

you've got to put your foot down around something. And this is not right. And but go ahead. I'm sure the explanation is going to be that it's of critical importance, it needs to be approved at warp speed.

MR. HICKS: Good afternoon, Comptroller Franchot and Lieutenant Governor Rutherford and Treasurer Kopp and Secretary Churchill. Thank you so much for this opportunity. I am Steven Hicks. I'm the Assistant State Superintendent for the Division of Early Childhood.

Previously in 2015, when this contract was put out it was for master contractors because of the highly specialized tasks that need to be done. Not only is it technical, it requires a lot of staff to provide this service of processing invoices, and also answering questions from parents and providers. There is a huge help desk component to this service.

As Amalie has shared, this is a very highly specialized kind of opportunity for any contractor. The 388 master contractors which you mentioned were given the solicitation because we wanted to cast a wide net. It's not necessarily a skill they may have to fulfill this --

TREASURER KOPP: Could I interrupt for a moment, just to ask you --

MR. HICKS: Sure.

TREASURER KOPP: -- in the master contract, the 300, the master contract, what is that master contract? Is it for all accountants? Or what is it?

MR. HICKS: Christy, is that something you can define for them?

MS. SHOCKLEY: Sure. Absolutely. Again, for the record, Christy Shockley. So what we, the 388 were all of the contractors under Functional Area 9 in the statewide master contract list.

TREASURER KOPP: What is Functional Area 9 in English?

MS. SHOCKLEY: Consulting and technical services.

TREASURER KOPP: So it's all, I'm sorry, all technical -- no, that can't be.

LIEUTENANT GOVERNOR RUTHERFORD: Consulting and --

MS. SHOCKLEY: Consulting services.

LIEUTENANT GOVERNOR RUTHERFORD: Consulting and technical services.

TREASURER KOPP: All consultants and -- oh, okay.

MS. SHOCKLEY: And technical services. Correct. So the, I guess the scenario that I would present is when it was presented to me very eloquently in understanding this. Right? So if we asked for a contract to paint, there would be many people that could paint a home. But if we asked for a contract to paint a teacup, how many contractors could successfully paint a teacup? And that's the

difference. It's not just painting. It's a specialized component of childcare subsidy and management. (Indiscernible).

TREASURER KOPP: (Indiscernible).

COMPTROLLER FRANCHOT: Okay --

MS. SHOCKLEY: -- I'm sorry.

TREASURER KOPP: But could I, I'm sorry, Comptroller. I asked a question about ten minutes ago and I'm still trying to absorb it. What is so specialized? What is it about this contract?

MR. HICKS: This is Steven Hicks again. There are a number of federal requirements that must be met. And it's not just the technical capabilities of processing all of the invoices through your data system and connecting with our early childhood data system. But it's also providing customer service for providers and parents. We have 40,000 children being served through Maryland through the scholarship program or vouchers in the childcare subsidy program. Many of those parents and the 3,500 providers have questions in any given invoice period.

I also wanted to let you know that the bid that we did receive from Deloitte that was presented today is a little bit over what the winning bid for Conduent in 2015. So I do think that it's a good bid for Maryland for the use of these public dollars.

COMPTROLLER FRANCHOT: I have a follow up question to that, Madam Treasurer, if you -- I don't mean to interrupt. But --

TREASURER KOPP: No, go ahead.

COMPTROLLER FRANCHOT: Okay. So this is a specialized issue. That's why we have one bid, is I think what you are saying. But you are telling me the awardee that we're supposed to give a \$31.5 million green light to didn't have any questions? Because this is a different proposal than what the incumbent situation was. You added on requirements. And nobody had a question about it from Deloitte?

MR. HICKS: I can't speak -- this is Steven Hicks again. I can't speak for Deloitte as to why they didn't have any questions. I could hypothesize that they do this work in many other states, so they fully understand the requirements of the federal law, including the reauthorization that occurred a couple of years ago. And they do understand what the job is and how to complete those requirements and ensure that we don't have any audit findings.

COMPTROLLER FRANCHOT: Okay. So we have, I have a list of eight companies that do this for other states and have experience in this, and they were all in on the, you know, informal conferences. Why didn't we get any bids from them? IC Software, Bithgroup, GCOM Software, Conduent is I guess the incumbent, Control Tech, Computer Consultants International, Business Integra,

Insurgior (phonetic), all of whom are highly specialized vendors in this space. Why were there, why wasn't there one additional bid?

MS. SHOCKLEY: We received two no bid response forms from those companies outside of Conduent. The one vendor cited that they didn't have the resources to deploy in order to fulfill the obligations of the contract. And the other didn't give a response as to why they weren't going to provide a bid.

I would note for the Board that the incumbent could have proposed a, submitted a bid and cited objections, but chose not to do so.

COMPTROLLER FRANCHOT: Yeah, I'm just, what -- let me go back to my original question. What bad things would happen if we voted this down? And please, don't try to embellish it. Just give me the straight scoop here. Because I'm going to probably vote not and I'd like to get a second vote if anybody is in approval. But you know, I don't want to do it if all of a sudden a catastrophe is presented to us. So tell us what bad, should there be a second vote and this contract turned down, what bad things would happen and how could they be avoided so that we --

MS. SHOCKLEY: I'll just start with one issue that is readily apparent from a business perspective and a financial perspective. Should the Board vote no to this contract award, we are essentially giving a contract award to Conduent. Because we would have -- the incumbent. Because we would have to

extend their current contract to allow time for a new procurement effort. So essentially, by voting no we agree to, if Conduent would be on board, and it sounds like they would be, how passionate they are about participating and continuing business with MSDE, we would be essentially giving them a \$6 million contract for a year. So that's at the onset. But --

COMPTROLLER FRANCHOT: (Indiscernible).

MS. SHOCKLEY: Correct. We do. But then we face the protest from Deloitte as well. (Indiscernible) --

COMPTROLLER FRANCHOT: (Indiscernible).

MS. SHOCKLEY: -- rabbit hole.

COMPTROLLER FRANCHOT: But I don't know. I don't want to drag this on, Lieutenant Governor and Madam Treasurer. I value your time. But I'm pretty concerned about this and I would hope at least we could maybe defer it until the next Board meeting so that people can think about it a little bit.

MR. HICKS: I would also add, this is Steven Hicks again, that the transition time is very narrow right now between the contracts, awarding this and the other. And so it's imperative that this transition happens soon so that there is not a disruption in service. We also know that if that was extended and Conduent wanted to extend for the length of time that it would take to do a new competition with no guarantee that there might be other applicants, we don't necessarily have

the assurance that our, the additional requirements that we put in the contract, in the, sorry, the RFP would be net. And those are in place in order to meet federal requirements and also have a positive outcome in our audit that we are about to start with the Legislature.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

TREASURER KOPP: But could I ask one question, just following up? Because I, well first of all, the answer to the Comptroller's question about a two-week deferral? I didn't hear that specifically. Does that or does that not do significant harm?

MS. SHOCKLEY: The two-week deferral would not do significant harm, no, ma'am.

TREASURER KOPP: All right. And as I understand it, though, I mean, Conduent didn't bid.

LIEUTENANT GOVERNOR RUTHERFORD: Right.

TREASURER KOPP: They could have bid, and they didn't bid. And they didn't bid because of the State's liability provisions, I believe, which are issues in many contracts and companies do not bid because of that. But Deloitte did. Do you have any question that Deloitte understood the liability provisions the State requires?

MS. SHOCKLEY: We can say with some measure of certainty, given the history and experience with Deloitte, that they were fully aware of the components of the RFP and fully intend to comply, and don't have any issues with the legal liability.

LIEUTENANT GOVERNOR RUTHERFORD: I mean, they are a big company. And as our contract law says that they are responsible to understand what's in the bid. So.

TREASURER KOPP: Right.

COMPTROLLER FRANCHOT: Yeah, no, I can see that. I would like to ask a question. Did you have any problems with the incumbent's performance over the last five years?

MR. HICKEY: This is Steven Hicks again. Could I ask that our branch chief Renee Williams have her microphone opened so that she could comment on that? She's the project manager working with Conduent over the last five years.

COMPTROLLER FRANCHOT: Thank you.

MS. WILLIAMS: Good morning, Lieutenant Governor, Madam Treasurer, Mr. Comptroller. No, we have not had any issues with Conduent's services over the past four years of services. I would like to go back and answer a couple of questions that Mr. Comptroller asked.

I think the answer to your question in reference to why did Deloitte not ask any questions or why did several other vendors not potentially ask questions may be because when we answered the 122 questions that were presented by Conduent, those questions were made public. So if any vendor had the same question, they would not have to ask the same question because those answers were made public.

In reference to the question do we believe that Deloitte understood the proposal, we had I think seven people that reviewed the proposals that were submitted and all seven individuals agreed that this agency had the reputation of working with lead agencies similar to Maryland in order to provide those services. So we clearly understood by their responses in the proposal that they understood in reference to what they were bidding on.

In reference to the sovereignty, the only thing we were asking the current vendor to do is to take on responsibilities that vendors should take on when they are paid a contract at the magnitude and amount of this contract. It's work that is done and they would not have been placed under any type of liability by completing virtual inspections. Right now, Maryland has one contract employee, one, that completes these virtual inspections. Our current contractor had 80 employees on their staff.

The questions that were asked by Conduent were basically questions to get more clarity in reference to what we were asking for in the proposal, but I also believe that the questions that we were asked, I believe that the solicitation was formatted in a way for Maryland to meet all federal and State regulations and also to make the contractor or the offeror responsible for completing all case management and provider payment services.

If this contract is not awarded today, the very essence of what Mr. Comptroller was talking about at the beginning of our, of this session, would be in jeopardy. Mr. Comptroller stated that Maryland should look out for small businesses. What this contract does is it pays small businesses. The very essential workers that have kept Maryland afloat during the COVID-19 crisis are the childcare providers. So what this contract does is it pays providers millions of dollars each month, every two weeks.

The contract ends on April 30th. There is supposed to be a four-month transition. The reason we have very limited offerors putting in solicitations is because it is a very specialized program and not only requires an IT solution, a manual process, customer service, but it also has, the vendor has to have the ability to put all those federal and State pieces together. A four-month transition, for a person who has worked in this field for 22 years, in my opinion, is too small. A vendor coming in and taking on this magnitude of work needs to have at least a six-

month transition period. So if this is not awarded today, based upon the principles in which we have put forth to follow the procurement process in the manner in which it was entitled to give everyone a fair opportunity to apply for the process, I think that not only are we doing a disservice to small business owners which are basically female, we're doing a disservice to 13,000 parents, 20,000 children. There will be disruptions --

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Thank you. Thank you very much. I think, you know, I don't see any reason to defer this for two weeks. I don't think anyone's mind is going to change. But we can vote for this item separately.

TREASURER KOPP: I was just reminded --

COMPTROLLER FRANCHOT: Let me come back. Because I would like to speak to Deloitte, for example, and find out what from them they are concerning. So I would like to move that we defer this for three weeks, until the next meeting. And I think that's perfectly appropriate given the testimony that we have heard today.

MS. WILLIAMS: Thank you, Mr. Comptroller, Madam Treasurer.

COMPTROLLER FRANCHOT: I'm suggesting that it not be approved and defer it for three weeks so that I can talk to Deloitte and find out what

their explanation is for the situation. But I'm also, you know, obviously dependent upon my colleagues.

TREASURER KOPP: Governor, I would support your motion to separate out this item. Having listened to all the testimony, and recognizing that Conduent did not compete, chose not to compete, and understanding that the very large proportion, overwhelming of the consultants did not fall in the category in fact that was appropriate for this contract, I am prepared to support this.

I recognize the Comptroller's concern about Deloitte and its responsibilities. But I think Deloitte can manage it.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. So we have a second. We're going to vote on 21, or 22 1.2 separately. Are there any other questions on the General Services Agenda?

COMPTROLLER FRANCHOT: Hang on one second. Thank you. Just for a minute. Yeah. Item 24, please.

MR. CHURCHILL: Item 24 concerning HVAC, a maintenance service contract. Mark Riesett, Acting Director of Procurement for the Office of State Procurement.

COMPTROLLER FRANCHOT: Right. The question is why are there so many multiple extensions? This is the fourth extension in less than six months. What's going on?

MR. RIESETT: So good afternoon, again, Governor, Madam Treasurer, and Mr. Comptroller. This procurement is currently on the street and we just need time to finalize and award it. So this contract extension will take us to completion on the new solicitation.

MR. CHURCHILL: Mr. Comptroller?

COMPTROLLER FRANCHOT: Yes.

MR. CHURCHILL: I believe that, again, we were trying to, we're trying to align issuance of contracts to be a greater package. And so the extension allows us to have more time to go ahead and move the procurement through.

COMPTROLLER FRANCHOT: So this is the last one? Hopefully?

MR. RIESETT: Yes, sir.

COMPTROLLER FRANCHOT: Okay. I'm happy to move forward.

LIEUTENANT GOVERNOR RUTHERFORD: All right. Let's, I'm going to vote on the 22-IT 1.2 first. Do we have a motion to approve 22-IT 1.2? Madam Treasurer?

TREASURER KOPP: I would so move. I have listened to the debate and shared the concern of the Comptroller going in. But I don't think postponing it summarily so there are only three months instead of what the expert thinks should be six months, three months transition is not long enough.

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walking. So I thank him for that and, you know, sympathies go out to the family.

It is a tragedy.

TREASURER KOPP: Absolutely.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Well, thank
you.

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