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PRESENT

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Governor

HONORABLE NANCY KOPP,
Treasurer

HONORABLE PETER FRANCHOT
Comptroller

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Secretary, Board of Public Works

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PROCEEDINGS

GOVERNOR HOGAN: Good morning, everyone.

ALL: Good morning.

COMPTROLLER FRANCHOT: Big crowd.

GOVERNOR HOGAN: We've got standing room only here today.

That's good. I don't know -- something must be on the Agenda that they didn't tell me about. Are they giving away free stuff or something? What's up?

(Laughter.)

GOVERNOR HOGAN: Well I'm pleased to have joining us this morning members of the Fort McHenry Tunnel Maintenance Crew: Mark LaRue, Henry Plum, Peter Mulligan, and Jeffrey Standiford.

On February 18, 2018, these four outstanding State employees were on I-695 returning to their job site after assisting an injured colleague when they encountered a woman who had exited her vehicle and was stumbling into oncoming traffic, while attempting to flag down passing motorists. The maintenance crew immediately jumped into action. They activated their emergency lighting to shield her from traffic and safely escorted her to safety. The crew ascertained that she was overdosing on heroin and that a self-administered dose of Narcan prior to their arrival had been ineffective. So she needed immediate help. The crew radioed for police and EMS support, prevented

her repeated attempts to step into the roadway, and established a safe area for arriving law enforcement and emergency personnel.

Crew supervisor Jeffrey Standiford, a longtime volunteer firefighter in Harford County, continually assisted the victim and kept incoming emergency personnel apprised of her condition until she could be transported to the hospital. Despite being outside of their assigned area and outside of their assigned job responsibilities, these brave crew members recognized danger and they took action. And their bravery helped save not only the life of the victim, but prevented collisions and other potential injuries. And they went above and beyond the call of duty. And that's why this morning, we're going to present each one of them with a Customer Service Award. So please -- I want to have them come forward and let's give them all a big, huge round of applause.

(Applause.)

GOVERNOR HOGAN: Let's get a picture with these guys. Hold these up. Everybody smile. You guys thank you. Great work. We really appreciate it.

(Applause.)

TREASURER KOPP: What a blessing that they were there.

GOVERNOR HOGAN: Isn't it great? I know. Wonderful.

Yesterday the Board of Revenue Estimates, chaired by Comptroller Franchot, had some pretty good news. They announced a \$732

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million increase in expected revenues for the current and upcoming fiscal years. These new projections reflect the improving trajectory of our growing economy. Maryland has gained over 108,000 jobs, including 8,000 just last month. Wages are higher, up nine percent. And more businesses are open and more people are working than ever before in the history of our State.

Comptroller Franchot has cautioned, and I absolutely agree, that our progress should not be used as an excuse to abandon the prudent and responsible steps that together we have taken over the past four years to get our fiscal house in order and to eliminate the \$5.1 billion structural deficit. Our hardworking families, retirees, and small businesses are expecting us to continue heading in this positive direction. And I want to especially compliment Comptroller Franchot and his team, Treasurer Kopp and her staff, as well as Secretary Brinkley and our folks at the Department of Budget and Management. All of them have been instrumental in this bipartisan effort to --

TREASURER KOPP: And, Governor, the Legislative Fiscal Services. Which means this is the consensus not only of the executive branch, the Comptroller, and the Treasurer, but the Legislature as well.

GOVERNOR HOGAN: We're glad we got the Legislature on board as well.

(Laughter.)

TREASURER KOPP: Maryland is unique in having consensus revenue estimates and its one of the bases for your AAA bond rating.

GOVERNOR HOGAN: Well we sure appreciate that. But we are trying to assure Maryland taxpayers that their State government can be a responsible fiscal steward of their tax dollars. And quite frankly, if the folks down in Washington are looking for an example about how to work together in a bipartisan manner to get the job done, they only have to look a few miles down to road to what we've been able to accomplish here with our colleagues here in Annapolis.

Now with that, I'll turn it over to my colleagues for opening remarks. Comptroller Franchot?

COMPTROLLER FRANCHOT: Yeah, no, I find it to be a source of real personal pride that we're able to look at the fiscal issues in a bipartisan manner. And the Treasurer is correct, that we have a unique collaborative approach towards these revenue estimates. Lots of states have a legislative estimate and a Governor's estimate and someone else would come in with another estimate and nobody really knows what's going on. So the Maryland system really does work and I'm proud to be a part of that process. I don't deserve all that recognition, frankly, because our staff obviously are the people that are putting together these estimates.

But there's a tremendous amount of new revenue that is slated to come to the State of Maryland. And the Governor is correct, my strong prescription is that business cycles come and they go. And we should be banking a significant amount of that until we understand exactly at what point we are in an up cycle as opposed to a down cycle.

My first act as when I was elected years ago to Comptroller was to preside over the Board of Revenue Estimates where we were writing the estimates way up. And within a year, we were taking \$1 billion in cash out of State spending because of the down turn. So yes, the economy is solid. We're headed in the right direction. We've got all sorts of good things going on. And but we just have to watch out for things that frankly we don't have a lot of control over.

One thing we do have control over is the new Allegany High School out in Cumberland that I visited. And I just wanted to indicate to people that if you're out in the Cumberland area and you are able to stop by this high school, you're going to see something very special and very state of the art, very unique. Governor, I'm told you were in attendance at the official grand opening last month.

GOVERNOR HOGAN: We missed you there but --

COMPTROLLER FRANCHOT: Well I was, I had some kind of conflict so I couldn't make it. But I did make it out there with the Superintendent of Schools Cox and with the principal and a whole group of people that took me

around. And I was just, I loved it that after years of advocacy from parents, students, teachers, and elected officials, that this replacement school is up and running. The previous school was 93 years old. I was proud to be among the new school's strongest supporters over the years and the additional space and technological resources that this building provides are critical to growing Western Maryland's economy and educating the next generation of innovators, problem solvers, and entrepreneurs for our State.

This new building is a testament to what can happen when thoughtful planning, careful research and due diligence goes into building a new school. An environment is created that facilitates the learning process while empowering students to make their own smart choices and drive their educational goals. Every student in this State deserves to learn and thrive in a school like Allegany High and I for one am very proud of the work that this Board has done over the years to advance school construction projects that provide safe, healthy, and modernized learning school facilities in every corner of the State.

So let me congratulate the folks of Allegany County and when you go out there you'll notice that there is a rather amazing design to this school. First of all, it's as if you're outside because there's so much natural light that comes into the school. But half of the school has been designated as the activities part of the school, and half of the school, the other half has been dedicated to academic studies. And in the middle of it is something they call Main Street. And this is a

long, open corridor that the kids have essentially adopted as their place to collaborate, meet, the clubs, etcetera, informally can meet there. Kids are sitting on the floor. And it is a unique kind of town center, I guess I would call it, in this school. And hopefully other schools are designing something like that because they have what's called the power hour, which is from 12:00 to 1:00. All of the kids in the school are on Main Street meeting with each other. It's something to see and think about as far as a breakthrough design.

GOVERNOR HOGAN: That's great. Maybe downstairs in the Rotunda we can do it.

COMPTROLLER FRANCHOT: Yes.

(Laughter.)

GOVERNOR HOGAN: Main Street where we could all get together every day as well --

COMPTROLLER FRANCHOT: Yeah.

GOVERNOR HOGAN: -- and talk about things together.

COMPTROLLER FRANCHOT: Yeah.

GOVERNOR HOGAN: But thank you for bringing that up. The oldest school in the State, 93 years, and we finally got a new school in Allegany County. And the very same week we opened up five brand new schools in Baltimore City. We're going to have 28 schools that will have done in Baltimore City, 124 new schools all across the State. But the folks in Allegany County, I

think after 93 years they finally deserved that new school. That old one was, didn't quite have the Main Street or the windows and the views. It was a pretty bad school.

COMPTROLLER FRANCHOT: Yep. Yep.

GOVERNOR HOGAN: And finally, we're happy to get that finally off the ground.

TREASURER KOPP: Can I say, it certainly did need replacing. And I recall that Senator Edwards --

GOVERNOR HOGAN: Yes.

TREASURER KOPP: -- was very, very aggressive in his leadership to do that. But on the other hand, it had been wonderfully maintained -
-

GOVERNOR HOGAN: Yeah.

TREASURER KOPP: -- for decades. Which is why one of the reasons it could be the oldest school. They, in the face of adverse weather and all sorts of different things, they just have always done a terrific job out there in Western Maryland in maintaining their schools.

GOVERNOR HOGAN: Thank you. Madam Treasurer?

TREASURER KOPP: Yeah, I'd like to build just for a moment on what the Governor and Comptroller said about the revenue estimates. And I do believe the third member of the Revenue Estimates Board, Secretary Brinkley,

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would agree, this is good news. But it's good news in part because of a significant increase and recognition of increase in capital gains. And capital gains, as the Comptroller said, are very volatile.

The Legislature enacted, with the help of the Department of Budget and Management Fiscal Services and their staff, a system for essentially capturing how much, putting a cap on the amount of volatile capital gains we recognize and putting everything over the cap essentially aside in a -- not lockbox, but aside so that you don't build it into ongoing spending. Which I think was a terrific move. So we recognize the volatility, but we're attempting to contain the impact of volatility.

I would say also that while employment is steady, it's growing quite slowly. And in fact the federal sector for the last two quarters has been going down. So you mentioned those folks in Washington and at the other end of Route 50. I think we do have to keep an eye on that because it's obviously so important. But with all the cautionary concerns, this is good news and should help us as we continue to address the fiscal deficit, the structural fiscal deficit, in the future.

So yeah, it was, and I want to add my thanks to the Comptroller's and the Governor's, to Andy Schaufele, the head of the Bureau of Revenue Estimates, a brilliant man. And the fact that building on this consensus system, the revenue estimating monitoring group, which incorporates members of the

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Budget and Management Department, the Treasurer's Office, the Comptroller's Office, and the Legislature's Fiscal Services, do go through all of these numbers before they come to the Board. So they are solid. They are solid numbers.

GOVERNOR HOGAN: Sounds good. Thank you.

TREASURER KOPP: It is. It is.

GOVERNOR HOGAN: I think we're going to move to Secretary McDonald and the Secretary's Agenda.

SECRETARY MCDONALD: Thank you, Governor. Good morning. Good morning, Madam Treasurer, Mr. Comptroller. We have 15 items on the Secretary's Agenda this morning and are prepared for any questions you may have.

GOVERNOR HOGAN: I'd like to highlight Item 5.

SECRETARY MCDONALD: Item 5, I do believe Secretary Holt is here. And this is the Department of Housing and Community Development, their annual Baltimore Regional Neighborhood Initiative.

GOVERNOR HOGAN: Yes. So this item, Mr. Secretary, thank you for bringing this before the Board. It seeks approval for \$3 million in awards to 51 projects from the Baltimore Regional Neighborhood Initiative. These funds will go towards affordable housing and homeownership programs, as well as investments in small businesses and neighborhood revitalization. This initiative demonstrates how strategic investments in affordable housing and small business

can lead to healthy communities with a growing tax base and enhanced quality of life. Thank you, Mr. Secretary, for being here.

MR. HOLT: Well, thank you. This is very much grassroots and the folks in the audience here, Florence Larry (phonetic) from Wayland Village 2 --

GOVERNOR HOGAN: That's why we have such a crowd today. Now --

MR. HOLT: Yeah.

SECRETARY MCDONALD: There's more coming in right now, actually, I think.

MR. HOLT: I think I'll just give one simple example of really how important this is. The Hoan Building was really an anchor employer in Baltimore City for generations. It was where a lithographer managed a business for nearly 100 years. And all of East Baltimore was employed by that business. Unfortunately it closed and so you had a facility with over 100,000 square feet of empty space, a very important historical building, and strong City life have worked very diligently. This capital really is going to support leveraging the private sector to serve as anchor tenants in the Hoan Building. And I'm pleased to announce that 27,000 square feet have been committed by ABC Builders as the anchor tenant in the Hoan Building. And Morgan State University is evaluating strongly whether they want to put a construction management division, an

architectural division at that location. And so just tremendous excitement, tremendous activity. And I think that we can really attribute the Baltimore Regional Neighborhood Initiative for all of this success. So we're extremely gratified and thankful to you.

GOVERNOR HOGAN: Thank you, Mr. Secretary. I see a couple of our distinguished representatives from Legislative District #6, Senator Johnny Ray Salling, and Delegate Rick Metzger. I don't see anybody signed up to testify but I see them in the front row with notes in their hand. Do you guys have something you want to talk about on this item? Or is it some other item?

DELEGATE METZGER: Senator, you go first.

GOVERNOR HOGAN: Senators go first.

SENATOR SALLING: Thank you kindly. First and foremost, I want to thank the Board and for the people that work for this great State for the great things that you have done already. I am not the one that sees that by myself. I think our district, Baltimore County, the State sees the great things that you continue to do. And I want to thank you for your hard work.

We see some of the things that we want to continue to do to work in Dundalk and Essex in our district. The Renaissance Group, which I was happy to see the Secretary did come out and meet with them and talk with them for a bit, I want to thank him for his time. We see great things that are happening at Tradepoint Atlantic. But there's effect in that. We see homeownership picking

up. We're happy about that. We see the cost of living there is very affordable in that area. So it's a great thing that we do have. But we've seen the interest in the area, where the Dundalk Renaissance Group has done such great work in the area. So I just want to say more than anything, every part of this is going to be used wisely. And it can be done in such a way that people that can't afford a home is going to have the opportunity to have a home. And I've seen this firsthand, Governor.

So I thank God for you. I thank God for the people that continue to work hard for us. And more than anything, I thank people in the Dundalk Renaissance that's been working with our people and that has made a difference. And more than anything, I thank your staff. I thank the Secretary here of Natural Resources that came out personally and gave a personal interest in our area. I can't say enough for your staff, Governor. More than anything. We have a good, we have good people that continue to work in my community, and I see that, but I hear it throughout the State. That we continue to work and do great things in our State. Because we don't need to stop. So I want to thank you so much --

GOVERNOR HOGAN: Thank you very much, Senator.

SENATOR SALLING: -- and we'll see some good things. Thank you very much.

GOVERNOR HOGAN: Well thank you for your great representation of that area. We love Essex and Dundalk, that's for sure.

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SENATOR SALLING: Thank you.

GOVERNOR HOGAN: Delegate?

DELEGATE METZGER: Good morning, ladies and gentleman. Governor, I have to tell you you were sorely missed on Saturday.

GOVERNOR HOGAN: I'm so sorry I wasn't there. I think that might be the first time I haven't been.

DELEGATE METZGER: Right.

GOVERNOR HOGAN: But I try to make Essex Day and the Dundalk Parade every year.

DELEGATE METZGER: It's a fabulous event.

GOVERNOR HOGAN: You guys represented me well, I'm sure.

DELEGATE METZGER: It's a fabulous event. I'm in support of this program that's taking place in Dundalk at the Dundalk Renaissance Center. Ladies and gentlemen, I've had people to walk up to me and say, Delegate, thank you so much for the initiative that you guys are taking. And I'm having a first time home buyer seminar with several bankers and some constituents and I've got a Hispanic interpreter that's going to be working with us as well. And the people are just excited to turn renters into homeowners, and that's what is exciting. This will help us and get things rolling. God bless you. Thank you so kindly.

GOVERNOR HOGAN: Thank you, Delegate.

TREASURER KOPP: Governor, could I add, I think the legislators are quite modest. This program, the Baltimore Regional Neighborhood Program, was actually created by the Legislature. Among other things, it brought the whole region together, the City, Anne Arundel County, Baltimore County. And this is one example of a terrific program. We've said that before to Secretary Holt. I think this is working tremendously well. There were some glitches in the beginning after it was codified in 2013, and I'm sure you'll agree now some mandates, Mr. Secretary, are not so bad, this being one of them. But you can really see the impact on communities. I've been there. And once you start something, people take hope and initiative and the momentum is there. And I just, I think you guys deserve an awful lot of credit.

GOVERNOR HOGAN: Yes --

SENATOR SALLING: I'd like to say one more thing. You're right. It affects Baltimore City. It affects Baltimore County. It affects certain areas in the area. But they all work together.

TREASURER KOPP: Yeah.

SENATOR SALLING: And that's what it's about. Baltimore City and Baltimore County and the areas are working together to make a difference. And you are so right. So thank you.

GOVERNOR HOGAN: Thank you, Senator.

COMPTROLLER FRANCHOT: I'd like to chime in, please, because I'd like to echo the Governor and the Treasurer. I think this is a great program. It's not just in Baltimore. Obviously Baltimore, the region there has a tremendous need for investments. But these grants are also given around the State. And I think they revitalize communities and neighborhoods elsewhere. And the Legislature, or whoever is responsible, I'm all for it. I think the Governor and his staff are, obviously under Secretary Holt, are selecting these.

But as long as we're talking about Secretary Holt, I'd like to take a moment of personal privilege. The Secretary and his team took time out from their busy schedule to brief me recently about the Opportunity Zone Program in Maryland. What's that? Oh, a brand new program. A big part of the federal tax cut. Nobody really paid any attention to it when they passed it in December. But we're talking about something that I believe is going to be a game changer for the State of Maryland and for Baltimore specifically. I call it a new deal for Baltimore.

What is it? It's a program which authorized the Governor to select 149 Opportunity Zones across the State, part of a nationwide initiative created by the federal tax cut. It will feature a new federal tax incentive designed to drive long term private investment to distressed communities all across the country. Key here is we're not just appealing to Maryland resources. There's money all

over the United States of America that is going to be directed to whichever states step up and take advantage of this game changing incentive.

I just want to thank the Secretary and his team at DHCD for personally briefing me on the program and I want to associate myself obviously with the support that the Hogan administration is showing for these new Opportunity Zones. There is something incredibly unique and special, I believe, hundreds of millions, billions of dollars of private sector money will come from outside of Maryland to Maryland. Private sector money. And it's going to be something to behold. Mr. Secretary, thank you. He's one of the country's leading experts now on it because he's been briefed shortly before me. No --

(Laughter.)

COMPTROLLER FRANCHOT: -- but seriously --

GOVERNOR HOGAN: You're the second leading expert.

COMPTROLLER FRANCHOT: Yeah.

(Laughter.)

COMPTROLLER FRANCHOT: But seriously, Ken, thank you for this. And please keep the Board apprised as you move forward.

GOVERNOR HOGAN: Well I want to thank you both for complimenting Secretary Holt and I couldn't --

TREASURER KOPP: A former legislator, as you pointed out.

GOVERNOR HOGAN: I was going to say --

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(Laughter.)

GOVERNOR HOGAN: -- he, like my two colleagues here and the two distinguished members from Essex and Dundalk, he's also a former legislator. I'm the only one not a former legislator. I never held office before. But I thank you very much. And I'm so excited about these opportunities. And with 149 of them, every single county in the State, all 24 jurisdictions, the City, all throughout the State. And it's going to make a tremendous difference. And we're working on additional incentives to try to encourage more growth there. It's going to attract private sector development. It really can be a game changer in areas that really could use a shot in the arm. So thank you, Secretary Holt. Are there any other questions on the Secretary's Agenda?

COMPTROLLER FRANCHOT: Move approval.

GOVERNOR HOGAN: So --

TREASURER KOPP: Could I just point out on the BRNI program, by the way, that another legislator just came to mind.

GOVERNOR HOGAN: Yeah?

TREASURER KOPP: Pete Hammen was the one who drove it in 2013 and now is working --

GOVERNOR HOGAN: Thank you.

TREASURER KOPP: -- in the City trying, among other things, to implement it.

GOVERNOR HOGAN: Thank you for recognizing Pete.

TREASURER KOPP: So it's the State and the locals working together.

GOVERNOR HOGAN: Absolutely. So there's a motion to approve the Secretary's Agenda. Is there a second?

TREASURER KOPP: Second.

GOVERNOR HOGAN: Second? Motion carries three-zero. We'll move on to the DNR Real Property Agenda.

MR. BELTON: Good morning, Governor --

GOVERNOR HOGAN: Good morning, sir.

MR. BELTON: -- Madam Treasurer, Mr. Comptroller.

GOVERNOR HOGAN: What happened to the beard?

MR. BELTON: It got lost along the way.

GOVERNOR HOGAN: I kind of liked it.

(Laughter.)

TREASURER KOPP: Oh, it's you again.

(Laughter.)

GOVERNOR HOGAN: And you kind of looked like a natural resource guy out in the woods, lumberjack kind of --

MR. BELTON: You may not have seen the last of it but --

(Laughter.)

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MR. BELTON: -- for the record, the beardless Mark Belton, Secretary of the Maryland Department of Natural Resources, we have nine items on our Real Property Agenda for your approval this morning.

GOVERNOR HOGAN: Do we have any questions on DNR? Is there a motion?

COMPTROLLER FRANCHOT: Move approval.

GOVERNOR HOGAN: Second? Three-zero on DNR. You move much faster without the beard.

(Laughter.)

GOVERNOR HOGAN: Next up is DBM Agenda.

MR. BRINKLEY: Good morning, Governor --

GOVERNOR HOGAN: Mr. Secretary.

MR. BRINKLEY: -- Mr. Comptroller, Madam Treasurer. The department has submitted nine items for today's Agenda items. 1-S and 5-S-MOD have been revised. Item 9-S is a hand-carry item. For the record, I'm David Brinkley, the Secretary of the Department of Budget and Management and I have people here to address any concerns or questions you may have.

GOVERNOR HOGAN: Questions on DBM?

TREASURER KOPP: Governor, I do have a question about, not exactly a question, but Item 1. A terrific program --

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MR. BRINKLEY: Jade Gingerich, Director of Employment Policy and Programs, should be here.

TREASURER KOPP: And I understand a representative of the Maryland CASH Campaign also, which is --

MS. GINGERICH: She's stuck out in the lobby. I told them to tell her to let her back. So hopefully she'll be able to come. So, but go ahead.

TREASURER KOPP: I was just going to say, as you know, I chair and the Comptroller is a member of the Board of the Maryland 529 Program, which has under its purview the ABLE program.

MS. GINGERICH: Mm-hmm.

TREASURER KOPP: And this is one great step forward between the Department of Disabilities and the PROMISE program, the Maryland CASH Campaign, and ABLE. And I just think perhaps you could take two or three minutes just letting people know what this great, it's a terrific initiative.

MS. GINGERICH: Great. Thank you. Thank you so much, and good morning. So I'm Jade Gingerich. I'm Director of Employment Policy for the Maryland Department of Disabilities. I also serve as the PROMISE Project Director. PROMISE was a federally funded research grant. We had five years and were required to recruit over 2006 youth between the ages of 14 and 16 on SSI. And for those of you who are not aware, SSI means that not only do you have a disability but you also are in poverty. And the intent was to provide a

series of four interventions to enhance the employment and educational outcomes for youth with disabilities and their families. And so we had 997 that were randomly assigned and we are winding down the active intervention piece and now we're moving into our systems change and capacity building aspect. Because our goal is to figure out what can we be doing differently in the State.

One of the four interventions was financial education because we also receive benefits counseling earnings through work and if we help people to have more money we also have to help them to make better choices with the money that they have. And we partnered with MD CASH. And I'll bring Robin up, they let her back, to talk a little bit about what we did and what we're going to be doing in partnership with ABLE going forward.

GOVERNOR HOGAN: Thank you.

MS. MCKINNEY: Great. Good morning.

GOVERNOR HOGAN: Good morning.

MS. MCKINNEY: Thanks so much for having me. Robin McKinney, CEO and co-founder of the CASH Campaign in Maryland. So it's been a real pleasure to work with the Department of Disabilities for the last five years. We were so excited to be integrated. We're actually the first state to include financial education into this. It wasn't a core part of the program. And we've learned a lot over the last five years and had some great success.

We had 85 classes across the State of Maryland. What was different about these classes is that it was really focused on both the youth and their families together. Because we understand that the youth needs one set of things but if they're not, if their family isn't learning at the same time then they don't have those role models that support back in their house to go to. So all in all, we had 450 youth attend the workshops and 154 of their family members. So again, showing that sort of two generation approach.

The topics were, the most popular class was Living on Your Own. Not surprising that teenagers would want to know how they could be on their own after they were able to move out from their parents' house. They learned about banking, about credit, about the basics about how money works. These are really foundational skills. And because we were integrated into the system, you know, this was through referrals from the case workers, from the employment specialists, from the benefits counselors, we were all really working as a team so that everybody could bring their strengths to the table. And we had 47 members access the financial counseling services for about 77 sessions. And what we learned from that is that people need one on one support and they need it in their community. So we deployed people, not just from Baltimore, but we actually had staff all across the State so people could have it in their neighborhood. And so the next phase of that is to say, well, how do we carry that forward? And one way is now the ABLE accounts are up, which are really important accounts, to help

youth with disabilities to protect their savings so that they don't lose them because of federal asset limits, which would, basically where they would lose their benefits if they have savings which is really a disincentive.

We want to get as many youth as possible so we have a very aggressive goal to get 300 youth into these accounts by the end of this year. So in three months we want to get 300 youth.

And then the next is, how do we take all of this that we've learned around how to help youth with disabilities and their families more integrated across all the different support systems and all the different agencies? So whether it's through workforce, you know, education, how can we make sure that what we've learned actually carries forward so that we have this legacy from this great five years of investments that we've had from the federal government, how do we make sure that that really carries forward?

GOVERNOR HOGAN: Well thank you both very much.

COMPTROLLER FRANCHOT: I just want to make sure everyone knows Robin McKinney is the leading advocate of helping people understand finances, particularly individuals that are struggling. What is the organization?

CASH? What does that stand for?

MS. MCKINNEY: It stands for Creating Assets Savings and Hope, and we serve about 27,000 people across the State every year and bring back \$33 million in tax refunds.

COMPTROLLER FRANCHOT: Well --

MS. MCKINNEY: It's 750 volunteers.

COMPTROLLER FRANCHOT: So everyone knows I don't like standardized tests because I think they are way too big a, way too costly and are not really associated with accountability in our school system. But I would love to have a financial literacy test required of graduating seniors to show that they understand what a budget is and what compound interest is and what wealth is and what the stock market is, and just the basics. And Robin, I just want to take my hat off to you and your folks that work with you. Because the fundamental source of human unhappiness in the world is having no strategy for your finances. It's not necessarily how much money you make. I don't want to have people misinterpret that. But I meet a lot of rich people who are miserable because they are just out of control, and a lot of low income individuals are desperate. Because they can't figure out a strategy. There's always a strategy. And if we could just teach it to our, or force our kids to at least look at it at school, I think we'd have a lot more personal happiness and avoid a lot of personal distress which financial insecurity produces. And so I consider it to be one of the highest responsibilities, financial literacy, what you represent, Robin. And thank you for that.

TREASURER KOPP: Governor, could I add also my thanks to Robin for all she has done in a number of different areas, and the Maryland CASH Campaign. Financial literacy is absolutely essential, although it does not

take the place of a living wage. It is necessary along with a living wage that can support a family. But this particular program, we instituted ABLE, the Legislature, the Governor, the federal program, copied on the federal program, instituted ABLE as a tax benefitted savings program for the disabled and as you said in a way that allows them not to sacrifice social security income. And it was great and it has, its first year has been tremendously successful. But now, at least in part because your Secretary of Disabilities Carol Beatty is a member of the Board of the Maryland 529 Program, and because the 529 staff is working with your department, we were able to reach out and integrate once again several different programs in a way that focused on families and people who could benefit and deserve to benefit with the use not only of these great State resources but the private sector and nonprofit communities. So another example of Maryland doing things right.

GOVERNOR HOGAN: Well thank you both for giving the recognition, and thank you both for the wonderful work that you do. Thank you very much. Now we're going to move on to the University System Agenda --

COMPTROLLER FRANCHOT: I have a question about --

GOVERNOR HOGAN: Oh, I guess we don't move there quite yet, Joe. We have to have a motion on DBM.

COMPTROLLER FRANCHOT: Could I just ask for one other item?

GOVERNOR HOGAN: Sure.

COMPTROLLER FRANCHOT: Item 9-S. Governor, this is an item where we're being asked to approve a three-year contract with a one-year renewal option to provide residential weatherization and energy efficiency for low income single families.

MR. BRINKLEY: Secretary Holt?

COMPTROLLER FRANCHOT: It is a \$111.6 million group of contracts and obviously I support, I'm sure my colleagues on the Board support the initiative, but it is a lot of money. And I wanted to underline a concern that, Governor Hogan, you mentioned during a previous Board meeting in July.

According to the background materials, a bid on one of the functional areas was rejected because the bidder failed to sign the MBE affidavit form, despite the fact that the bidder signed the bid proposal in nine other places. Obviously I want bids to be complete. But I believe that vendors who are submitting bid proposals, you know, sometimes are held to standards that don't make any sense. I think in this case where it's an innocent oversight on the part of the bidder, an agency should inform the bidder of the error and give the bidder an opportunity to correct the error. Because now we have a Maryland based firm that's not able to participate and contribute in this \$111 million massive package of contracts. Why? Because they forgot to sign one document.

At the July meeting that I referenced, we had a similar situation to this and the Governor rightly directed BPW staff to review antiquated and heavily bureaucratic rules that disqualify vendors because of clerical errors or an honest oversight. I wonder if Gabe Gnall, our State's Procurement Advisor, with the indulgence of the Governor and the Treasurer, could provide us a brief update on the progress of BPW staff's review of the MBE regulations and rules?

GOVERNOR HOGAN: Sure. Good morning.

MR. GNALL: Good morning, Governor, Madam Treasurer, Mr. Comptroller. For the record, my name is Gabe Gnall and I'm Procurement Advisor to the Board. To answer your question, Mr. Comptroller, yes, we are currently working on this. I first want to clarify, this is an issue that has been going on for years. We have been rejecting bid proposals for years due to issues because of the MBE program and its very strict rules and regulations. However, recently last year the Board of Contract Appeals issued two decisions that clarified how those rules are to be interpreted. And one of those decisions in particular clarified that even minor mistakes and irregularities, such as the one you mentioned, just failing to sign the form, must result in the rejection of the bid or proposal under our current rules and regulations.

So with that background being said, last month Board staff met with Secretary Rhee, representatives of the Governor's Office of Small, Minority and Women Business Affairs. We discussed some of these issues taking place.

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And what we decided to do was first issue a survey to the State senior procurement officers to see what was, what are some of the reasons why they are rejecting these bids and proposals? What is the severity of the issues? And see if we can narrow down what exactly we need to do to revise the current regulations to try to alleviate this issue.

That survey was issued. We have the deadline for responses is next week. We have received 37 responses as of yesterday afternoon. Just to throw some preliminary data for you, in the last 12 months from the responses we received so far, in the last 12 months almost 40 percent of agencies have rejected a bid or proposal due to failure to properly complete MBE forms. And again, as I mentioned, this has been going on for years. So we need to clarify this and correct these regulations as much as possible under the current law to try to alleviate this issue. So after we get this data, next week we'll compile the data. We are then going to meet again with the Governor's Office of Small, Minority and Women Business Affairs and we are going to sit down next month and sit down and see what exactly we can change in the current regulations under the current law to try to alleviate this issue.

COMPTROLLER FRANCHOT: I hesitate to suggest something common sense. But what about just saying go back and give the bidder an opportunity to sign or correct what may be a clerical error? And if they don't, then you can move forward with all of the actions that result in this. But --

MR. GNALL: The current rules do allow for the amendment and the clarification of the MBE forms after bid submission, but it's only in very limited circumstances. It's called the 72-hour rule. And another decision by the Board of Contract Appeals last year clarified how that rule is to be interpreted. And previously it had allowed for the clarification of minor errors such as this. However, the Board of Contract Appeals stated that, no, under the current ruling in our statute, which our regulations actually had more expansive wording, and the Board told us, no, your wording in the regulations goes beyond what the statute states. And under that decision they said, no, only in very limited circumstances were we allowed to cure the MBE forms under the current rules. So we will definitely have to look at our current rules to try to amend that to allow for the curing of the issue.

TREASURER KOPP: So this is a question of the rule, our rules --

MR. GNALL: Our rules.

TREASURER KOPP: -- not the law?

MR. GNALL: Well, it's a combination of both.

TREASURER KOPP: So you should be prepared to recommend changes in the law, too?

MR. GNALL: That is correct.

TREASURER KOPP: Can I suggest that you also talk to the chief of procurement for the Department of Health, who is the world's expert on not only contract appeals but -- I mean, could be a great source of --

MR. DEMBROW: Thank you, Madam Treasurer. We are in communication.

GOVERNOR HOGAN: Great. Yeah, I agree. This is a great thing for us to take a look at and to see if we can correct any technical errors or how we might be able to make it a little more flexible to make sure if it's a clerical error. But 40 percent of the respondents, I imagine they are not all clerical errors. They are people that just didn't meet the MBE requirement, which is why they didn't sign it on purpose. So I don't want to throw the baby out with the bath water here. We were just named number one in America for women and minority owned businesses for a reason. And so let's tighten up the process as part of our procurement review. But we don't want to do anything to, that's actually helping people that are not --

TREASURER KOPP: Absolutely.

GOVERNOR HOGAN: -- that are potentially not meeting the MBE requirement. Thank you.

MR. GNALL: Thank you.

TREASURER KOPP: And that's not a simple thing to do.

GOVERNOR HOGAN: No, it's not. So are there other questions on the DBM Agenda? Is there a motion?

COMPTROLLER FRANCHOT: Move approval.

GOVERNOR HOGAN: Second? Three-nothing, DBM. We're going to move now -- I called him up too early. University System Agenda, Mr. Evans.

MR. EVANS: Good morning. Joe Evans, representing the University System of Maryland. We have four items on the Agenda. We're here to answer any questions.

GOVERNOR HOGAN: Any questions for Mr. Evans on University System?

COMPTROLLER FRANCHOT: No, move approval.

GOVERNOR HOGAN: Thank you, sir. Moved and seconded --

MR. EVANS: Thank you.

GOVERNOR HOGAN: -- three-nothing. All right. Now we're going to move on to Information Technology, Secretary Leahy.

MR. LEAHY: Good morning, Mr. Governor, Madam Treasurer, Mr. Comptroller. For the record, I'm Michael Leahy, Secretary of the Department of Information Technology. We've brought three items for your Agenda today and there are agency representatives available to answer any questions.

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GOVERNOR HOGAN: Any questions on DoIT?

COMPTROLLER FRANCHOT: Move approval if the Treasurer is

--

GOVERNOR HOGAN: Treasurer second. Three-oh. Move on to the Department of Transportation.

MR. RAHN: Good morning, Governor, Madam Treasurer, Mr. Comptroller. For the record, my name is Pete Rahn. I'm Secretary of the Maryland Department of Transportation. Today we have ten items before the Board and are prepared to answer any questions.

GOVERNOR HOGAN: Any questions on Transportation? Is there a motion?

COMPTROLLER FRANCHOT: Move approval.

GOVERNOR HOGAN: Second. Three-nothing. Move on to DGS.

MR. CHURCHILL: Good morning, Governor, Madam Treasurer, and Mr. Comptroller. For the record, I'm Ellington Churchill, Secretary of the Department of General Services. The department has 33 items on our Agenda today, including two supplementals, and we are available to answer questions.

GOVERNOR HOGAN: Any questions on DGS?

COMPTROLLER FRANCHOT: Item 3-M. Anybody here from the Veterans Affairs?

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MR. CHURCHILL: I believe we have Deputy Secretary Bob Finn from Maryland Veterans Affairs. He may be out in the hall. This is Dan Mays with the department for procurement.

COMPTROLLER FRANCHOT: Great.

GOVERNOR HOGAN: Good morning.

MR. MAYS: Good morning, Mr. Governor, Mr. Comptroller, Madam Treasurer. Danny Mays from DGS. We do have Deputy Secretary Mr. Finn.

GOVERNOR HOGAN: Good morning.

COMPTROLLER FRANCHOT: Is Mr. Finn here? How's the Secretary doing?

MR. FINN: He's doing fine. We all saw him yesterday.

COMPTROLLER FRANCHOT: Good.

MR. FINN: He's got rehab today, otherwise he certainly would be here. I'm not going to talk about his mental state. We'll just talk about his physical state --

(Laughter.)

GOVERNOR HOGAN: That's a long standing condition.

MR. FINN: Is that going to be recorded?

GOVERNOR HOGAN: Yes.

COMPTROLLER FRANCHOT: Yeah.

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(Laughter.)

COMPTROLLER FRANCHOT: Well --

MR. FINN: No, but I want to thank you all for inviting us here today. Of course, we have an amendment here for the grass cutting. As many of us know, we got plenty of assistance from DGS and the Governor's Office of course to improve the appearance of the cemetery at, all our cemeteries, particularly this case is Cheltenham. It is obviously a final resting place for over 100,000 veterans in the State, all the five cemeteries that we have. And it's obviously important and critical that we maintain that appearance for our cemeteries long lasting. It's the least thing we can do for our veterans and their eligible spouses. So I appreciate the fact that it's here today and we appreciate your approval for the modification.

COMPTROLLER FRANCHOT: Yeah, if you --

MR. FINN: And I also want to, I'd like to thank the secretaries. Over the course of the past 18 months -- it's my second tour here. I was here the first time with Secretary Hutchins and then Secretary Owens. And it's been wonderful coming back and seeing the collaborative efforts and the support that we have in Veterans Affairs with the secretaries, and all of them around this table, and of course the staff here that make all our work possible. So I want to thank, Governor, you and your staff for making everything possible and for having such a collaborative, wonderful effort. As being an outsider, and coming back to the

inside again, and the efforts it's made to assist our veterans and their eligible dependents.

GOVERNOR HOGAN: Thank you.

COMPTROLLER FRANCHOT: So if you could tell the Secretary that I said nice things about him. And --

MR. FINN: Certainly.

COMPTROLLER FRANCHOT: -- I'm not going to send him the transcript of what you said, but maybe I will just for the heck of it.

GOVERNOR HOGAN: He's probably watching.

COMPTROLLER FRANCHOT: Yeah. But I just wanted to underline for folks that there were lots of articles about the Cheltenham Veterans Cemetery being, having mud covered, dislodged gravestones, garbage from illegal dumping activities, overgrown vegetation. That was in the press four years ago. And it's to your credit, and the Secretary's credit, that he's cleaned up not just Cheltenham but everything, all the veterans cemeteries. And every, it goes without saying, I mean, how can anybody do anything but say get out there and take care of this? So I'm delighted that this item is here. And on behalf of all the veterans in the State, I want to tip my hat to Department of Veterans Affairs for ensuring that these final resting places, and DGS, Mr. Secretary, thank you for allowing this or helping them, aiding them get this done. Thank you for ensuring

that the final resting place for Maryland's veterans never fall into disrepair again.
Yeah. Good job.

MR. FINN: Sir, Chris Piscitelli is the Director of Cemeteries and Memorials and I have to give a lot of credit to him and his able bodied cemetery staff who do so much dedicated work and spend numerous hours. Even when it rains, it's hot out there, 100 degrees, if it's snowing, they are still doing the job. I mean, that's the least we can do for our veterans and their families is to pay our last respects by ensuring the proper burial and then maintain the grounds or the other service (indiscernible).

COMPTROLLER FRANCHOT: Good job.

GOVERNOR HOGAN: Well we want to thank every one of you for the great work that you do at the Department of Veterans Affairs for every single one of the men and women that have worn the flag of our nation on their arm. And you guys are doing a terrific job. And I want to give a shout out to Secretary Owens, who is not here, Semper Fi.

TREASURER KOPP: A former legislator.

GOVERNOR HOGAN: I was just going to say, and --

(Laughter.)

GOVERNOR HOGAN: -- he likes to talk about being a former Marine from Vietnam, but he was also the longest serving Majority Whip in State history, another legislator. So legislators are everywhere.

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TREASURER KOPP: Could I just add a personal note? As you may know, my parents are both buried at Arlington, not, but I, just speaking for families, you, it's so important because it's recognition that not only we love them but the country and our fellow citizens recognize that they did something for everyone. And to just to see the markers there and to recognize that, as the Comptroller said, they are now being cared for well and appropriately, is very meaningful to a lot of people, whom you probably never hear from, but who hold you in great esteem and appreciation.

GOVERNOR HOGAN: Yeah, thank you.

MR. FINN: I'd like to direct that at every one of our workers as well as, again, the Secretary. (Indiscernible) support us in as many ways as they do to help if possible.

GOVERNOR HOGAN: Thank you, gentlemen. Any other questions on the DGS Agenda?

GOVERNOR HOGAN: Move approval.

TREASURER KOPP: Good Agenda.

GOVERNOR HOGAN: I would say how are the puppies?

MR. CHURCHILL: Fantastic.

GOVERNOR HOGAN: Good.

MR. CHURCHILL: Growing and very furry.

(Laughter.)

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GOVERNOR HOGAN: All right. Well, there's a motion and a second, and it passes three-nothing. Thank you. That concludes the Board of Public Works for the morning. Thank you.

(Whereupon, at 10:58 a.m., the meeting was concluded.)