, and we have more individuals, most of our farmers are now very interested, waiting in line to come in. So --

TREASURER KOPP: That's great.

MR. AMOSS: -- great opportunity, so great opportunity.

TREASURER KOPP: I think the combination of low interest rates and a growing appreciation, a serious appreciation of the environment --

MR. AMOSS: Mm-hmm.

TREASURER KOPP: -- and the fact that we are facing environment challenges unlike what we faced before, combined with a tradition in Maryland of educated and dedicated land management, I think has really, you know, come together synergistically at a great moment in time.

MR. AMOSS: Yes.

TREASURER KOPP: And the Amoss family has always been great leaders.

MR. AMOSS: Oh, well thank you very much.

TREASURER KOPP: Thank you.

MR. AMOSS: Thank you.

GOVERNOR O'MALLEY: Okay. Anything -- did we approve this? Yes, we already did. We did it unanimously and in stereo. Department of Budget and Management?

TREASURER KOPP: Thanks.

COMPTROLLER FRANCHOT: Governor, if I could, before we get to that?

GOVERNOR O'MALLEY: Sure.

COMPTROLLER FRANCHOT: I happen to have had a Labor Day petition put on my desk. And I would be honored to have the Governor, if he so wishes --

GOVERNOR O'MALLEY: Is every page identical? Do you want me to sign on the front?

COMPTROLLER FRANCHOT: Mm-hmm.

GOVERNOR O'MALLEY: All right. I'm on board. So it is written, so it should be. If you have a petition that doesn't start summer until October, I'll sign that, too. Okay, Department of Budget and Management?

MS. FOSTER: Governor, Madam Treasurer, Mr. Comptroller, good morning. There are 16 items on the Department of Budget and Management's Agenda for today. I'll be happy to answer any questions you may have.

GOVERNOR O'MALLEY: Any questions? Mr. Comptroller?

COMPTROLLER FRANCHOT: Item 5?

GOVERNOR O'MALLEY: Item 5.

MS. FOSTER: Okay. Item 5 requests that we have retroactive approval of a contract to provide a complete assessment of English language arts, literacy, and math for students who are in grades three through eight, and English for high school students. The Superintendent is here, Dr. Lowery, if you have questions.

COMPTROLLER FRANCHOT: Okay.

MS. FOSTER: Yes.

DR. LOWERY: Good morning, Governor O'Malley, Madam Treasurer, Mr. Comptroller. This is a service contract that is housed in the Division of Curriculum Assessment and Accountability in the Maryland State Department of Education. It is the PARCC operational assessment system. And this retroactive contract will provide a complete assessment system, including things like test development, reporting, standard setting for the Partnership for Assessment of Readiness for College and Career in English language arts, literacy, and mathematics for students in grades three through eight; algebra and English for high school students. The award is to Pearson, Inc. It is a four-year contract from July 1, 2014 through June 30, 2018 in the amount of \$59,574,623. It is sole source. The MBE participation is 3.75 percent.

This, the agency is requesting this contract because we have joined a consortium of states to develop an assessment that will give us common ways of looking at student performance from state to state and benchmarked

internationally and nationally. This began with our entry into the Race to the Top Award and this part of the American Recovery and Reinvestment Act of 2009 actually provided money to states to come up with a common assessment system. And we are now one of 12 states that participate in PARCC, 12 states and the District of Columbia. All the states are members of the PARCC Governing Board. But as you know, Maryland is also the fiscal agent for the consortium. And to put that in context, particularly about this contract, New Mexico led this response for a proposal for the consortium, just as Rhode Island is in the process of letting a contract for the project management, and Maryland serves as the fiscal agent. So what we decided as a consortium was to share the responsibility for the management of the consortium as equally as we possibly could. So each state took a part of the responsibility.

This particularly contract sits with an RFP that was led by New Mexico on behalf of the consortium. In 2013 the consortium decided to authorize our governing board to develop and implement multiple components of an assessment system. And we wanted a single vendor. And this was a competitive solicitation process. While it was a competitive solicitation process only one offeror responded to the RFP and that was NCS Pearson, Inc. So by May, 2014 the process was completed and it will last based on the contract that was negotiated through June, 2018.

Now this is sole source because we are part of the consortium.

And being a part of the consortium brings with it great benefits. One, cost. We can lock in on a cost, and even going with the base cost for the test Maryland took the flexibility of options. We wanted to make sure that we maintained what we already had. And because there were new and more efficient ways of looking at work and assessing how data can inform what we do, we looked at other options. And even with those other options, at the end of the day we will still be paying less for this assessment than we have for the previous assessment for the contract that just ended.

It also gives us actionable data. We had an assessment before that could give us basic proficiency rates for all of our students. But we could not disaggregate by item. So fourth grade teachers knew that in math we were not as proficient as we would have liked but they could not really drill down and determine exactly where students were or were not performing well. With this new assessment we can go item by item and give teachers actual data so that they can structure their teaching and learning and their leaders can structure their professional development in a more targeted, cost-efficient way.

And then the other piece is the scope of work. As I said, there is a basic contract with a basic price but it offers us the opportunity to also enhance based on the needs that we have specifically for Maryland so that we give full service to our teachers and leaders and give good reporting to our parents and

community at large. And most important is that it is a performance based assessment. So now not only do we discern if students know the right from wrong answer, we can actually look at the logistical steps students took to get to that right or wrong answer. So that too helps teachers and leaders in their planning for instruction and professional development how we target our resources.

This is retroactive because there was a challenge to the contract by another vendor. And as I would like to reiterate, only one vendor offered a response. So we were moving ahead based on that information. There was a stay. The stay, and we have both attorneys from Maryland, the Maryland State Department of Education legal staff, and Pearson here today if you would like to drill down more into the legal aspects of this. And we also have staff here from the department.

I would like to also assure you that as New Mexico was going through the negotiation process for this particular assessment we had a Maryland representative every step of the way as a participant in that planning of the evaluation assessment and the negotiation process. So Maryland was well apprised of every decision along every step of the way as this evolved.

I also want to talk about a sense of urgency. The reason this is retroactive because we were moving in good faith along the process to get, to go, when the stay was implemented by the court in New Mexico because the state

originally said that the RFP was not timely and so they dismissed the initial challenge. The court said, I want you to determine based on merits, not on timeliness. And so when based on merits it was vetted, they decided on the side of the consortium to move forward. The stay was lifted and we can, and so we can move forward. There is a sense of urgency particularly in Maryland. We have some schools who have something called a four by four, our high schools. So they really operate like a college campus. Students take four courses the first semester, and they finish those courses. And then they take four courses the second semester. So they can get up to eight courses within a year. We want timely and actual data, first for parents so they know how their students performed, but also for our teachers. So those students will have to be ready in November to take their, if you will, end of course assessment. And time is of the essence. Our high schools are adamant about that. They bought into this because we know that we were going to be able to give them that option, so that a student who finishes a course in December doesn't have to wait until May or June to take an assessment.

We also field tested this PARCC assessment with this particular field test and administrative platform with all of our teachers across the State. Every school in the State except for seven, and those seven had to give the full battery of State assessments because they get school improvement grants for the federal government so they had to have formalized data on each of their students.

But we actually have our teachers and leaders who have ensured, because this is a technology-based assessment, that they have the compatible devices. Many of our districts have gone out and invested in technology to ensure that to the greatest extent possible this can be a completely online assessment as soon as possible.

I will end by saying we have three years to get to full technology capacity. And when we get to full technology capacity we will cut the cost of what we have been historically paying for our assessments in the State of Maryland by about 25 percent. That is with the base pay, and that is with additional options that will enhance what we can and cannot do on behalf of our students and our teachers.

COMPTROLLER FRANCHOT: Okay. Thank you very much for that. I do have a few questions, since it is as you mentioned a retroactive, four-year, let's just round it off, \$60 million contract to NCS Pearson out of Iowa, City, Iowa. And as you mentioned it was a single bid --

DR. LOWERY: Yes.

COMPTROLLER FRANCHOT: -- contract. So I understand the importance of the development and implementation and administration of the PARCC assessments that have caught everybody's eye, that are going to be administered not only to the students in our state but also I take it, to students in the consortium --

DR. LOWERY: Yes, sir.

COMPTROLLER FRANCHOT: -- states. So, but it is a rather unique procurement. And there are far-reaching impacts in the classrooms for our State. So I would like to just ask a few questions about the status that we have as the fiscal agent for the consortium. You mentioned that the consortium decided to route the vendor selection process through the State of New Mexico, and therefore, used New Mexico's procurement system. How similar or dissimilar is the New Mexico public procurement system to the one that we use here in Maryland?

DR. LOWERY: If I may call Kristy Michel up, and she may be able to give some information about that. And if I, while Kristy is coming up, Mr. Comptroller, if I may point out the fiscal agency and the operational assessment RFP in New Mexico are two completely different entities. We certainly will answer the question as to our best ability now, and if not, get back to you later on the differentiation between the procurement laws. But we as the State of Maryland pretty much pay the bills. We don't get into the rudimentary logistics of this work that is a New Mexico responsibility.

MS. MICHEL: So we do know that New Mexico is required to competitively bid their procurements. Other than that, we can get back to you on the basics of their procurement law. The reason that we are here today with a sole source contract is that we felt it was our responsibility to follow Maryland's

procurement law. So we are using the price agreement established in New Mexico but we are doing our own specific Maryland contract with Pearson.

COMPTROLLER FRANCHOT: Okay. And since you are up here I just, I noted that we were on the technical evaluation team for the selection of Pearson, but we were not on the price negotiation team. I guess Illinois, Massachusetts, Mississippi, and New Mexico were on that. Wouldn't, as the fiscal agent for the consortium, it be expected that we would be on the price negotiation team?

DR. LOWERY: So with the fiscal agency what we pretty much do is make sure, and we have our two attorneys here. Liz Kameen is our lead attorney and Lydia Hoover is the one who is specialized in procurement. We make sure that they have followed the laws based on the memorandum of understanding that we have written with the consortium. But let me talk to you about how the process works. Even though we didn't technically sit in the private negotiations around the pricing, I, as a representative of the State of Maryland, am on the executive team for the consortium. The State is on the governing board but there are five states that sit on the executive team. I represent Maryland on that executive team. Before any pricing goes to anyone to negotiate it all comes to the executive team. We have a standing call, that I missed this morning and one of my staff took for me, every Wednesday morning at 8:00 --

COMPTROLLER FRANCHOT: Mm-hmm.

DR. LOWERY: -- to talk about what is going on to update us. So that we can make collective decisions for the negotiation team to go back to the room.

COMPTROLLER FRANCHOT: No, right. But you, I think you mentioned earlier that you thought this was a good price or deal --

DR. LOWERY: Right.

COMPTROLLER FRANCHOT: -- because I think what you said was it was lower than the previous contract. But how do we know if it wasn't really, if there weren't multiple bids, that this is the best we could have done?

DR. LOWERY: Well we had to go with the proposal offer that we had. And we certainly know that at the end of the day we will be paying 25 percent less than we have been paying. We could deal only with the information and the opportunity that we had at hand, and that is what we did and negotiated in good faith to get the best price.

COMPTROLLER FRANCHOT: And who had the --

DR. LOWERY: I mean, please know that we did research around assessments. All 12 states give assessments. So we know what price points were, we know what they were paying to their particular vendors to give their state assessments. And the team and the attorneys representing the states engaged in lots of research as we went along.

COMPTROLLER FRANCHOT: Okay. And who was the incumbent? Or the person that had the, what company had the contract before?

DR. LOWERY: So we have always been with Pearson. We are pretty much with the same vendor. Pearson ETS has served as --

COMPTROLLER FRANCHOT: So Pearson had a contract, was doing this for 25 percent --

DR. LOWERY: For Maryland.

COMPTROLLER FRANCHOT: For Maryland, right.

DR. LOWERY: Mm-hmm. The consortium had no vendor before because this is a start-up, if you will. The consortium was convened in 2010 and this is the first contract for an assessment that as a collection of states we have led.

COMPTROLLER FRANCHOT: But you stated that it was lower by 25 percent than --

DR. LOWERY: Than what the State of Maryland had paid for the previous assessments that we have been giving for the past ten years.

COMPTROLLER FRANCHOT: It sounds like we were paying too much, don't you think?

DR. LOWERY: Well we certainly aren't going to be paying that much going forward.

COMPTROLLER FRANCHOT: Okay. Let me just understand what the fiscal agent entails. I understand that we are, that responsibility is with us. But does it come with any administrative or operational obligations?

DR. LOWERY: Yes, sir. We receive staff for that.

MS. MICHEL: Yes. We have four staff that are paid for through the PARCC grant to help administer that program. Our responsibilities include paying bills on behalf of the consortium. Because the grant itself from the U.S. Department of Education could not be granted directly to PARCC, Inc., it had to go through a state. So it does go through us and we contract with PARCC, Inc., who does the management on our behalf.

COMPTROLLER FRANCHOT: Okay. So just so I get a handle on the timeline, I understand the consortium awarded the contract to Pearson in May, and Maryland was set to bring it before the Board of Public Works for our approval in July, the Maryland part. But then as you mentioned, another vendor filed a bid protest down in New Mexico. That protest ultimately made its way to the New Mexico District Court, onto the desk of the New Mexico purchasing agent, before ultimately being denied. So now that protest has been denied, I take it, in New Mexico. We are being asked to award retroactive contract approval since the contract officially began on July 1st. Is that the right --

DR. LOWERY: That's correct. Because in order for us to meet the guidelines and the benchmarks as far as time, so that we can give an

assessment to our students appropriately and within a definite timeframe, one of the things that the courts did allow Pearson to do is to continue the work. So once the stay was lifted they could continue the work while other things were being negotiated between the challenger and the state. So we have to pay them for their services.

Now we are asking for a retroactive payment because we are being, as Kristy Michel said, as transparent as we possibly can. This is \$60 million. We didn't want to do an emergency sole source. We wanted to have a public discussion about this so that we are completely open with everyone. But some of the other states, while they may not go retroactive, we'll just bill them. They will still have to pay Pearson for the fees even though they may go forward from the time, the date certain for the contract. They will still have to write a check to pay Pearson for the portion of the work that was done before the contract was --

COMPTROLLER FRANCHOT: Okay. But my understanding is Pearson has been doing this work --

DR. LOWERY: Yes.

COMPTROLLER FRANCHOT: -- all along.

DR. LOWERY: Yes.

COMPTROLLER FRANCHOT: Okay. And then the question I have is why didn't you bring this to the Board meeting on July 23rd or August 13th?

DR. LOWERY: Well one of the things we wanted to make sure happened is we had all the pricing done. We were going to bring it earlier, and of course, DBM did exactly what they are supposed to do and said when we came before you we wanted, they wanted it all as much possible, the Is dotted, the Ts crossed. They wanted to be able to present to you a complete package, a complete history, a complete financial picture.

COMPTROLLER FRANCHOT: Okay. Now the \$60 million, or \$59.XX million is, it's classified as 100 percent general funds. But is that State funds, or is that federal funds being passed through the State?

DR. LOWERY: That would be State funds. The comprehensive assessment systems grant from the federal government to the consortium was for the development of the test. But we, like we always have done as a State, are responsible for our operational assessment. That is in compliance with the Elementary and Secondary Education Act.

COMPTROLLER FRANCHOT: Okay. If I could just ask a general question?

DR. LOWERY: Yes.

COMPTROLLER FRANCHOT: Because I have visited between 150 and 175 schools around the State, and I have talked to a lot of parents who have school-aged kids. And do you ever get the sense that we are testing too much?

DR. LOWERY: So one of the conversations that we are having as a nation -- first of all that's, thank you for asking that question, because I meant to give that piece of information. We have been working with the scope of work because we want to keep these costs from being prohibitive. And we have decreased the amount of time for tests by looking at the forms that we are going to use. And then we have to have a broader conversation. Because sometimes there is a misunderstanding between what the State requires in assessment and what the local jurisdictions also implement as formative assessment. Now I will say I support 100 percent the local jurisdictions because those formative data give, ongoing data, give teachers actionable data to inform teaching and learning based on real targeted needs. But let's just be perfectly clear here that the State only requires a summative assessment. And the other benchmark and formative assessments are decisions made at the local level. We are surveying the local jurisdictions, asking them to look at what assessments they are giving additionally and to determine if those are the right assessments, do they need to give those assessments, do they need to give them as frequently? So it is a combination of

both State and local decision points that we have to review and assess as we go forward.

COMPTROLLER FRANCHOT: Okay. Because I happen to believe that we are entering into a realm where we are teaching to the test rather than teaching kids what they should be learning to get ready for the workforce, or get ready for college. And, you know, over the weekend I played Trivial Pursuits with my wife and son-in-law and daughter. And the question that I, sticks in my mind is what state other than Indiana, what two states other than Indiana do not recognize daylight savings time? Well, I noodled on that and gave the wrong answer. It turns out it's Arizona and Hawaii.

DR. LOWERY: Thank you for not asking me.

COMPTROLLER FRANCHOT: Yes.

(Laughter.)

COMPTROLLER FRANCHOT: Absolutely, yes. You would have been like me, Kentucky, you know, Tennessee, or something. But sure, I know that. If I see it on a test somewhere, I'm going to get it. Is it useful information? Probably not. So that is one concern, that the obsession with testing, it's very politically correct, I guess, to require accountability through testing, is getting in the way of what kids should be learning. That is number one. And number two, getting back to this Labor Day petition that I am circulating, people say, gee, we need more time to teach our kids, Mr. Comptroller, and you

are getting in the way of the, what we need to inform our kids about in order to have them prosper. And you talk to any family that has got school-aged kids and that just drives them crazy. Because they say as soon as the tests are done learning stops. You have weeks of field trips, field days, soft days. So that is the concern I have, that we have an almost fetish with testing which is beginning to overtake what you, I'm sure, obviously champion which is real teaching.

DR. LOWERY: So one, first the standards, the new standards, the new College and Career Ready Standards, are conceptually based, focused on analytical and critical thinking skills, and is focused on making connections for students between the theoretical knowledge that we are imparting in the classroom and how that relates to real life in ways that we have never done before. The conceptual understanding also shifts to the child being far more responsible for his or her learning, and I'm sure you have seen it when you have gone in schools, I certainly have, these student centered classrooms versus teacher centered classrooms, where teachers really are the facilitator of learning and peers are working together. Our new assessments mirror that kind of teaching and learning. As I said, they are performance based. It is no longer fill in the bubble, A, B, C, or D. They have to demonstrate their knowledge. They have to show the logistical thinking of getting to a right answer. So I would say if the assessment is going to mirror what we are doing in the classroom based on analytical and higher

order thinking skills, teaching to the test really means teaching students to think critically and analytically and being able to demonstrate knowledge that way.

COMPTROLLER FRANCHOT: And what about compression of the academic schedule? By the tests being the be all and end all, and then there is this two- to three-week down period where nothing really, except in rare instances, gets back on the academic train?

DR. LOWERY: And shame on us for using that time in ways that won't be most beneficial. What we are hearing from the business community around our students not only with the academic skills but the need for soft skills development, how to work in teams, how to interact and impart knowledge so that people can move forward, understand the product that they are selling or fixing or creating. So we are looking at work based experiences, internships. There are ways to use time that would be beneficial to students outside of the classroom. So we are talking more and more about partnering with community colleges, universities, businesses at the local level to give children experience. That gets back to the point with these conceptual new standards about making learning relevant. How do we take that theory and help children connect it to the real world? So we, if there is that time available, then we need to help our educators use that time in ways that would be beneficial to students.

COMPTROLLER FRANCHOT: Think about me if you are playing Trivial Pursuits.

(Laughter.)

DR. LOWERY: I will think about you, sir.

COMPTROLLER FRANCHOT: Thank you, Governor.

GOVERNOR O'MALLEY: Thank you. Any other questions?

TREASURER KOPP: Thank you.

DR. LOWERY: Thank you.

SECRETARY MCDONALD: Governor, you did have two gentlemen who asked to speak in opposition --

GOVERNOR O'MALLEY: Okay. People opposed to this, do you want to come up and speak?

SECRETARY MCDONALD: Mr. McGovern and Mr. Bregman?

MR. MCGOVERN: Good morning. Tom McGovern, with me is Doug Bregman. We are representing the American Institutes for Research, which is one of the companies that does this type of testing in other states. And the real issue here is why is the State awarding a four-year, \$60 million contract on a sole source basis? Maryland law requires competition. Many companies, including AIR, would love the opportunity to compete for this work. So why isn't it being competed?

Well the answer is that Maryland is piggybacking off of a contract that was awarded by New Mexico. And that is permitted under Maryland statutes so long as the underlying contract was awarded as a result of competition. Well

the problem was, it wasn't. There were a lot of problems with the New Mexico procurement, not the least of which is that it specified that the vendor had to use the Pearson proprietary software during the first year of contract performance. Obviously gave a little bit of benefit to Pearson.

Well, it shouldn't come as a surprise that only one bidder responded to that solicitation. Now you might think that the situation would have provoked a protest. Well, it did. Prior to the time the proposals were due AIR objected, and said these specifications are overly restrictive. The state wouldn't hear the protest. AIR had to go to court to get the state to entertain the protest. As the Superintendent properly pointed out, the court ordered the state to consider the protest, and the protest was denied. Well it has been represented that that is the end of the story. Well it certainly is not the end of the story. This is still an active litigation in New Mexico, on the merits now. The judge is going to consider the issues on the merits to determine whether or not this contract was competitively awarded. So there is a very good chance that the contract on which the State of Maryland is piggybacking will disappear. So does it make sense to proceed with a sole source procurement when you are not satisfied, or can't be satisfied, that the competition was fair until the outcome of these legal proceedings?

Now the answer to this question is compete this requirement. Arizona was one of the PARCC consortium members. It decided to compete the

requirements and not piggyback off of the New Mexico contract. The result? It got six proposals. Six. There are many companies that can do this common core testing, including AIR.

COMPTROLLER FRANCHOT: What state was that?

MR. MCGOVERN: Arizona.

MR. BREGMAN: -- Trivial Pursuit, sir. Remember that.

MR. MCGOVERN: Yes. It wasn't clear what time zone that they were operating in at the time. But I guess Standard Time since they don't use Daylight Savings Time. In any case, what we would recommend is Maryland should defer a decision on this until the litigation is over, at a minimum. But the right answer is to compete it. Let other companies compete. You may have a lower price than Pearson charged you in prior years but you could get a still lower price if this was subjected to competition, which is Maryland's State law. Unless you have any other questions, that's all I have to say.

COMPTROLLER FRANCHOT: And what is the litigation timeline?

MR. MCGOVERN: Well lawyers are always somewhat reluctant to predict the timeline on which courts will take action, but we expect that the case would be resolved in the next several months.

One other point to consider is that the federal government funded two consortiums in order to look at developing common core standards and the

idea was let's have two different tests so they can compete against one another. So the fact that Maryland is aligned with the PARCC consortium doesn't mean that you are tied to the hip with Pearson. Other PARCC states have competed their awards and companies other than Pearson are supplying the PARCC testing. So you are not, this isn't a one solution problem.

TREASURER KOPP: Could I, just a factual question? I'm trying to understand what PARCC, the PARCC consortium consists of. I thought it was 13 states. Is Arizona one of those 13?

MR. MCGOVERN: Arizona was a PARCC state. But they decided to conduct their own procurement outside --

TREASURER KOPP: They are not part of the PARCC consortium anymore.

MR. MCGOVERN: They were actually on the evaluation team. If you look at your agenda you will see --

TREASURER KOPP: I am not arguing. I am asking a question. They are not part of the PARCC consortium anymore, or they are? Or maybe Dr. Lowery? I'm just trying to understand the PARCC consortium.

DR. LOWERY: Madam Treasurer, they are no longer part of the PARCC consortium. They withdrew.

TREASURER KOPP: They withdrew from the consortium altogether? And are all the members of the consortium on board with this procurement?

DR. LOWERY: All of the members of the consortium are on board. There were in some states debate around the standards and the assessments. In order to keep focused on the standards some pulled out of the consortium so that the individual states could do their own assessments. So those --

TREASURER KOPP: Because they want to assess different things, essentially?

DR. LOWERY: They wanted it to be, they didn't want to be a part of the consortium.

TREASURER KOPP: Okay. Thank you. I was just confused.

MR. MCGOVERN: But even consortium states, like Louisiana, have awarded contracts to companies other than Pearson. BRC, I believe, is the company that is doing the testing in that state.

COMPTROLLER FRANCHOT: So your testimony is that the Pearson contract that in effect we are voting on today, which was, I guess came to us through the New Mexico system, was flawed at the New Mexico level because they had the specification so narrow that only Pearson could bid, I take it? Is that what you are --

MR. MCGOVERN: That is what is at issue in the lawsuit. There are other problems. I don't want to bore you with the details. But New Mexico didn't even follow the proper rules for doing cooperative purchasing agreements, which allow other states to use their contract. And when AIR raised that in the appeal to the board, the school official, the senior procurement official, he said, well, only New Mexico is purchasing off of this particular contract. So rather than defend on the merits, and say, yes, we did follow the rules, the state's procurement agent said, no, no, this is just a contract for New Mexico. So that issue is going to be before the court as well.

COMPTROLLER FRANCHOT: And, well thank you. I didn't realize all that. But maybe someone could help me understand if it were deferred, what would happen to the ongoing work of Pearson, I guess?

MR. MCGOVERN: One point from -- I'll let the Superintendent speak. But I want to make it clear that --

COMPTROLLER FRANCHOT: Sure.

MR. MCGOVERN: -- AIR's intent here is not to deprive students of testing. It is to limit whatever happens to the minimum period of time necessary to get competition. So the Superintendent mentioned that testing was proceeding in New Mexico. Well that's because AIR said let testing proceed for the first year and when the court makes a decision we can figure out what is going to happen for the balance of the years on the contract. They didn't want to

interfere with the State's plan for testing the students in that year. So it is possible that some sort of compromise could be fashioned here along the same lines. It is not the intent to disrupt, it is the intent to compete.

COMPTROLLER FRANCHOT: Got you.

DR. LOWERY: Thank you, Mr. Comptroller. As we all know Maryland is a very smart state with very smart people. And I would like to bring up Lydia Hoover. She is our procurement assessment. Regardless of what happens in New Mexico we have written language in our contract that the contract that would be approved here today would go forward, period. So if I could let Lydia fill in the details --

COMPTROLLER FRANCHOT: But that to me is a problem, not a solution.

DR. LOWERY: Well what it says is that the State of Maryland, although we use the scope of work and the pricing that was negotiated on behalf of the consortium in New Mexico, we still made a Maryland-centric contract that would protect us, our fiscal engagement, and our ability to assess our children in a timely way. If you could let Lydia please speak? Thank you.

MS. HOOVER: I just wanted to address a couple of things. I think that AIR is trying to take this opportunity to really argue its case that it has in New Mexico. And I want to clarify a couple of points about what was going on in New Mexico. AIR filed a bid protest and their procurement officer decided

that the protest was untimely. AIR filed an appeal. The judge found that the protest was indeed timely and stayed all contract proceedings until the procurement officer in New Mexico could issue a decision on the merits of the bid protest. The procurement officer did issue a decision on the merits of the bid protest and denied its protest. That issue is currently on appeal in the District Court. The District Court proceedings do not stay New Mexico from proceeding with its own contract. New Mexico is actively working on its own contract with Pearson and is actively negotiating with Pearson on its contract. Likewise because New Mexico is not impacted, Maryland should not be impacted. And with respect to the sole source that Maryland is doing, there are a couple of points to that.

First, the underlying procurement was competitively bid. AIR chose not to submit a proposal because it did not want to. Maryland --

COMPTROLLER FRANCHOT: Well let me ask, if I could interrupt, was there a requirement in that bid that New Mexico put out, and that we are apparently piggybacking on, that required the use of Pearson's proprietary software for the first year?

MS. HOOVER: As a contingency it was, because everyone was aware of the time frames. And the Pearson software was going to be a fallback position and all vendors knew that whatever they created had to be interoperable with that software. But all vendors were told to propose their own software that

had to meet certain interoperability standards which probably go beyond my level of IT expertise. But there were pages and pages of interoperability standards. And then in addition to that, PARCC, Inc., the nonprofit organization that is serving a lot of roles under the fiscal agency contract, is actively bidding out a technology contract for the technology assessment. They have received five bids for the technology software that would be competitors, and maybe even Pearson. I don't know who the bidders were. That hasn't been disclosed yet. They haven't reached final negotiations. But they did receive five bids on that. So Pearson software, there are competitors to that.

COMPTROLLER FRANCHOT: Yes, but surely you, you are a procurement officer?

MS. HOOVER: I, no, I am an Assistant Attorney General.

COMPTROLLER FRANCHOT: But you are involved in procurement law?

MS. HOOVER: Yes.

COMPTROLLER FRANCHOT: And you know that one of the biggest complaints about State procurement is that the incumbents, and/or other specialized friends, entities, etcetera, get biased in these RFPs by these kinds of, you mentioned pages and pages and pages of technical software stuff. It sounds to me like it's pages and pages and pages of we want one bid.

MS. HOOVER: No --

COMPTROLLER FRANCHOT: And that, the fact that there's \$60 million in general funds, I thought this was federal dollars, so I was a little, well, what the heck? It's someone else's money, right? Hey, this is \$60 million of general funds and you have one bidder. And then you say, well, that's okay because it's the New Mexico system that produced it. And what if that thing was completely slanted towards Pearson, despite everyone's best intentions? Wouldn't you feel a little bit poorly standing up and telling us to spend our taxpayers' money on that kind of a sole single bid situation?

DR. LOWERY: Mr. Comptroller --

COMPTROLLER FRANCHOT: I mean, or at least not, urging us to limit it to six months so that we are not, we can actually have something where there are other companies bidding who do the same business?

DR. LOWERY: Mr. Comptroller, if I may, not all the states were Pearson, had Pearson as a vendor. As a matter of fact, I would say most did not. So it wasn't like all 12 states and the District of Columbia were with Pearson, and it was slanted toward Pearson. States within the consortium were going to have to change vendors completely. And I do have here with us Trinell Bowman, who was on the actual team, who can probably speak to your question in more detail.

COMPTROLLER FRANCHOT: Okay.

MS. BOWMAN: I guess just one point I would like to raise is that although Pearson was the main contractor for this particular operational

assessment, there were other subcontractors who are leaders in the field. There were four additional subcontractors that are part of the Pearson team. So I want you to understand that it is not just Pearson, that there are additional subcontractors that do test development, etcetera, that are part of the contract.

COMPTROLLER FRANCHOT: But there is one bid.

MS. BOWMAN: Correct.

COMPTROLLER FRANCHOT: Sixty million dollars.

MS. BOWMAN: Correct. And I --

COMPTROLLER FRANCHOT: What, how do we know that is the best price?

MS. BOWMAN: I think one of the big pieces that PARCC was committed to was accessibility and interoperability. So when we talk about the interoperability standards we are looking at how to actually exchange our items from our item bank onto the platform, etcetera. And so it was very important that we look at accessibility, particularly for students with disabilities, English learners. And so we did have very high demands placed on interoperability standards because we want to be able to assess all students and we have not been able to do that in prior years, particularly in Maryland when we think about our different student populations. And so there were a lot of requirements placed on being able to meet the accessibility needs as well as the interoperability of test items for different learners.

COMPTROLLER FRANCHOT: Well, I mean, I don't want to go on and on. I appreciate you folks being here. I've never heard of you before this morning. But otherwise if you weren't here this thing would be going through with all sorts of, gee, what's the problem? Because it's lower than the last one we paid for.

TREASURER KOPP: Can I --

COMPTROLLER FRANCHOT: Same company. I mean, I just, I am just stunned that we are so casual in this bidding process that we would allow something like this to be put in front of us when we know there are five or six companies like Pearson that do this work. And yet we come forward with, oh, hey, uno company.

DR. LOWERY: If I may? Pearson is here and they wanted to respond.

TREASURER KOPP: Can I ask a question about -- as I understand what you are saying is that there are several companies. One of them under, some of them under Pearson came together with Pearson essentially as a lead contractor and then --

DR. LOWERY: That's right.

TREASURER KOPP: -- or subcontractor, and members of the consortium?

DR. LOWERY: That's right.

TREASURER KOPP: All right. That's the first thing. That's what you were explaining. On the other hand, the way it's being presented if it had to be interoperable with Pearson, if that's what your, with Pearson specifically, how could other contractors compete? I mean, what they are saying. I mean, how was it competitive?

DR. LOWERY: So I think to Trinell's point, and we can talk to you more in detail with the actual negotiated part, is we built our test. The consortium knew what we wanted. This is a, the next generation assessment.

TREASURER KOPP: So the test is there that you want.

DR. LOWERY: And so we knew the kinds of accessibility tools we wanted, we knew what kinds of immediacy and feedback we wanted. So we wanted a platform that could accommodate all of the things that we needed. And we did describe and prescribed what we wanted and needed. It needed to be interoperable. And so other folks had the opportunity, just like Pearson did, to come forward with some kind of solution.

TREASURER KOPP: So it didn't say it had to be Pearson?

DR. LOWERY: Absolutely not. Absolutely not. Everybody --

TREASURER KOPP: It didn't have to say it has to be identical to Pearson?

DR. LOWERY: Absolutely not.

TREASURER KOPP: I mean, this is the question. I haven't read the --

DR. LOWERY: Absolutely not.

TREASURER KOPP: Okay.

DR. LOWERY: And because we are the consumer, we are paying our money to buy an assessment, we wanted to build the assessment that we wanted to build with the certain request --

COMPTROLLER FRANCHOT: I respect the Treasurer's questions, and I hear your answer. But it is very perplexing to me. Could I at least hear from that other group that brought this issue up? If the, if the, if it has to be interoperable, what does it have to be interoperable with?

MR. MCGOVERN: Well that's a good question --

SECRETARY MCDONALD: -- use the microphone --

MR. MCGOVERN: I'm sorry.

SECRETARY MCDONALD: We have a court reporter who is transcribing --

MR. MCGOVERN: Happy to answer that question.

COMPTROLLER FRANCHOT: Yes.

MR. MCGOVERN: The problem with the New Mexico procurement was that it was bundled. Basically Pearson was behind on coming up with the software that everybody is supposed to be able to use. It is open

system software. The test items were supposed to be in the public domain. But because Pearson was running behind on development of that software, New Mexico said, okay, for the first year we are going to use Pearson's proprietary software. And AIR's main problem with that is, well, why bundle a procurement that is going to go on for five, six years with a requirement for one year to use a proprietary software system? Buy it for one year, and then compete the additional years. Have another five-year contract to use the open system software that everybody can use. And so the Superintendent --

COMPTROLLER FRANCHOT: And then have more, and have more bids.

MR. MCGOVERN: And have more bids. I think one bid speaks for itself.

DR. LOWERY: If I may? May Pearson come up and respond to some of this? --

TREASURER KOPP: Yes.

GOVERNOR O'MALLEY: Mm-hmm, absolutely.

MS. WALKER: Good morning, Governor, Madam Treasurer, Mr. Comptroller. I'm Karen Walker with the law firm of Holland and Knight and I represent Pearson. The State of Maryland has made an investment in being a member of the PARCC consortium and it has been sitting at the table all along the way while this test has been developed. It has had input in what the test is going

to look like, how the test is going to be administered. The State has put its resources of its Department of Education and many of its educators into the PARCC consortium.

The PARCC consortium has determined that 12 states will administer an assessment that is consistent in design, items, quality, and that that test will be administered across all of those states and the results compared. And there is a benefit of that. There are efficiencies in administration, there is efficiencies in determining that the quality is consistent, and comparing the results.

The PARCC consortium determined that New Mexico would conduct a procurement to try to select a vendor for the operational assessment and New Mexico did that pursuant to its own procurement laws. AIR at the eleventh hour on December 11th, when the bids were due on December 30th, filed a protest to the specifications in New Mexico. That protest was initially denied as untimely but AIR chose not to respond to the New Mexico RFP. And it was an RFP that's based on price and technical responses. Pearson, as already has been mentioned, partnered with many others in the industry to bring to New Mexico what it thought was the best in class for administering the PARCC operational assessments. And it has been mentioned, you know, there is an issue in litigation right now. It is actually not litigation, it is technically an appeal. It is in the District Court in New Mexico. But there is an issue that was raised in the AIR

protest to the specifications about whether the RFP issued by New Mexico required use of the Pearson content development platform in year one. If you read the RFP it does not require that. In fact the RFP says that the content development platform vendor had not been identified at the time that AIR filed its bid specifications protest. Remember, the protest that is on appeal is a protest that was filed in December before the bids were even due and AIR never responded to the procurement.

Once that protest was found to be untimely, AIR appealed it. It proceeded through the court system. Ultimately the judge determined it should be heard on the merits. It was heard on the merits, fully briefed by all parties, heard by the New Mexico State Purchasing Agent. He rightly determined that there was no merit to AIR's specifications protest and AIR has now appealed that matter. New Mexico did follow its procurement rules. This was procured as a price agreement. It states that on page one of the RFP. It states that it is available for other states to use under their purchasing laws, which is what Maryland is proposing to do here today. It is not a situation where New Mexico conducted a procurement that automatically resulted in contracts in multiple states.

The appeal is currently pending. AIR is not doing anything to expedite that. That appeal could last months. There is a 30-day period for filing of the record, 30 days for filing of an initial brief, 30 days for filing a response, and the judge can conduct a hearing. In the meantime PARCC operational

assessment is moving forward in New Mexico. There is nothing legally to stop that. The stay that was in place for a few months until the protest to the specifications could be heard on the merits has been lifted. So New Mexico is moving forward.

Pearson has been working in Maryland to bring your assessments for the 2014-15 school year. The first test will be administered December 1st to high school students. We are ready to proceed with that. And frankly, what AIR is doing is seeking delay and uncertainty that will create inconsistencies with the PARCC consortium that you all have spent so much time and investment in.

With respect to Arizona, Madam Treasurer, as you pointed out, Arizona has withdrawn from PARCC. It is not a PARCC state. Arizona has conducted a competitive procurement. That process is ongoing. It has taken months. It began in July. I believe the award is to be announced in October. There are multiple proposals but I do not believe any of those have been fully evaluated and determined to meet the technical specifications at this point in time. AIR's representatives mentioned Louisiana. Louisiana right now, there is a debate going on about whether they will be involved in PARCC or not. And the Louisiana contract is a contract with a company called DRC which is Louisiana's existing testing vendor. That happens to be a sole source contract. My understanding it is not a PARCC operational assessment as the contract that is before you today would be.

Timing is critical here, as I mentioned. There are deadlines that have to be met for the test to be given to your high school students in December, including uploading student information which begins next week for those exams. There is field testing, a review that has to be done in September for the spring test administration. So this is not something that can wait or be delayed. We believe that there was a competitive procurement in New Mexico. We believe at the end of the day the court will agree with us there and that that contract will proceed and that this contract should proceed also in Maryland. And I'm available to answer any questions.

COMPTROLLER FRANCHOT: Just one quick one. How do you, how can you state that there has been competition?

MS. WALKER: Well a competitive procurement doesn't always mean you have more than one bidder, if it is put out there to the market and people are allowed to respond. And that was what happened. And again, Pearson partnered with multiple vendors. AIR could have gone to the market, partnered with multiple vendors, and submitted a response. And the RFP actually, and I think AIR recognizes in their appeal that is filed in New Mexico, it asked for the vendors to submit a proposal that would include use of their content development platform, their software for all four years. And AIR didn't respond at all.

TREASURER KOPP: So how was it limited, I don't, unfortunately we don't have it before us. If it said that, then how were, how was it limited for the first, was it limited for the first year? What --

MS. WALKER: I mean, this is a debate between obviously the parties in the litigation. But the RFP itself does not say that the Pearson content development platform has to be used. In fact in response to a question that was asked, it said the content development platform provider had not been identified because at the time the bids were due there was no contract for the content development platform provider.

TREASURER KOPP: But there was an understanding of what the content was, what the --

MS. WALKER: There are --

TREASURER KOPP: -- consortium members wanted --

MS. WALKER: There are interoperability requirements. And again, I'm like Ms. Hoover, that is beyond my IT expertise. But my understanding is the interoperability requirements have been known all along since the PARCC consortium began in 2010. They have been out. There is the standards that have been developed --

TREASURER KOPP: They have been discussed.

MS. WALKER: -- and I believe they were part of the Race to the Top Grant with the United States Department of Education initially.

TREASURER KOPP: The attorney? Yes.

COMPTROLLER FRANCHOT: May I just --

MS. BOWMAN: Do you want me to speak to the interoperability

--

TREASURER KOPP: Just to clarify, if you don't mind I would like to hear from our people, first. Excuse me, sir.

MR. MCGOVERN: Oh, I'm sorry.

MS. BOWMAN: So one of the big interoperability standards that Maryland led the effort on that was part of an enhanced assessment grant out of Minnesota was what we call APIP, which is assessable item profile. And so this allows us to be able to tag items individually --

TREASURER KOPP: Right.

MS. BOWMAN: -- for students' needs. So for students who are blind, a student who may need American Sign Language support, students who may need some visual organizers. So it allows us to tag items in different ways that we have never been able to do before. And Maryland led that work in 2009 through an enhanced assessment grant. So we take very seriously interoperability. So that is one of the requirements that is included in the RFP, that the vendor had to be able to support the APIP standard, interoperability standard. We also had additional requirements that are 508 compliant requirements, such as the World Wide Web Accessibility Standards, the usability

guidelines. And so we are trying to make sure that we are being fully accessible to students that have different needs.

TREASURER KOPP: Right.

MS. BOWMAN: And so it is important to us that we have interoperability. So that is some of the requirements that were included in the RFP. And again, Maryland before there was a PARCC consortium, was very actively involved in that particular interoperability standard.

TREASURER KOPP: Right. Right. Got you. Thank you very much.

MR. MCGOVERN: I don't want to argue the entire case before the Board today but I did want to make a couple of points. One is the issue in the litigation is whether New Mexico improperly bundled the requirement for the first year to use Pearson proprietary software. Now the lawyer for Pearson said the content delivery platform vendor had not been selected. Well, Pearson is the content delivery platform vendor. The only reason they were able to answer that question is because they hadn't actually awarded the contract to Pearson yet. Pearson's own proposal for the New Mexico contract states that it will use its proprietary software package for the first year. So those are just two points to think about.

TREASURER KOPP: Because that's a proposal. That's the proposal, not the RFP.

COMPTROLLER FRANCHOT: Yes but --

MR. MCGOVERN: The proposal that was accepted by the State of New Mexico.

TREASURER KOPP: Yes.

COMPTROLLER FRANCHOT: I'm sorry, what's your name?

MR. MCGOVERN: Let me introduce, this is Barry Levine from the American Institutes for Research. And he is intimately familiar with the details of the procurement, what AIR offers, and what Pearson offers.

MR. LEVINE: I just want to speak to the specific point of whether it required Pearson's test delivery system. PARCC announced in an Indiana RFP for the field test that they would use the same content delivery system for the field test as they would for the first operational year, the first year of this contract you are being asked to approve. Throughout -- that was in late 2012. Throughout 2013 PARCC continually issued guidance that said we are driven by compatibility, by your hardware, driven by compatibility with Pearson's test delivery system called Test Now, which will be used for the first operational year, 2014-15.

Another point at litigation, another point in the litigation is that there may have been a conflict of interest between PARCC and Pearson. On December 4th, unknown to AIR before we submitted our protest on December 11th, before December 30th proposals were due, PARCC submitted submissions

to both Arizona in response to an RFI and Florida in response to a proposal that said Pearson's test delivery system will be used during the first operational year. It didn't say the same one as the field test. It identified Pearson. And in fact in the Florida proposal PARCC referred to Pearson as their test delivery partner.

TREASURER KOPP: What --

MR. LEVINE: In Pearson's proposal on December 30<sup>th</sup>, Pearson acknowledged the RFP requirements to use Pearson's test delivery system. The RFP did include a contingency for the offeror to provide their own test delivery system. However, the evaluation criteria, which was beyond the main part, which was to deliver the system using Pearson's test delivery system.

TREASURER KOPP: Madam Secretary, I --

DR. LOWERY: So if I may reiterate, it was a competitive process. We put the protocols, the criteria in the RFP that we needed people, to which we needed people to respond. AIR chose not to respond. They chose to wait until after the process to contest the actual response.

Number two, if we talk about practical, just practical matter, of course if our teachers are moving to a new assessment we are going to field test the platform that they will use with their students the next year. Why would we field test one platform, and then when we are ready to launch for an entire State come up with something completely new and different? And it was a great experience through the field test, but we learned a lot. We learned where our

areas of strength were, and we learned where our areas of needed improvement, the purpose of the field test. Not just the content items, but how this interoperability and the technology platform would work and give our teachers a level of comfort as we move in. So we certainly affirm what you are saying, is that the platform that we used for field tests is now the one that we will use with the first year.

And then thirdly and finally I would like to reiterate the comment from Pearson. We wanted someone to respond to us with a platform. Obviously this is a kind of brave new world for some of our assessment vendors. And we had to have an assessment for this year. Pearson came with a solution. AIR did not choose to bid, nor come with a solution. So that is why we ended up where we are.

COMPTROLLER FRANCHOT: Yes, well that's, if I could just interrupt, that's fine. I can see that assessment. But why didn't anybody else? You have one person before us for a four-year, \$60 million contract. It is the opposite of competition that you are presenting to us.

DR. LOWERY: We have one person, we have one vendor, who by the way, has now partnered with others, and I think AIR certainly could have been one of those, partnered with other vendors to get the assessment to the deliverable that we, the consortium, wanted. So AIR certainly could have been part of the bundle, if you will, to help us get this done.

COMPTROLLER FRANCHOT: One bid.

DR. LOWERY: Well we are the consumer, and we wanted the assessment that we wanted. And they responded.

GOVERNOR O'MALLEY: Not responding to an open bid is also responding to an open bid.

DR. LOWERY: That's right.

GOVERNOR O'MALLEY: Are we done with this?

COMPTROLLER FRANCHOT: Let's fine, let's look up the definition of competition and see if that's in there. Anybody got a google here? Because that's a new one.

GOVERNOR O'MALLEY: There are many, Mr. Comptroller, there are many instances where people don't respond to the bids and then come in the back door and say, golly, we would have responded if only if you had had terms more favorable to us, or if you weren't asking so much of us.

COMPTROLLER FRANCHOT: And there are lots of instances where contracts for, despite our best intentions to have a good efficient government run, are articulated in such a way that there is only one bidder. And this sure sounds like one of them. I wish it weren't because it involves our kids and it's a lot of money. And anyway.

GOVERNOR O'MALLEY: Any other questions?

TREASURER KOPP: No.

GOVERNOR O'MALLEY: Okay.

TREASURER KOPP: I move favorable.

GOVERNOR O'MALLEY: The Treasurer moves favorable, seconded by the Governor. All in favor signal by saying, "Aye." Aye.

TREASURER KOPP: Aye.

GOVERNOR O'MALLEY: All those opposed?

COMPTROLLER FRANCHOT: Emphatic no.

GOVERNOR O'MALLEY: The Comptroller records an emphatic no. That would be one with his hand raised on his right. We now move on to the balance of the Department of Budget and Management Agenda. Any other questions on the balance of the Agenda?

COMPTROLLER FRANCHOT: If -- can I just ask a question, a quick question on question four? Is Dr. Sharfstein here?

MS. FOSTER: Governor, Item 4 is a contract to provide administrative services, an administrative services organization in the behavioral health system. The Secretary is here along with Deputy Secretary Thomas Kim.

DR. SHARFSTEIN: And a few others.

MS. FOSTER: And other members from the department of --

GOVERNOR O'MALLEY: I'm sorry, tell me the item again?

MS. FOSTER: It's Item 4, Governor.

GOVERNOR O'MALLEY: Item 4. Mr. Secretary?

MR. KIM: Governor, Madam Treasurer, Mr. Comptroller, thank you for the opportunity to discuss this procurement. I'll speak briefly to the procurement process that led to today's recommendation of award to ValueOptions. This procurement started over three years ago when the State embarked on its effort to overhaul its behavioral health delivery model. The development of specifications for an RFP included the establishment of a DHMH steering committee which conducted 24 public meetings to evaluate various delivery models. It also held an additional six public stakeholder meetings when the options were narrowed and produced a 310-page report to the General Assembly on the progress in designing a new delivery model.

A couple of points, the RFP was led out on February 4, 2014. Potential offerors had 56 days to respond. Two qualified bids were accepted for consideration. ValueOptions scored higher in both technical merit and in price. Over the five-year contract period ValueOptions was lower in cost by \$25 million. ValueOptions' committed MBE participation is 21 percent, or three percent higher than the posted MBE goal.

While we feel confident in the steps that were taken to procure a new health service model, we understand that there are those who question the policy decisions that were made during the summer of 2013. Secretary Sharfstein will address these concerns. Also present is Deputy Secretary for Behavioral Health Dr. Gayle Jordan-Randolph. Susan Tucker, the Executive Director of

Medicaid Systems, Operations, and Pharmacy will also address any questions as to the department's ability to implement a new delivery service contract.

DR. SHARFSTEIN: Thank you, Mr. Comptroller, Madam Treasurer, Governor. This contract is a major step forward for health in Maryland. Currently there is no rational or coherent system for funding medical substance abuse and mental health care. We have a hodgepodge of funding streams that does not serve the complex patient well. Under this contract by bringing together payment for mental health and substance use treatment for more than 1.2 million people in our State, Maryland will finally be able to make sure individuals who suffer from both mental health conditions and substance use disorders receive the right kind of care. We will be able to assess and enforce high quality standards across behavioral health. We will develop a common data platform for mental health and substance use treatment across the State. And we will be able to implement innovative projects targeting specific populations, including individuals at high risk for overdose, those recently released from prison, individuals with significant medical illnesses. For example, we will be able to, if there is a particular type of patient that we are particularly focused on we can identify them and work immediately across the entire behavioral health treatment system to coordinate their care. The homeless, children at risk for school failure, and others.

The contract supports integrated care for patients. Currently medical care is funded through multiple means. We have eight different managed care organizations, a fee for service system, and Medicare covering a number of our patients. The administrative services organization, which is the contract today, is a platform that can be directed to provide comprehensive support for integrated programs. This is one very complicated problem.

COMPTROLLER FRANCHOT: If I could just interrupt? Unless the other members really want to hear all of this --

DR. SHARFSTEIN: Sure. Okay.

COMPTROLLER FRANCHOT: -- I'm kind of aware of a lot of what you are describing.

DR. SHARFSTEIN: Okay.

COMPTROLLER FRANCHOT: My question is there are some major players in the medical field, like Hopkins and MedStar, and national groups representing psychiatric disorders and alcoholism and patients, etcetera, that had, I think, significant objections to the model that you are suggesting here. So --

DR. SHARFSTEIN: So I --

COMPTROLLER FRANCHOT: -- or have those all been worked out?

DR. SHARFSTEIN: Well in reverse order, we have here representing the patient groups, both for mental illness and substance use

disorders, in support of the procurement. We have, and they can speak to the I think more than a hundred groups that have come together. This was all presented during the legislative session. We had the RFP during the legislative session. Our budget incorporated this, that we would be doing this RFP during the legislative session.

GOVERNOR O'MALLEY: We have been pursuing this safe to say for about six or seven years.

DR. SHARFSTEIN: Yes. And this is --

GOVERNOR O'MALLEY: I mean, with all due respect, we started, we were looking, before Dr. Sharfstein joined us --

DR. SHARFSTEIN: Right.

GOVERNOR O'MALLEY: -- we were searching for better ways to take better care of those citizens who suffered so greatly --

DR. SHARFSTEIN: Right.

GOVERNOR O'MALLEY: -- and cost everyone so much money being played back and forth across the ping pong net --

DR. SHARFSTEIN: Right.

GOVERNOR O'MALLEY: -- between mental health and drug treatment such as we were able to provide, not to mention their own physical challenges given the rigors of those other diagnoses. So it predated Dr. Sharfstein. But go ahead, doctor.

DR. SHARFSTEIN: So I think that we have had a very inclusive public process and the vast majority of people are supportive from that. It is true that Johns Hopkins is not, and has expressed concerns primarily around their managed care organization within the Medicaid program. And the fact that right now some substance abuse is funded through managed care organizations. And we would be making that, taking that, funding and putting it towards this cohesive platform for both mental health and substance use treatment. We think that even at Hopkins, fewer than 40 percent of the, or 50 percent of the patients that they see with severe mental health illness, are in their managed care organization. It is very much our belief that they will be able to do, get more to integrate care for all the patients they are seeing in the public system and well beyond the fraction that are in their managed care organization. So we think that it, you know, I appreciate their interest and some of the progress that they made we think we'll be able, that this approach will be able to accelerate it. And we have enthusiastic support from many people in the system now.

COMPTROLLER FRANCHOT: Well, that's good. Because I'm told that in addition to Hopkins, folks that have reservations are MedStar Health, Maryland Addictions Directors Council, National Council on Alcoholism and Drug Dependence, Maryland Psychiatric Society, and also some community based service providers who had objections when all this was brought out. The only question I have is have their concerns been met? And --

DR. SHARFSTEIN: The National Coalition for Alcohol and Drug

Dependence wrote a letter of support. So I would be --

COMPTROLLER FRANCHOT: And then the final question I had was, you know, the Governor references a long time ago, or that he has been working on this. I remember the hospital over on the Eastern Shore that over my objection we closed.

DR. SHARFSTEIN: Right.

COMPTROLLER FRANCHOT: And I think at that point you were saying we're going to get rid of all these State-run facilities and move everything over to rural hospitals, etcetera. Was that not --

DR. SHARFSTEIN: That was before my time. So I'm going to turn to Dr. Jordan-Randolph.

GOVERNOR O'MALLEY: I remember that tough decision well.

COMPTROLLER FRANCHOT: Yes.

DR. JORDAN-RANDOLPH: Good afternoon, Madam Treasurer, Governor, Comptroller. The Upper Shore was closed five years ago. In an effort to expand community-based services for the population and the community of the Eastern Shore, we transferred that money to the community, which allowed for the expansion of crisis services on the Eastern Shore, residential rehab services on the Eastern Shore, assertive community treatments for the Eastern Shore, and diversion programs on the Eastern Shore for the local detention centers. So in an

effort to expand access to lower levels of care, and to support collaboration and communication on the Shore, that money from the Upper Shore was transferred to the Eastern Shore for service agencies.

COMPTROLLER FRANCHOT: So that policy was successful?

DR. JORDAN-RANDOLPH: It is successful and it continues to grow.

COMPTROLLER FRANCHOT: And are we doing it in other areas around the State?

DR. JORDAN-RANDOLPH: We have expanded access to crisis services. We have enhanced access to assertive community treatment teams. We, through our existing ASO, actually have an intense care management project that follows high utilizer programs. We share data. We share authorizations data and claims data. We also, through ValueOptions Maryland, link through the Department of Public Safety through data link to ensure collaboration and communication for continuity of care for people that get arrested. We also have a collaboration with the Department of Rehab Services, again through ValueOptions, in terms of linking and sharing information. This is all in existence and it plans to be expanded with the new contract.

COMPTROLLER FRANCHOT: And we are closing the mental health centers, like the Upper Shore? Just like that?

DR. JORDAN-RANDOLPH: The Upper Shore was closed. There are no plans to close any other State facilities.

COMPTROLLER FRANCHOT: Well that's, geez, but I thought that was the policy? We're going to close Upper Shore and give the money to the community, and that's a better policy?

DR. JORDAN-RANDOLPH: Well the policy, the intention was to expand access to lower level services to reduce the overreliance on inpatient and hospital level of care. And it worked.

GOVERNOR O'MALLEY: And that's what we did.

DR. JORDAN-RANDOLPH: And so people, yes, and so people receive services where they live as opposed to in a hospital.

DR. SHARFSTEIN: Yes. I would just add two things. One is that in Dorchester County the health enterprise zone has a major focus on crisis intervention. And also I think that the broader issue that you are raising comes together quite a lot with the criminal justice system. Because if you look at who is actually served in our psychiatric hospitals the vast majority of them are involved in the courts in some way. So ideally we, you know, we would be able to in general have a lower inpatient footprint. But that is a much more complex issue because of the courts.

COMPTROLLER FRANCHOT: Got you. I'm fine.

GOVERNOR O'MALLEY: Any other questions? Madam Treasurer? No? Yes? Okay. Let's hear from those who want to be heard in opposition to this one.

COMPTROLLER FRANCHOT: Nobody.

GOVERNOR O'MALLEY: Okay. Are you good on this one?

COMPTROLLER FRANCHOT: Mm-hmm.

GOVERNOR O'MALLEY: The Comptroller move approval, seconded by the Treasurer. All in favor signal by saying, "Aye."

THE BOARD: Aye.

GOVERNOR O'MALLEY: All opposed?

(No response.)

GOVERNOR O'MALLEY: The ayes have it. We move on to the balance of the Department of Budget and Management Agenda items. Any questions on the balance of the Department of Budget and Management Agenda items?

COMPTROLLER FRANCHOT: Move approval.

GOVERNOR O'MALLEY: The Comptroller moves approval, seconded by the Treasurer. All in favor signal by saying, "Aye." All opposed?

(No response.)

GOVERNOR O'MALLEY: The ayes have it. Okay. We now move on to the University System of Maryland Agenda items. University System of Maryland?

MR. STIRLING: Good afternoon, Governor, Madam Treasurer, Mr. Comptroller. We have three items on today's Agenda and will be happy to address any questions.

COMPTROLLER FRANCHOT: Move approval.

TREASURER KOPP: Second.

GOVERNOR O'MALLEY: The Comptroller moves approval, seconded by the Treasurer. All in favor signal by saying, "Aye." All opposed?

(No response.)

GOVERNOR O'MALLEY: The ayes have it.

MR. STIRLING: Thank you.

GOVERNOR O'MALLEY: We move on now to the Department of Information Technology.

MR. URBAN: Good afternoon. I'm Greg Urban with the Department of Information Technology. Thank you, Mr. Governor, Madam Treasurer, Mr. Comptroller. We have three items on the Agenda today. I'd be happy to answer any questions for you. I do want to point out on Item 1, it lists an MBE participation of none. There will be MBE participation at the task order level underneath the master contract.

GOVERNOR O'MALLEY: Okay. Mr. Comptroller moves approval, seconded by the Treasurer. All in favor signal by saying, "Aye."

THE BOARD: Aye.

GOVERNOR O'MALLEY: All opposed?

(No response.)

GOVERNOR O'MALLEY: The ayes have it.

MR. URBAN: Thank you.

GOVERNOR O'MALLEY: We move on now to the Department of Transportation, the ever patient Jim Smith.

MR. SMITH: Good afternoon, Governor, Madam Treasurer, Mr. Comptroller. Jim Smith, representing MDOT. MDOT is presenting nine items. I would be happy to answer any questions.

GOVERNOR O'MALLEY: Any questions on this? The Treasurer moves approval, seconded by the Comptroller. All in favor signal by saying, "Aye."

THE BOARD: Aye.

GOVERNOR O'MALLEY: All opposed?

(No response.)

GOVERNOR O'MALLEY: And the ayes have it. We move on now to doing great services, Al Collins.

MR. COLLINS: Good afternoon.

GOVERNOR O'MALLEY: Department of General Services,  
even more patient than Jim Smith.

MR. COLLINS: Good afternoon, Governor, Madam Treasurer,  
Mr. Comptroller. Governor, I thank you for those great words. We do great  
services. Al Collins, Secretary of the Department of General Services. We have  
22 items on our Agenda. We will be glad to answer any questions you have on  
these items.

GOVERNOR O'MALLEY: I think it was all clear. The  
Comptroller moves approval, seconded by the Treasurer. All in favor signal by  
saying, "Aye."

THE BOARD: Aye.

GOVERNOR O'MALLEY: All opposed?

(No response.)

GOVERNOR O'MALLEY: The ayes have it. And that concludes  
our Agenda. Thank you all very much.

(Whereupon, at 12:15 p.m., the meeting was concluded.)

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