

STATE OF MARYLAND  
Board of Public Works

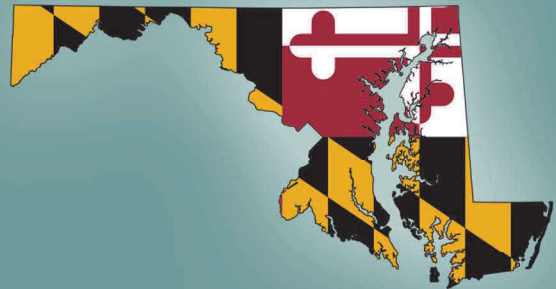
GOVERNOR • TREASURER • COMPTROLLER

# PROCUREMENT ADVISOR'S REPORT

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## Fiscal Year 2024

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## I. SCOPE OF THE REPORT

This is the Fiscal Year (FY) 2024 State Procurement Report to the Board of Public Works and the General Assembly, which, as required by State law, includes the Procurement Advisor's:

- (1) Findings and recommendations for improvements to the procurement system;
- (2) Identification of barriers to effective broad-based competition in State procurement and recommendations for the elimination of those barriers, and
- (3) Summary and description of all procurement activity conducted by units during the preceding fiscal year.<sup>1</sup>

## II. MAGNITUDE OF STATE PROCUREMENT IN FISCAL YEAR 2024

In FY 2024 the State procured nearly \$12.96 billion in goods and services; an approximate 70.8% increase from FY 2023.<sup>2</sup> This total does *not* include awards by the University System of Maryland, Morgan State University, or St. Mary's College of Maryland.

Comparing the totals by Category of Work, significant increases in procurement amounts for Commodities, Supplies, and Equipment (CSE), Services (S) including Human, Cultural, Social and Educational Services (HCS), Architectural and Engineering (AE+AR+EG), Information Technology Hardware (ITE) and Software (ITW), Capital Equipment (CE), and Construction (C) accounted for most of the higher totals. Inflation is likely a major factor in these increased procurement costs.

During that same period, the Board of Public Works approved \$8.27 billion in contract awards, contract modifications, and contract renewal options; an approximate 35.6% increase from FY 2023.<sup>3</sup> The Board-approved total *does* include some State University and College contracts but does not include all entries into the Statewide and Department of Transportation's Advanced Purchase Inventory Control Systems (ADPICS), so the State total and Board of Public Works approved totals are not directly comparable.

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<sup>1</sup> State Finance and Procurement Article, § 12-102(a)(2)(ix), Annotated Code of Maryland. Unless otherwise noted, all statutory references in these notes will be to the State Finance and Procurement Article, Annotated Code of Maryland.

<sup>2</sup> See the "Appendix: Fiscal Year 2024 Summary" at the end of this report. The FY 2023 total was \$7.6 billion. Source: Statewide and MDOT Advanced Purchase Inventory Control System (ADPICS).

<sup>3</sup> FY 2026 Managing For Results (MFR), Board of Public Works – FY 2024 actual data.  
[https://dbm.maryland.gov/Documents/MFR\\_documents/2026/Board-of-Public-Works-MFR.pdf](https://dbm.maryland.gov/Documents/MFR_documents/2026/Board-of-Public-Works-MFR.pdf)  
The FY 2023 total was \$6.1 billion.

	<b>FY24 Submitted<sup>4</sup></b>	<b>FY24 Approved</b>	<b>Disapproved/ Deferred</b>	<b>Total Dollars (billions)</b>
Contracts	737	705	32	\$6.91
Modifications	190	185	5	\$0.89
Renewal Options	72	66	6	\$0.47

Totals represent contract award, renewal option, and modification/change order amounts, which are the approved amounts that may be spent during the contract term.

### III. STATE PROCUREMENT PURPOSES AND POLICIES

The General Assembly has articulated the State Procurement Law’s purposes and policies as follows:<sup>5</sup>

1. Providing for increased confidence in State procurement;
2. Ensuring fair and equitable treatment of all persons who deal with the State procurement system;
3. Providing safeguards for maintaining a State procurement system of quality and integrity;
4. Fostering effective broad-based competition in the State through support of the free enterprise system;
5. Promoting increased long-term economic efficiency and responsibility in the State by encouraging the use of recycled materials;
6. Providing increased economy in the State Procurement system;
7. Getting the maximum benefit from the purchasing power of the State;
8. Simplifying, clarifying, and modernizing the law that governs State procurement;
9. Allowing the continued development of procurement regulations, policies, and practices in the State; and
10. Promoting development of uniform State procurement procedures to the extent possible.

### IV. OVERVIEW OF STATE PROCUREMENT ORGANIZATION

***Board of Public Works:*** The Board of Public Works comprises the Governor, Treasurer, and Comptroller. The Board controls procurement by various State agencies (including direct review and approval of most State contracts exceeding \$200,000); adopts regulations (Code of Maryland Regulations Title 21); sets procurement policy; and establishes internal operating procedures.<sup>6</sup> Board operations are directed by the Executive

<sup>4</sup> “Submitted” items include some items published on the BPW meeting agenda that are withdrawn prior to being voted upon.

<sup>5</sup> § 11-201(a).

<sup>6</sup> § 12-101(b).

Secretary<sup>7</sup> with the Board's Procurement Advisor and General Counsel serving statutorily delineated duties.<sup>8</sup>

**NOTE CONCERNING PROCUREMENT LAW EXEMPTIONS:** The State Procurement Law exempts from its reach more than 30 agencies, programs, or transaction types. Additionally, agency- and program-enabling statutes often exempt the agency or program "from Division II of the State Finance and Procurement Law."<sup>9</sup> While an exemption generally excludes the procurement from Board of Public Works review, an exemption also means exclusion from standardized State procedures such as: regulated procurement methods, green purchasing requirements, public notice of solicitations and awards, and purchasing from Maryland Correctional Enterprises, Blind Industries, and Employment Works providers.<sup>10</sup> Exemption also means further decentralization of the State's procurement process.<sup>11</sup> A complete exemption from State procurement law is distinguished from exceptions simply from Board of Public Works review, *e.g.*, the exception for procurements to construct roads, bridges, or highways. Those latter procurements are subject to Division II of the State Finance and Procurement Law but are excepted from Board of Public Works jurisdiction.<sup>12</sup>

**NOTE CONCERNING GENERAL-OBLIGATION BOND-FUNDED CONTRACTS:** Every contract funded with general-obligation bond proceeds – regardless of type of procurement, procurement exemption, or whether it is a procurement contract – must be approved by the Board before the contract is signed.<sup>13</sup>

**Procurement Improvement Council:** The Procurement Improvement Council (PIC), chaired by the Chief Procurement Officer of the Department of General Services, is comprised of the Secretaries of Transportation, Information Technology, Juvenile Services, Human Services, and Health; the State Treasurer; the Comptroller; the Attorney General; the Special Secretary of the Office of Small, Minority, and Women Business Affairs; the Chancellor of the University System of Maryland; the Procurement Advisor of the Board of Public Works; the State Superintendent of Schools; a representative of local government with expertise in local procurement matter; two representatives of social service providers in the State; a representative of a minority-, women-, or veteran-owned business; three members of the general public appointed by the presiding officers of the General Assembly; a member of the Senate; and a member of the House of Delegates.

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<sup>7</sup> § 10-201.

<sup>8</sup> § 12-102. The General Assembly created the Procurement Advisor and the General Counsel positions in 1994 as a result of a Joint Task Force on Maryland's Procurement Law. Chapter 750 (1994 Laws of Maryland).

<sup>9</sup> For example, the Maryland Health Benefit Exchange is exempt under the Insurance Article, § 31-103.

<sup>10</sup> § 11-203. Most exempt agencies are required to follow MBE laws and a few other general requirements.

<sup>11</sup> The 1994 Joint Task Force on Maryland's Procurement Law recommended the Legislature discontinue granting additional exemptions until they review existing exemptions. *Report of Joint Task Force on Maryland's Procurement Law* at p. 26.

<sup>12</sup> § 12-101(a).

<sup>13</sup> § 8-301. This is a provision of the State Finance Law (Division I of the State Finance and Procurement Article) as distinct from a requirement of the State Procurement Law (Division II of that Article).

During FY 2024 the PIC was charged with ensuring the State procurement system is using the most advanced procurement methods and management techniques; enhancing communication among State agencies on procurement matters; providing a forum for discussion of specific procurement issues and problems that arise; making recommendations to the Board for improving the procurement process; reviewing existing procurement regulations; and advising the General Assembly on proposed legislation.<sup>14</sup>

**Primary Procurement Units:** During FY 2024 four primary procurement units, subject to the authority of the Board of Public Works, had jurisdiction over State procurement as follows:<sup>15</sup>

*State Treasurer (STO)* may engage in or control procurement of:

- Banking;
- Financial services;
- Insurance; and
- Insurance services.

*Department of General Services (DGS)* may engage in or control procurement of:

- Real property leases;
- Commodities and supplies;
- Construction and construction-related services;
- Architectural and engineering services;
- Services;
- Leases of motor vehicles;
- Construction and construction-related services for State correctional facilities;
- Supplies, materials, and equipment to support construction and construction-related services for State correctional facilities;
- Information processing equipment, cloud computing equipment, and associated services;
- Information technology system modernization;
- Telecommunications equipment, systems, or services; and
- Cybersecurity upgrades and modernization.

*Department of Transportation (MDOT)* and *Maryland Transportation Authority (MDTA)* may engage in procurement of:

- Transportation-related construction and construction services;
- Transportation-related architectural and engineering services;
- Rolling stock and other property peculiar to a transit system; and
- Supplies and services for aeronautics-related activities.

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<sup>14</sup> § 12-105.

<sup>15</sup> § 12-107.

*Maryland Port Commission (MPC)* may engage in procurement of:

- Supplies and services for Port-related activities;
- Construction and construction-related services for a Port facility;
- Port-related architectural and engineering services;
- Leases of real property for Port-related activities unless lease payments are from the General Fund.

***Procurement Delegations:*** The four primary procurement units are authorized to exercise procurement authority “subject to the authority of the Board.” The Board has determined to delegate some of its authority to approve contract awards to those primary procurement units;<sup>16</sup> in turn, those units re-delegated to other procurement agencies some of their BPW-delegated authority to approve contract awards. The delegations and re-delegations during FY 2024 are summarized below:

*Department of General Services (DGS)*

- Capital construction contracts, construction-related services contracts, information technology contracts, including information processing equipment, cloud computing equipment and associated services, and information technology system modernization, as provided in State Finance and Procurement Article, Title 3.5, Subtitle 3, Annotated Code of Maryland, telecommunication equipment systems or services as provided in State Finance and Procurement Article, Title 3.5, Subtitle 4, Annotated Code of Maryland, service contracts, architectural and engineering contracts, maintenance contracts, contracts for rental vehicles supplied to using agencies in accordance with COMAR 21.02.05.08, secondary competition awards, renewal options, and modifications in accordance with COMAR 21.05.13.06, capital construction change orders, capital construction-related service change orders, information processing equipment and associated services change orders, cloud computing services change orders, and information technology system and cybersecurity upgrades change orders in accordance with State Finance and Procurement Article, Title 3.5, Subtitle 3, in the amount of \$200,000 or less;
- For any single item of equipment or single equipment lease, equipment contracts and leases of equipment in the amount of \$200,000 or less, unless funded with general obligation bond proceeds which must be approved by the Board regardless of amount;
- Contract modifications, excluding construction contract change orders, that:
  - (a) Do not materially change the scope of the original contract;
  - (b) Individually do not change the amount of the contract, or any cost component of the contract, by more than \$50,000; or
  - (c) Exercise by a using agency a contract option of \$200,000 or less;

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<sup>16</sup> COMAR 21.02.01.04.

- Invoices necessary for the administration of capital improvement contracts;
- All contracts for the purchase of commodities and supplies, except for contracts for single items of equipment or single equipment leases in an amount over \$200,000;
- Contracts in the amount of \$100,000 or less resulting from sole source procurement;
- Contracts in the amount of \$50,000 or less resulting from competitive procurement in which only one bid or offer was received;
- Leases for agency-supplied employee housing;
- Purchasing, leasing, and rental contracts for the acquisition of motor vehicles for use by State officials and employees;
- Procurements by the Department of General Services for the purpose of modernizing cybersecurity infrastructure for the State valued below \$1,000,000; and
- Energy Performance Contracts.

In turn, DGS re-delegates authority to procurement agencies:

- \$100,000 (small procurements) for contracts other than vehicle leases and telecommunications;
- \$200,000 for contracts with preferred providers (Maryland Correctional Enterprises, Blind Industries and Services of Maryland, and the Employment Works Program - Community Services Providers and Individuals with Disability Owned Businesses);
- \$200,000 for facilities maintenance contracts; and
- \$200,000 to the Department of Public Safety and Correctional Services for construction and construction-related services.<sup>17</sup>

Department of Transportation (MDOT)

- Transportation-related construction contracts and change orders in the amount of \$200,000 or less;
- Capital construction-related service contracts and change orders in the amount of \$200,000 or less;
- Architectural and engineering contracts in the amount of \$200,000 or less;
- Maintenance contracts in the amount of \$200,000 or less;
- For any single item of equipment or single equipment lease within the procurement authority of the Secretary of Transportation or the Maryland Transportation Authority, equipment contracts and leases of equipment in the amount of \$200,000 or less unless funded with general obligation bond proceeds, which must be approved by the Board regardless of amount;
- Contract modifications, excluding construction contract change orders, that:
  - (i) Do not materially change the scope of the original contract;

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<sup>17</sup> DGS OSP General Delegation to Agencies. <https://procurement.maryland.gov/>



- (ii) Individually do not change the amount of the contract, or any cost component of the contract, by more than \$50,000; or
  - (iii) Exercise a contract option of \$200,000 or less;
- Contracts in the amount of \$100,000 or less resulting from sole source procurement;
- Contracts in the amount of \$50,000 or less resulting from competitive procurement in which only one bid or offer was received;
- Supplies and services for aeronautics-related activities; and
- Secondary competition awards, renewal options, and modifications in accordance with COMAR 21.05.13.06 in the amount of \$200,000 or less.

Treasurer (STO)

- All banking, investment, and other financial services contracts; and
- All insurance and insurance-related services contracts.

Maryland Port Commission (MPC)

- Construction contracts and change orders for Port facilities in the amount of \$200,000 or less;
- Construction-related service contracts and change orders for Port facilities in the amount of \$200,000 or less;
- Port-related architectural services and engineering services contracts in the amount of \$200,000 or less;
- Port-related maintenance contracts in the amount of \$200,000 or less;
- For any single item of equipment or single equipment lease within the procurement authority of the Maryland Port Commission, equipment contracts and leases of equipment in the amount of \$200,000 or less unless funded with general obligation bond proceeds, which must be approved by the Board regardless of amount;
- Service contracts for the Maryland Port Administration, including information technology services, but excluding banking, insurance, and financial services, in the amount of \$200,000 or less;
- Contract modifications, excluding construction contract change orders, that:
  - (a) Do not materially change the scope of the original contract;
  - (b) Individually do not change the amount of a contract, or any cost component of the contract, by more than \$50,000;
  - (c) Exercise a contract option of \$200,000 or less; or
  - (d) Change cargo and equipment handling rates in stevedoring or terminal services contracts approved by the Board when the contract modification, either individually or in combination with previous contract modifications, does not change the price of the original contract by more than 20 percent;
- Contracts for the purchase by the Maryland Port Administration of commodities and supplies:
  - (a) Including:
    - (i) Motor vehicles; and

- (ii) Information technology supplies; but
- (b) Excluding:
  - (i) Insurance and insurance-related services;
  - (ii) Commodities and supplies funded by State general obligation bond proceeds;
- Contracts in the amount of \$100,000 or less resulting from sole source procurement;
- Contracts in the amount of \$50,000 or less resulting from competitive procurement in which only one bid or offer was received; and
- Leases of real property for Port-related activities having a value of \$50,000 or less per year, and provided the lease payments, in whole or in part, are not paid from the General Fund.

## V. PROCUREMENT METHODS

Agencies that must follow the State Procurement Law may obtain goods and services through the following procurement methods:

**Competitive Sealed Bidding:** Under this method, award is made to the responsible bidder who submits a responsive bid that offers the lowest bid price or lowest evaluated bid price.<sup>18</sup>

**Competitive Sealed Proposals:** Award is made to the responsible offeror who submits the proposal determined to be most advantageous to the State considering the evaluation factors set forth in the request for proposals. Offerors are ranked based on separate technical and financial proposals.<sup>19</sup>

**Negotiated Award After Unsatisfactory Competitive Sealed Bidding:** If a competitive-sealed-bid procurement produces bids that are rejected, in excess of available funds, or are otherwise unreasonable, the agency may request revised bids from the same bidders. Award is made based on the most favorable bid price or most favorable evaluated bid price of the revised bids.<sup>20</sup>

**Noncompetitive Negotiated Procurement:** Restricted to certain human, social, or educational services, allowing awards based on “the best interests of the State.”<sup>21</sup>

**Sole Source:** The sole source procurement method may be used if only one source for the goods or services is available.<sup>22</sup>

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<sup>18</sup> § 13-103. The award may be made to the “bid most favorable to the State” for certain revenue-producing contracts under § 11-202(3).

<sup>19</sup> §§ 13-104, 13-105.

<sup>20</sup> COMAR 21.05.04.01.

<sup>21</sup> § 13-106.

<sup>22</sup> § 13-107.

**Emergency:** Award may be made by any method that the procurement officer determines appropriate to meet an occurrence or condition that creates an immediate and serious need for services, materials, or supplies. Emergency awards are within a procurement agency’s authority; the procurement agency may award a contract limited to the quantity and types of items necessary to avoid or mitigate serious damage to public health, safety, or welfare without Board of Public Works approval. After award, the agency is required to report the procurement to the Board.<sup>23</sup>

**Expedited:** Previously restricted to just the Maryland Aviation Administration (MAA) and the Maryland Port Commission, now all procurement agencies may award a contract on an expedited basis, which means that certain standard Procurement Law requirements (primarily, public notice and formal competition requirements) do not have to be followed. The expedited award must be based on as much competition as reasonably possible if: urgent circumstances exist, an expedited procurement would serve the public interest, and the need for an expedited procurement outweighs the benefits of using the standard methods. Procurement agencies must seek Board of Public Works approval before soliciting an expedited procurement.<sup>24</sup>

**Small Procurement:** Minimum procurement requirements are in place for agencies to award contracts that do not exceed \$100,000 (\$200,000 for DGS or MDOT construction contracts, or Department of Natural Resources capital projects or maintenance contracts).<sup>25</sup>

**Intergovernmental Cooperative Purchasing:** In basic terms, cooperative purchasing is sharing a contract among government entities. A primary procurement unit may act as a lead agency and award the contract that authorizes other government entities to use it, or another government entity may simply “piggyback” off an existing contract. Nonprofits also have the authority to piggyback off government cooperative purchasing agreements.<sup>26</sup>

**Auction Bids:** Previously restricted to only procurements for supplies estimated at \$1 million or more, now all primary procurement units may use auction bidding to procure supplies and services in any amount. Similar to the competitive sealed bidding procurement method, when the auction is complete, award is based on lowest bid price or lowest evaluated bid price.<sup>27</sup>

**Architectural and Engineering Services – Qualification Based Selection (OBS):** When DGS or MDOT solicits offers for architectural or engineering services, it evaluates each offeror’s technical proposal only. After determining the most qualified offeror, award is

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<sup>23</sup> § 13-108(a)-(c).

<sup>24</sup> § 13-108(d)-(f).

<sup>25</sup> § 13-109.

<sup>26</sup> § 13-110

<sup>27</sup> § 13-111

made to that offeror if the department and the offeror can negotiate a price that is fair, competitive, and reasonable.<sup>28</sup>

**Pay-for-Success Contracting:** A performance-based procurement through which an agency contracts with an organization to deliver services or commodities in exchange for payment based on the achievement of specific outcomes. With an emphasis on environmental outcomes, this method is limited to the Departments of Agriculture, Environment, Natural Resources, Transportation, and General Services, as well as the Maryland Environmental Service.<sup>29</sup>

**Master Contracting:** Designated procurement units may qualify offerors in one or more categories of services, supplies, or commodities and allow agencies solicit just those “master contractors” with secondary competition solicitations to award specific projects (task orders).<sup>30</sup>

**Proof of Concept:** A competitive procurement method to solicit proposals for a test, evaluation, demonstration, or pilot project of a good, service, or technology in a real-world environment to evaluate whether the good, service, or technology can be successfully deployed and is beneficial to the State.<sup>31</sup>

**BPW Approvals by Procurement Method:**

FY 2024 awards<sup>32</sup>:

Competitive Sealed Bid	Competitive Sealed Proposals	Sole Source	Emergency/ Expedited	Other <sup>33</sup>
193	92	168	38	214

**NOTABLE:**

- The number of competitive sealed bid and competitive sealed proposals contract awards remained consistent with FY 2023’s numbers (189 and 90 respectively).
- The number of sole-source contract awards in FY 2024 significantly increased from FY 2023’s reported 105 awards. FY 2024’s amount is close to FY 2022’s reported 179 awards, the highest annual amount in over a decade of reporting.
- The number of emergency/expedited contract awards decreased again in FY 2024, from FY 2023’s reported 55 awards. The spike in reported emergency/expedited contract awards in FY 2021 and FY 2022 was primarily attributed to the COVID-

<sup>28</sup> § 13-112

<sup>29</sup> § 13-112.1

<sup>30</sup> § 13-113

<sup>31</sup> § 13-116

<sup>32</sup> FY 2026 Managing For Results (MFR), Board of Public Works – FY 2024 actual data.

[https://dbm.maryland.gov/Documents/MFR\\_documents/2026/Board-of-Public-Works-MFR.pdf](https://dbm.maryland.gov/Documents/MFR_documents/2026/Board-of-Public-Works-MFR.pdf)

<sup>33</sup> The “Other” category includes A/E procurements, intergovernmental cooperative purchasing agreements, negotiated awards after unsatisfactory competitive sealed bidding, noncompetitive negotiated procurements, master contracts, and secondary competitions under master contracts.

19 pandemic (210 emergency/expedited contract awards reported in FY 2021, the highest annual amount ever reported, and 104 reported in FY 2022).

- The number of “other” contract awards in FY 2024 remained high, consistent with the FY 2023’s reported record annual high amount of 222.<sup>34</sup> The increased number of secondary competition awards under master contracts again contributed to this high amount.

**Single Bids/Proposals and Encouraging Competition:**

<b>FY 2024 Single Bid/Proposal Received<sup>35</sup></b>
88

The number of contract awards resulting from a single bid or proposal increased again in FY 2024 to the highest annual amount in a decade of reporting, from a previously reported high of 10.8%% in FY 2023, to 11.9% of all contract awards submitted for Board approval in FY 2024.<sup>36</sup>

The Procurement Advisor and the Board’s General Counsel have worked with the Procurement Improvement Council and Senior Procurement Advisory Group to ensure agencies are using procurement best practices to maximize procurement competition. Best practices include:

- Writing specifications to make sure they are not overly restrictive.
- Writing solicitations in plain English and including necessary information so that prospective bidders and offerors have a clear understanding of the anticipated scope of work.
- Advertising solicitations with ample time necessary for evaluations and award approvals to avoid unnecessary incumbent contract extensions.
- Safeguarding against incumbency advantages by establishing reasonable proposal deadlines and not placing unnecessary significance on past experience as an evaluation factor.
- Encouraging direct solicitation notices and notifications in forums in addition to posting on *eMaryland Marketplace*, especially for unique requirements.
- Upon receipt of a single bid/proposal, taking appropriate action including re-soliciting when feasible and further reducing any restrictive requirements.

<sup>34</sup> FY 2021 Managing For Results (MFR), Board of Public Works – FY 2015 - FY 2019 actual data. [https://dbm.maryland.gov/Documents/MFR\\_documents/2021/Board-of-Public-Works-MFR.pdf](https://dbm.maryland.gov/Documents/MFR_documents/2021/Board-of-Public-Works-MFR.pdf)

FY 2026 Managing For Results (MFR), Board of Public Works – FY 2020 - FY 2024 actual data. [https://dbm.maryland.gov/Documents/MFR\\_documents/2026/Board-of-Public-Works-MFR.pdf](https://dbm.maryland.gov/Documents/MFR_documents/2026/Board-of-Public-Works-MFR.pdf)

<sup>35</sup> FY 2026 Managing For Results (MFR), Board of Public Works – FY 2024 actual data. [https://dbm.maryland.gov/Documents/MFR\\_documents/2026/Board-of-Public-Works-MFR.pdf](https://dbm.maryland.gov/Documents/MFR_documents/2026/Board-of-Public-Works-MFR.pdf)

<sup>36</sup> FY 2021 Managing For Results (MFR), Board of Public Works – FY 2015 - FY 2019 actual data. [https://dbm.maryland.gov/Documents/MFR\\_documents/2021/Board-of-Public-Works-MFR.pdf](https://dbm.maryland.gov/Documents/MFR_documents/2021/Board-of-Public-Works-MFR.pdf)

FY 2026 Managing For Results (MFR), Board of Public Works – FY 2020 - FY 2024 actual data. [https://dbm.maryland.gov/Documents/MFR\\_documents/2026/Board-of-Public-Works-MFR.pdf](https://dbm.maryland.gov/Documents/MFR_documents/2026/Board-of-Public-Works-MFR.pdf)

## VI. SOCIOECONOMIC PROGRAMS AND SPECIAL PROVISIONS

The General Assembly has adopted various programs to ensure that all persons have access to meaningful opportunities to contract with the State and to ensure that State dollars are spent in a manner that furthers common goals. State Procurement goals include advancing participation by minority business enterprises, small businesses, veteran-owned businesses, and preferred providers in State contracts and the use of environmentally sound practices. In addition, several other procurement laws restrict or limit certain purchases or set minimum standards on specific State procurement actions. In order of statutory organization, these programs and provisions are as follows:

### **Preferences to Benefit Disadvantaged Individuals - Preferred Providers:**

The General Assembly has set a clear mandate that State agencies “shall buy supplies and services” from certain entities if those entities provide what the agencies are looking to procure.<sup>37</sup> These entities are referred to as preferred providers. They are, in order of preference:

- (1) Maryland Correctional Enterprises (MCE),<sup>38</sup>
- (2) Blind Industries and Services of Maryland (BISM); and
- (3) The Employment Works Program, including community service providers and individual-with-disability-owned businesses.

The State maintains a master list of supplies and services provided by preferred providers. If an agency seeks to procure supplies or services included on that master list, the agency must procure what it seeks from a preferred provider unless: the preferred provider cannot meet the State’s reasonable specifications, including time requirements; the preferred provider’s price exceeds the fair market price or exceeds the agency’s budget; or the procurement is being made on an emergency basis.<sup>39</sup>

### **Small Business Preference Program:**

- *Goal:* The Small Business *Preference* Program is distinct from the Small Business *Reserve* Program. The Preference Program establishes a price preference of up to 8% for certified small businesses including veteran-owned and service-disabled veteran-owned small businesses. Previously limited to the Departments of General Services and Transportation, the University System of Maryland, and Morgan State University for the procurement of supplies, services, and construction-related services, as well as the Department of Public Safety and Correctional Services in connection with construction of a State correctional facility, the Small Business Preference Program was expanded in 2024 to apply to all units and agencies of the executive branch of State government.<sup>40</sup>

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<sup>37</sup> §§ 14-101 – 14-110

<sup>38</sup> MCE trains and employs offenders within the prison system to produce goods and services that are sold to State and local agencies and nonprofit organizations.

<sup>39</sup> COMAR 21.11.05.07

<sup>40</sup> §§ 14-201 – 14-207; CH 753, Laws of 2024.

**Minority Business Enterprise Program:**

- *Goal:* The Minority Business Enterprise Program (MBE) requires procurement agencies to structure procurement procedures to try to achieve an overall minimum of 29% of the agency's total dollar value of procurement contracts to be awarded directly or indirectly with certified minority business enterprises.<sup>41</sup>
- *FY 2024:* The State made awards totaling \$2,255,825,670 to minority business enterprise prime contractors and subcontractors, which represents 21.9% of the agencies' total award dollars. This was a significant increase from FY 2023's reported \$1,219,053,272 dollar amount and 17.85% percentage, and the highest levels in a decade of reporting.<sup>42</sup>

**Reciprocal Preference for Resident Bidders:**

A procurement agency may give a preference to a resident business if:

- (1) The resident business is a responsible
  - a. Bidder under competitive sealed bidding;
  - b. Offeror under competitive sealed proposals; or
  - c. Provider of architectural or engineering services;
- (2) A responsible bidder or offeror whose principal office or principal base of operations is in another state submits the lowest responsive bid or the most advantageous offer;
- (3) The state in which the nonresident's principal office is located or the state in which the nonresident has its principal operation through which it would provide the goods or services gives a preference to its residents through law, policy, or practice; and
- (4) The preference does not conflict with a federal law or grant affecting the procurement contract.<sup>43</sup>

**Paper Procurement by Department of General Services:**

Of the total volume of paper that the Secretary of General Services buys, at least 90 percent shall be recycled paper.<sup>44</sup>

**Low Noise Supplies:**

All units of State government shall acquire by purchase or lease, to the greatest extent practicable, the quietest available supplies.<sup>45</sup>

**Coal in Heating Systems:**

The design of a heating system in a building or facility constructed after July 1, 1986 may not preclude the use of Maryland coal if the State provides at least 50% of the money used for construction of the building or facility, and a determination is made that coal products will be used to fuel the heating system.<sup>46</sup>

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<sup>41</sup> §§ 14-301 – 14-309; COMAR 21.11.03.

<sup>42</sup> *Governor's Office of Small, Minority & Women Business Affairs Annual Report FY2024*  
[https://dlslibrary.state.md.us/publications/Exec/GOSBA/SG9-306\\_2024.pdf](https://dlslibrary.state.md.us/publications/Exec/GOSBA/SG9-306_2024.pdf)

<sup>43</sup> §§ 14-401 – 14-401.1.

<sup>44</sup> § 14-402.

<sup>45</sup> § 14-403.

<sup>46</sup> § 14-404.

**Percentage Price Preference for Environmentally Preferable Products or Services – Maryland Green Purchasing Committee:**

The Maryland Green Purchasing Committee provides information, assistance, and guidelines to maximize procurement of environmentally beneficial products and services by State agencies, including establishing environmentally preferable specifications to be adopted by State agencies.<sup>47</sup> State agencies annually report to the Department of General Services on the purchases of environmentally preferable products and services.<sup>48</sup>

**Preference for Mercury Free Products and Equipment:**

All procurement agencies shall give a preference to procuring products and equipment that are mercury-free. If mercury-free products and equipment that meet the agency's product performance requirements are not commercially available, the procurement agency shall give preference to products containing the least amount of mercury necessary to meet performance requirements.<sup>49</sup>

**Percentage Price Preference for Locally Grown Foods:**

State schools and facilities shall include in procurement solicitations a price preference not exceeding five percent to bids or proposals for locally grown foods.<sup>50</sup>

**State Fleet Biodiesel Fuel or Other Approved Biofuel Usage:**

The State shall ensure that at least 50% of the heavy equipment owned by the state using diesel fuel and at least 50% of the vehicles using diesel fuel in the State vehicle fleet use a blend of fuel that is at least 5% biodiesel fuel or other biofuel approved by the U.S. Environmental Protection Agency as a fuel or fuel additive or approved under the EPA Renewable Fuels Standard 2 program.<sup>51</sup>

**Use of Compost in Public Lands of the State:**

State or local units responsible for the maintenance of public lands in the State shall give a preference for the use of compost in land maintenance activity that is publicly funded.<sup>52</sup>

**Employee Uniforms and Equipment – Place of Manufacture:**

With limited exceptions, a public employer may not knowingly buy, furnish, or require an employee to buy or acquire for use while on duty any of the following items unless the item is manufacture in the United States:

- (1) A uniform or any other item of apparel, the selection of which is not in the employee's discretion, except for the proper size; or
- (2) Safety equipment and protective accessories.<sup>53</sup>

**Energy Efficient Outdoor Lighting Fixtures in State Buildings:**

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<sup>47</sup> § 14-405; § 14-410; see also <https://dgs.maryland.gov/Pages/GreenPurchasing/index.aspx>

<sup>48</sup> [https://dgs.maryland.gov/Pages/Publications/green\\_purchasing\\_annual\\_reports.aspx](https://dgs.maryland.gov/Pages/Publications/green_purchasing_annual_reports.aspx)

<sup>49</sup> § 14-406.

<sup>50</sup> § 14-407.

<sup>51</sup> § 14-408.

<sup>52</sup> § 14-409.

<sup>53</sup> § 14-411.



If State funds are used to install or replace a permanent outdoor luminaire for lighting on the grounds of any building or facility owned or leased by the State or a unit of the State, procurement specifications shall require that:

- (1) Design of the luminaire maximizes energy conservation and minimizes light pollution, glare, and light trespass;
- (2) Illumination produced by the luminaire is the minimum illumination necessary for the intended purpose of the lighting; and
- (3) For a luminaire with an output of more than 1,800 lumens, the luminaire is a restricted uplight luminaire.<sup>54</sup>

**Disclosure of Conflict Minerals Originated in Democratic Republic of Congo Required:**

Bidders and offerors for supplies and services contracts are required to disclose certain information regarding conflict minerals originating in the Democratic Republic of Congo or its neighboring countries as required by federal law.<sup>55</sup>

**Purchasing Electronic Products:**

When purchasing an electronic product to be used by the State, a procurement agency shall purchase an electronic product that:

- (1) Is listed and rated silver or gold on the Electronic Product Environmental Assessment Tool (EPEAT) registry; or
- (2) Meets nationally recognized and consensus-based standards established by a comprehensive environmental rating system approved by the Department of Information Technology.<sup>56</sup>

**Recycling Electronic Products:**

When awarding a procurement contract for services to recycle electronic products, a State unit shall award the contract to a recycler of electronic products that:

- (1) Is R2 or e-Stewards certified; or
- (2) Meets nationally recognized and consensus-based guidelines, standards, and systems for recycling that are approved by the Department of the Environment in consultation with the Department of General Services.<sup>57</sup>

**Purchase of American Manufactured Goods:**

With limited exceptions, a public body shall require a contractor or subcontractor to use or supply American manufactured goods in the performance of a contract for:

- (1) Constructing or maintaining a public work; or
- (2) Buying or manufacturing machinery or equipment that is to be installed at a public work site.<sup>58</sup>

**Prohibition of Use of State Funds for Invasive Plant Species:**

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<sup>54</sup> § 14-412.

<sup>55</sup> § 14-413.

<sup>56</sup> § 14-414.

<sup>57</sup> § 14-415.

<sup>58</sup> § 14-416.

With limited exceptions, State funds may not be used to purchase or plant an invasive plant species for an outdoor project.<sup>59</sup>

**Zero-Emission Vehicles:**

State law provides for increasing requirements over time to eventually require 100% of passenger cars in the State vehicle fleet to be zero-emission vehicles by 2031, and other light-duty vehicles in the State vehicle fleet to be zero-emission vehicles by 2036.<sup>60</sup>

**Small Business Reserve Program:**

- *Goal:* The Small Business Reserve (SBR) Program aims to increase participation in State procurements by small businesses by requiring agencies to structure their procurement procedures to ensure that a minimum amount of agencies' procurement dollars are expended directly with certified small businesses. The SBR goal is 15% of all State procurement expenditures.<sup>61</sup>
- *FY 2024:* The State made payments totaling \$125,369,997 to certified small businesses from designated SBR procurements, which represents 2.6% of the agencies' total payments. This was a decrease from FY 2023's reported \$140,292,446 and 2.7% percentage.<sup>62</sup>

**Veteran-Owned Small Business Enterprise Participation:**

- *Goal:* The Veteran-owned Small Business Enterprise Program (VSBE) requires procurement agencies to structure procurement procedures to try to achieve an overall minimum of 1% of the agency's total dollar value of procurement contracts to be awarded directly or indirectly with veteran-owned small business
- *FY 2024:* The State made awards totaling \$124,283,609 to veteran-owned small business enterprise prime contractors and subcontractors, which represents 1.83% of the agencies' total award dollars. This was a significant increase from FY 2023's reported \$35,603,396 and 0.75% percentage.<sup>63</sup>

**Certified Local Farm Enterprise Program:**

Encourages each procurement unit to achieve an overall goal of 20% of the unit's total dollar value of procurement contracts for food from certified local farm enterprises.<sup>64</sup>

**Security for Construction Contracts:**

Before a public body awards a construction contract exceeding \$100,000, the contractor shall provide payment security that meets the requirements of the procurement law.<sup>65</sup>

**Prevailing Wage Rates – Public Work Contracts:**

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<sup>59</sup> § 14-417.

<sup>60</sup> § 14-418.

<sup>61</sup> §§ 14-501 – 14-505.

<sup>62</sup> *Governor's Office of Small, Minority & Women Business Affairs Annual Report FY2024*  
[https://dlslibrary.state.md.us/publications/Exec/GOSBA/SG9-306\\_2024.pdf](https://dlslibrary.state.md.us/publications/Exec/GOSBA/SG9-306_2024.pdf)

<sup>63</sup> *Governor's Office of Small, Minority & Women Business Affairs Annual Report FY2024*  
[https://dlslibrary.state.md.us/publications/Exec/GOSBA/SG9-306\\_2024.pdf](https://dlslibrary.state.md.us/publications/Exec/GOSBA/SG9-306_2024.pdf)

<sup>64</sup> §§ 14-701 – 14-708.

<sup>65</sup> §§ 17-101 – 17-111.

With limited exceptions, each contractor and subcontractor under a public work contract shall pay not less than the prevailing wage rate of straight time to an employee for each hour that the employee works.<sup>66</sup>

**Steel Procurement for Public Works:**

With limited exceptions, a public body shall require a contractor or subcontractor to use or supply only American steel products in the performance of a contract for:

- (1) Constructing or maintaining a public work; or
- (2) Buying or manufacturing machinery or equipment that:
  - a. Is composed of at least 10,000 pounds of steel products; and
  - b. Is to be installed at a public work site.<sup>67</sup>

**Notice of Political Contributions:**

Each State or local government procurement contract shall include a clause covering the obligation of a contractor to comply with the political contribution reporting requirements under Title 14 of the Election Law Article to which the contractor may be subject.<sup>68</sup>

**eMaryland Marketplace – Use by Certain Persons:**

Notice of a procurement and notice of a procurement award valued more than \$50,000 are required to be published in eMaryland Marketplace by a unit of State government; a county; a municipality; a bicounty or multicounty governmental agency; a special tax district, sanitary district, drainage district, soil conservation district, and water supply district; a public institution of higher education; a public school; and an entity exempt from the provisions of the General Procurement Law under State Finance and Procurement Article § 11-203, except for the Maryland Health and Higher Educational Facilities Authority.<sup>69</sup>

**Apprenticeship Requirements for Public Works Contracts:**

A contractor that is awarded a procurement contract for a project covered under this law shall provide to the procuring unit, as a condition of receiving the contract, written verification that:

- (1) The contractor participates in an apprenticeship training program for each covered craft in which it will employ persons for the covered project;
- (2) The contractor will make payments to the State Apprenticeship Training Fund; or
- (3) The contractor will payments in amounts determined under the law to a registered apprenticeship program or to an organization that has registered apprenticeship programs for the purpose of supporting these programs.<sup>70</sup>

**Investment Activities in Iran:**

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<sup>66</sup> §§ 17-201 – 17-226.

<sup>67</sup> §§ 17-301 – 17-306.

<sup>68</sup> §§ 17-401 – 17-402.

<sup>69</sup> §§ 17-501 – 17-502.

<sup>70</sup> §§ 17-601 – 17-606; see also §§ 17-6A-01 – 17-6A-06 – Apprenticeship Requirements for Capital Construction Projects.

A person that, at the time of bid or proposal for a new contract or renewal of an existing contract, is identified on the list maintained by the Board of Public Works as a person engaging in investment activities in Iran is ineligible to, and may not bid on, submit a proposal for, or enter in or renew a contract with a public body for goods or services.<sup>71</sup>

**Responsible Payment of Employee Health Care Expenses:**

Each bidder, contractor, or subcontractor that performs work on a State-funded construction project shall certify that the bidder, contractor, or subcontractor pays employee health care expenses in accordance with the law.<sup>72</sup>

**Living Wage:**

With limited exceptions, contractor employees working on certain State contracts for services or maintenance must be paid a minimum rate meeting or exceeding the Living Wage rate Tier for the area where most of the work is to take place. Tier 1 includes Montgomery County, Prince George’s County, Howard County, Anne Arundel County, Baltimore County, and Baltimore City. Tier 2 includes any county in the State not included in Tier 1.<sup>73</sup>

**Commercial Nondiscrimination Policy:**

It is the policy of the State not to enter into a contract with any business entity that has discriminated in the solicitation, selection, hiring, or commercial treatment of vendors, suppliers, subcontractors, or commercial customers on the basis of race, color, religion, ancestry or national origin, sex, age, marital status, sexual orientation, or on the basis of disability or any otherwise unlawful use of characteristics regarding the vendor’s, supplier’s or commercial customer’s employees or owners.<sup>74</sup>

**VII. PROCUREMENT ADVISOR ACTIVITIES**

As Procurement Advisor, I report the following activities:<sup>75</sup>

***Committees and Organizations***

- Member, Procurement Improvement Council
- Board representative, Senior Procurement Advisory Group
- MBE/VSB/SBR Liaison, Board of Public Works
- Coordinator, Board of Public Works Managing for Results
- Instructor, Maryland Procurement Academy (MDPA)
- Member, National Association of State Procurement Officials (NASPO)
- Member, National Institute of Governmental Purchasing (NIGP)
- Member, Maryland Public Purchasing Association (MPPA)
- Certified Public Procurement Officer (CPPO)

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<sup>71</sup> §§ 17-701 – 17-707.

<sup>72</sup> §§ 17-801 – 17-804.

<sup>73</sup> §§ 18-101 – 18-109.

<sup>74</sup> §§ 19-101 – 19-120.

<sup>75</sup> § 12-102(a)(2)(ix)

- Certified Professional Public Buyer (CPPB)
- Certified Procurement Professional by the National Institute of Government Purchasing (NIGP-CPP)
- Member, Maryland Bar

### ***Regulations/Policy***

- COMAR Title 21 – current.
- Board of Public Works procurement advisories – current.

### ***Communication***

- Regularly advise members and staff of the General Assembly and the Office of Legislative Audits on procurement-related matters.
- Monitor Office of Legislative Audits reports and assist agencies with respect to procurement-related findings.
- Brief procurement officers from the state, universities, counties and public-school systems on procurement legislation and State procurement trends.
- Brief the Maryland Public Purchasing Association on changes to procurement laws and regulations.
- Advise the Senior Procurement Advisory Group on procurement best practices, procurement laws and regulations, and Board of Public Works policies.
- Teach courses on Maryland Procurement Law for students within the Maryland Procurement Academy.

## **VIII. RECENT DEVELOPMENTS IN STATE PROCUREMENT**

The following “recent developments” have been included in prior State Procurement Reports but are repeated here for informational purposes and historical perspective.

### ***COVID-19 Pandemic: Emergency Procurements and Impacts to State Procurement:***

The COVID-19 pandemic, starting in FY20 and continuing through FY22, impacted state procurement in several significant ways. Fiscal Year 2021 saw the number of reported emergency procurements increase to a record annual high, and only begin to taper off in FY22. During the same period, the number of competitive sealed bidding and competitive sealed proposals procurements both decreased to the lowest annual amounts in over a decade of reporting. The number of sole source contracts increased to the highest annual amount in over a decade of reporting, while the number of competitive procurements with a single bid/proposal increased to the highest annual amount in eight years of reporting.<sup>76</sup> The increased number of single bid/proposal awards could have been due to a number of factors, including fewer available state resources to attempt to

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<sup>76</sup> Note that while many reported emergency procurement awards were based on a single bid/proposal or a “sole source” justification, those emergency procurements did not count toward the sole source and single bid/proposal statistics included in this report as the emergency procurement method is separate and distinct from the sole source and competitive sealed bidding/proposals procurement methods.

reprocure due to the demands placed on agency procurement officers to procure COVID-related services and supplies instead. In addition, some vendors may have been unable to bid or chosen not to bid because of their own limited resources due to worker health issues, resignations/retirements, or other COVID-related reasons. Finally, several of the reported “sole source” contracts were in fact retroactive extensions of prior contracts, some of which had been competitively procured previously, that had expired for failure to competitively reprocure in time or to extend the contract via normal means, such as the exercising of a renewal option or extending the contract via a contract modification agreement before the contract expired.

The statistics painted a picture of reduced competition in state procurements due to an increased reliance on emergency and sole source contracting during the reporting periods.<sup>77</sup> With many of these contracts funded by Federal COVID relief dollars and continuing into FY22 and beyond, it has been a challenge to “wean” agencies off of the use of the emergency and sole source procurement methods that so many procurement officers became accustomed to utilizing during FY20-FY22. In addition, numerous emergency procurement reports were reported late during this period (i.e., after the mandated reporting period of time required by regulation), resulting in some emergency procurement activity not being reviewed by the Board of Public Works until months after the emergency contract awards were made. On a positive note, the number of COVID-related emergency procurements reported to the Board of Public Works has tapered off significantly after FY22, with FY24 data indicating a return to the pre-pandemic approximate average.

The COVID pandemic also had an impact on the state’s procurement workforce. Agencies lost staff and productivity temporarily due to personnel sickness and leave, as well as permanently due to planned and early retirements along with staff resigning and leaving for other, non-state employment (the last being a continuing issue over several past years). There is a significant concern that with the recent and continuing retirements, resignations, and staff turnover in general, the State has experienced and will continue to experience a “brain drain” of experienced procurement professionals exacerbated by a continuing “silver tsunami” of retiring baby boomers that had been predicted for years.<sup>78</sup> The State should consider investigating and developing new and different systems to retain and transfer accumulated agency knowledge and experience to newer staff entering the state procurement workforce during these changing times.<sup>79</sup>

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<sup>77</sup> The State of Maryland was not alone in experiencing reduced competition during the COVID-19 pandemic: <https://www.npr.org/2020/06/09/869052415/feds-spend-billions-on-covid-19-contracts-often-without-fully-competitive-bidding>

<sup>78</sup> <https://www.governing.com/archive/gov-governments-silver-tsunami.html>  
<https://thehill.com/opinion/finance/381023-cyber-boomers-and-pensions-oh-my-state-governments-3-worries>  
<https://www.npr.org/2015/01/15/377201540/businesses-try-to-stave-off-brain-drain-as-boomers-retire>  
<https://www.forbes.com/sites/jackkelly/2021/10/01/baby-boomers-are-leaving-the-workforce-to-live-their-best-lives-in-a-silver-tsunami-great-retirement-trend/?sh=4ca52432260b>

<sup>79</sup> <https://federalnewsnetwork.com/retirement/2021/10/could-ai-help-stave-off-the-brain-drain-of-federal-retirement/>

### **Procurement Reform:**

The 2017 legislative session included several bills to reform the State's procurement system based on recommendations made in a series of reports reviewing state procurement.<sup>80</sup> Notable bills from that session and a summary of the changes to the procurement code included:

- *HB1021 / CH 590 – Reorganization of State Procurement*
  - Transferred the primary procurement authorities of the Departments of Budget and Management, Information Technology, and Public Safety and Correctional Services to the Department of General Services.
  - Established a Chief Procurement Position (CPO) within the Department of General Services.
  - Reorganized the Procurement Advisory Council (PAC) as the Procurement Improvement Council (PIC) with the CPO as the chair.
  - Effective date for most statutory changes was October 1, 2019.
- *SB309 / CH438 – Small and Minority Business Participation*
  - Expanded the Small Business Reserve Program, including establishing a 15% goal for all agencies.
  - Incorporated the federal “60%” rule into the Minority Business Enterprise Program, allowing 60% of supply and material costs from a “regular dealer” MBE to counted toward the State contract’s MBE goal.
  - Clarified the removal of MBEs from contracts for “good cause.”
- *SB310 / CH587 – Promoting Efficiencies in State Procurement*
  - Authorized the Departments of General Services, Transportation, and Budget and Management to utilize the master contracting procurement method.
  - Repealed the General Professional Services Selection Board (GPSSB) and the Transportation Professional Services Selection Board (TPSSB) for review of architectural and engineering contracts.
- *SB311 / CH588 – Improving the State Procurement Oversight Structure*
  - Repealed the statutory preference for using the competitive sealed bidding procurement method.

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<sup>80</sup> *Procurement Improvement Review, State of Maryland*, May 2013, Treya Partners.

<http://msa.maryland.gov/megafile/msa/speccol/sc5300/sc5339/000113/017000/017746/unrestricted/20131758e.pdf>;

*Review of Maryland's Procurement Policies and Structures*, November 2014, Department of Legislative Services

<http://dls.maryland.gov/pubs/prod/TaxFiscalPlan/Review-of-Marylands-Procurment-Policies-and-Structures.pdf>;

*Reforming State Procurement for Maryland Businesses* June 2016, One Maryland Blue Ribbon Commission <https://marylandassociationofcounties.files.wordpress.com/2016/07/reforming-state-procurement-for-maryland-businesses.pdf>;

*Report of the Commission to Modernize State Procurement*, December 2016, Lt. Governor Boyd K. Rutherford, Chair

<https://msa.maryland.gov/megafile/msa/speccol/sc5300/sc5339/000113/021600/021624/20170016e.pdf>

- Raised the threshold for small procurements from \$25,000 to \$50,000. The construction small procurement threshold was raised from \$50,000 to \$100,000.<sup>81</sup>

### **eMaryland Marketplace:**

In 2017 and 2018, the Department of General Services, Budget and Management, and Information Technology drafted a solicitation for the procurement of a new eMaryland Marketplace information technology service contract. With participation by the Office of the Comptroller and the State Treasurer’s Office, evaluation of proposals was conducted in 2018. A new contract award recommendation to Nitor Partners, LLC, was approved by the Board of Public Works on March 6, 2019 in the amount of \$38 million, with services under the new contract starting in the summer of 2019. Branded as “eMaryland Marketplace Advantage” (eMMA), additional updates to the system were made during the following years, including through FY 2024, with the eventual end goal being a complete procure-to-pay eProcurement system.

### **Procurement Manual:**

Recommendation 4.2 of the Report of the Commission to Modernize State Procurement (2016) tasked a workgroup of designated State procurement staff to create and distribute a State of Maryland Procurement Manual (the Manual), as well as establish a system for periodically updating the Manual. This Manual is to promote standardized best practices for the planning, conducting, and completion of procurements, with an emphasis on consistent practices under the State’s procurement regulations. It is to be electronically accessible for use by all State agencies and the business community, and to be used in the development of a Maryland Procurement Training Curriculum (Recommendation 4.3 of the Report of the Commission to Modernize State Procurement – see below).

The Procurement Manual has been completed and published on the State’s main procurement webpage.<sup>82</sup> Continued development and use of this manual should help provide consistency in procurement practices across State agencies.

### **Procurement Academy:**

Recommendation 4.3 of the Report of the Commission to Modernize State Procurement advised that a Maryland Procurement Training Curriculum be developed from the Maryland Procurement Manual to train all procurement staff on the standardized best practices and COMAR interpretations for conducting procurements. Training content is to be tailored for classroom settings as well as online self-training modules, with the establishment of full-time centralized staff devoted to delivering training to State procurement staff. Online training modules are to be established with delivery via the State’s centralized procurement website portal. Periodic hands-on training sessions are to be provided on various subject matter areas, and the Senior Procurement Advisory Group

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<sup>81</sup> The Small Procurement dollar threshold was increased again in 2023, from \$50,000 to \$100,000 for non-construction procurements, and from \$100,000 to \$200,000 for construction procurements. CH 161, Laws of 2023.

<sup>82</sup> *Maryland Procurement Manual* <https://procurement.maryland.gov/maryland-procurement-manual-table-of-contents/>



is to continue to provide training sessions based upon established curriculum. Updates to the training curriculum are to be made on an ongoing basis as updates are made to the Procurement Manual.

In response to this recommendation, the Department of General Services Office of State Procurement (DGS-OSP) has created the Maryland Procurement Academy (the Academy). The Academy comprises full-time staff, including a Chief Learning Officer, as well as a learning management system (LMS) for instructors and students to utilize to access numerous courses and relevant training materials. Courses cover a wide variety of procurement subject matter including Maryland procurement law, eProcurement, solicitation construction, evaluation of bids and proposals, and contract administration and management. Students that complete the curriculum and pass the certification exam receive the designation of Certified Maryland Procurement Officer (CMPO).<sup>83</sup>

## **IX. RECOMMENDATIONS TO IMPROVE STATE PROCUREMENT<sup>84</sup>**

In accordance with my statutory duties, I am required to include in this report:

- (1) “Findings and recommendations for improvements to the procurement system;” and
- (2) “Identification of barriers to effective broad-based competition in State procurement and recommendations for the elimination of those barriers.”<sup>85</sup>

### **Recommendation to Reduce Complexity in the State’s Procurement System:**

#### **Single Bids/Proposals and Simplification of State Procurement Laws**

The number of single bid/proposal contract award recommendations presented to the Board has again reached an all-time high in the past decade of reporting according to the FY 2024 collected data, following FY 2023’s previously reported highest amount. For the past five years, the number of procurement contracts submitted to the Board of Public Works for approval has remained fairly consistent, with an average of approximately 725 contracts submitted per fiscal year. However, during this same period of time, the number of single bid/proposal contract award recommendations presented to the Board has steadily increased, from 4.5% of total contracts submitted in FY 2020, to 11.9% of total contracts submitted in FY 2024.<sup>86</sup> The following opinion was provided by me in the FY 2023 Procurement Advisor’s Report, and is

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<sup>83</sup> [https://procurement.maryland.gov/wp-content/uploads/sites/12/2021/02/CMPO\\_Certification\\_Objectives\\_Program\\_Launch.pdf](https://procurement.maryland.gov/wp-content/uploads/sites/12/2021/02/CMPO_Certification_Objectives_Program_Launch.pdf)

<sup>84</sup> The recommendations provided in this report are my own recommendations, as Procurement Advisor, and do not necessarily represent the opinions of the individual Board of Public Works members or the Board of Public Works itself.

<sup>85</sup> § 12-102(a)(2)(ix).

<sup>86</sup> FY 2026 Managing For Results (MFR), Board of Public Works – FY2020 – FY 2024 actual data. [https://dbm.maryland.gov/Documents/MFR\\_documents/2026/Board-of-Public-Works-MFR.pdf](https://dbm.maryland.gov/Documents/MFR_documents/2026/Board-of-Public-Works-MFR.pdf)

repeated in this Report due to the continuing trend of increased single bid/proposal contract awards:

As noted above, I am to identify “barriers to effective broad-based competition in State procurement and recommendations for the elimination of those barriers.”<sup>87</sup> While I have worked with the Board’s General Counsel over the years to identify barriers and provide best practices to State procurement officers to increase competition in procurements as noted above (Section V of this Report), in my opinion more needs to be done to identify and address factors that contribute to the increasing number of single bids/proposals. However, not all of those factors are in the control of State procurement officers, and in my opinion, one significant factor is the State’s increasingly complex system of procurement laws, regulations, and other requirements, potentially leading to vendor confusion and reluctance to compete on State procurement contracts.

As noted in Section III of this Report, two of the articulated purposes and policies of the State Procurement Law are “simplifying, clarifying, and modernizing the law that governs State procurement” and “fostering effective broad-based competition in the State through support of the free enterprise system.”<sup>88</sup> During my over 16 years of experience in State of Maryland procurement, the State’s procurement laws have not been “simplified” in my opinion, but instead have become increasingly complex. Since the inception of the State’s procurement laws decades ago, more and more additional programs, “special provisions,” and other requirements have been added to the law resulting in increasing demands placed not only on State procurement officers, but also on the vendors that compete for State procurement contracts, with the State’s procurement law now having become somewhat of a “Frankenstein’s monster.” While these additional laws and their requirements may be passed with good intentions, they are often “double-edged swords” when it comes to their impact on State procurement, with the negative aspects often viewed as additional workload for State procurement officers, reduced competition from vendors, and increased costs to the State. As an example, various State procurement programs require multiple forms and affidavits from bidders and offerors, accompanied by dozens of pages of instructions, as well as ongoing vendor reporting requirements during the term of the State contract. These requirements are not exclusive to just one program. However, with multiple procurement programs in the law, each with their own requirements, along with continuous revisions or expansions to those programs and the addition of new programs or requirements in the law over the years, meeting those requirements has become even more challenging. State procurement offices, often understaffed and sometimes with insufficient training, do have difficulties at times managing all these requirements, sometimes resulting in flawed or failed procurements.

As an anecdote, I will briefly mention my experience being hired as an entry-level procurement officer for the Department of Budget and Management in 2007. One of the reasons I had applied for the position at the time was because the department had stated a

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<sup>87</sup> § 12-102(a)(2)(ix).

<sup>88</sup> § 11-201(a).

preference for individuals with law degrees. Upon my starting work with the department, I discovered that I was not the only procurement officer with a law degree that had been hired by the department, and I would witness several other individuals with law degrees be hired by the department for starting procurement officer positions soon after and in the subsequent years. Eventually, the number of procurement officers in the department with law degrees outnumbered the procurement officers without law degrees. Again, these hires were for starting, entry-level procurement officer positions, not legal counsel positions. As explained to me, individuals with law degrees were sought by the department for starting procurement positions for several reasons, including an expectation of greater attention to detail, better communication, writing, and research skills, but especially the ability to understand and meet the laws and regulations that govern state procurement, which are not always efficiently organized, well written, or intuitive. In my opinion, the State should not have to hire lawyers to work as procurement officers in order to understand and meet the requirements of the procurement law. This was back in 2007, and the State's procurement laws and regulations have only been expanded on and become more complex since that time.

While the increasingly complex laws and regulations place a burden on State procurement officers, those procurement officers are typically trained to the best of their abilities to meet the requirements of those laws and regulations. However, the vendor community is normally not trained in the minutiae of the procurement law, or in how to meet the numerous requirements found throughout the State's procurement laws and regulations. Often a vendor's first experience with those requirements is when they read a State procurement solicitation for the first time, with its dozens and dozens of pages of instructions, forms, and required affidavits. Some vendors may be overwhelmed by the myriad of requirements placed on them in order to submit a bid or proposal; some vendors may find the requirements, and penalties for not complying with the requirements, burdensome and decide not to compete at all. Finally, for vendors that do decide to bid or propose on a State contract, a vendor's failure to follow instructions and meet certain State requirements can sometimes lead to a bid or proposal being rejected outright, further reducing competition.

As long as the State's procurement laws and regulations continue to be expanded with increasing requirements and complexity, instead of being simplified, I foresee additional burdens placed on State procurement officers and the vendor community, leading to further reductions in competition.

#### Uniform State Procurement Procedures

Another one of the articulated purposes and policies of the State Procurement Law is "promoting development of uniform State procurement procedures to the extent possible."<sup>89</sup> Attempts were made during the procurement reform efforts of 2016-2017 to create a more centralized and uniform state procurement system, including the removal of the Departments of Budget and Management, Information Technology, and Public Safety and Correctional Services as procurement control agencies, with their procurement

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<sup>89</sup> § 11-201(a).

authority transferred to the Department of General Services. However, the end result is still a decentralized system; a mostly bifurcated system of procurement oversight, with procurement agencies reporting either to DGS or MDOT for most procurement actions (sometimes both, as well as the Department of Information Technology, depending on the particulars of the procurement), but with the State universities, colleges, and other “exempt” institutions remaining separate with their own procurement policies, procedures, and training programs. This has led to confusion and resentment amongst procurement officials, and sometimes vendors as well, with questions asked of “what laws, rules, policies, or guidelines apply to me,” “who do I need to get approval from,” and “why do I have to follow this law/rule while they do not?”

Whether a vendor is competing in a “State” procurement conducted by DGS, MDOT, the University System of Maryland, the Stadium Authority, or another entity with its own procurement policies and procedures can determine what communications and instructions that vendor receives, what forms and affidavits that vendor is required to submit with their bid/proposal, how interactions with the State procurement officer are conducted, what procurement notices that vendor receives, whether and how a debriefing is provided, and numerous other differences in how the “State” procurement is conducted. The continued expansion over the years of the numerous “exclusions” from the procurement law, briefly discussed in Section IV of this report, has only exacerbated this issue.<sup>90</sup>

In my opinion, as long as the State continues operating under this decentralized procurement system, with different State entities following their own self-created procurement policies and procedures, and some State entities being either partially or wholly exempt from the State’s procurement laws, the greater the likelihood there is of continued confusion on the part of procurement staff and the vendor community. True “uniform State procurement procedures” would greatly help in the training of all State procurement staff, no matter the State agency/entity they work for, and would also help the vendor community in knowing that there is only one procedure for a given procurement action, no matter which State agency/entity is conducting the procurement.

**Recommendation to Improve MBE Vendor Participation and Compliance:**

In response to concerns raised within the 2020 Joint Chairmen’s Report regarding low levels of MBE participation rates,<sup>91</sup> the BPW provided the following recommendation to include within the formal response from the Governor’s Office of Small, Minority, and Women Business Affairs (GOSBA):

The Board of Public Works shares the budget committees’ concerns regarding Minority Business Enterprise (MBE) participation rates and looks forward to ongoing work with GOSBA in order to help improve vendor participation in the MBE program and overall compliance with the State’s MBE goal.

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<sup>90</sup> The majority of the exclusions/exemptions from the procurement law are found in § 11-203.

<sup>91</sup> *Joint Chairmen’s Report on the Fiscal 2021 State Operating Budget (SB 190) and the State Capital Budget (SB 191) and Related Recommendations*, 23-24.

<https://mgaleg.maryland.gov/Pubs/BudgetFiscal/2020rs-budget-docs-jcr.pdf>

Through the coordinated efforts of BPW and GOSBA staff, recent changes to the MBE program's regulations have allowed for the waiving or curing of minor irregularities in vendor MBE affidavits submitted with procurement bid responses. Previously, bidders and their proposed MBE subcontractors were rejected outright for even trivial errors on their submitted MBE affidavits. The recent significant changes to the MBE regulations have resulted in fewer bidders and their proposed MBEs being rejected during the bid review process, directly impacting participation in the MBE program for the better.

In addition, the Procurement Advisor to the BPW continues to enhance communication between State units and the vendor community on procurement matters, including policies and procedures, vendor grievances, and MBE issues. The Board of Public Works Procurement Advisor has participated in several conferences and workshops coordinated by GOSBA to increase awareness of and vendor participation in the State's MBE program.

While many state contracts include MBE goals close to the State's goal of 29%, too few prime contractors meet or exceed their agreed-to contract MBE participation goals. Therefore, in the next annual Procurement Advisor's Report, the Procurement Advisor plans to propose that agencies use additional tracking measures designed to catch declining MBE participation rates in State contracts, notify prime contractors of declining MBE participation, and alert State agencies to take action to rectify declining MBE participation before contracts expire. This proposal would require agencies to set periodic milestones across the entire term of a contract for which to check the status of contractor MBE participation at each set milestone. If MBE participation is below the contractor's MBE commitment at that point in time, the contractor would be notified and warned to take action to increase participation. If the MBE participation was below a specific percentage threshold, the agency would be advised to take action as permissible under the law, including potentially assessing liquidated damages against the prime contractor, contemplating the addition of MBE subcontractors to the contract to increase participation, or possibly terminating the contract due to the contractor's failure to meet its MBE commitment.

Going forward, the BPW will continue serve as a resource for GOSBA as the agency examines procurement practices that affect small, minority, and women business enterprises and identifies policies that would improve small, minority, and women business enterprise participation rates.

The following recommendation was included in the Fiscal Year 2020 State Procurement Report and is reiterated in this report:

Expanding further, the Procurement Advisor recommends that GOSBA coordinate discussions with state procurement units to develop a system of setting contract milestones for contracts with MBE goals in order to track and improve MBE

participation. These initial discussions could be initiated through the Procurement Improvement Council (PIC) and the Senior Procurement Advisory Group (SPAG), and the actual development of contract MBE participation milestones could take place during the Procurement Review Group (PRG) process during which the actual MBE goals are established.

As the duration and scope of work in each contract varies, a one-size-fits-all approach to setting milestones will likely not work. While some contracts may be able to include regular periodic milestones, such as once every six or 12 months in a multi-year services contract, other contracts may only include MBE participation opportunities during specific stages of the contract (ex. not during early development/transition phases, or only during actual construction and post-development phases). Therefore, it would be dependent upon the procuring agency to match the series of MBE participation check milestones with the various phases of the contract's scope of work, for the entire life of the contract.

Once a set of milestones is established for a contract, the contracting agency would be required to report to GOSBA the current MBE participation at the time of each milestone. If the MBE participation is beneath the contractor's stated commitment or not within a set percentage threshold of that commitment as determined by GOSBA, then GOSBA would direct the contracting agency to take action to improve the MBE participation if the agency has not already done so.

As stated above, there are several available tools to help improve low MBE participation before contracts expire, and additional measures may be permissible depending on the terms of the contract. Correcting low MBE percentage has not always been a high priority in contract management, and so agencies should be directed to take a firmer approach with contractors when MBE participation is lacking. Each contractor has made a commitment to a specific percentage of MBE participation when it submitted its bid/proposal and signed the state contract. Therefore, each contractor should be held accountable to the commitments it has made as with any other contract provision.

**Conclusion:**

The Board of Public Works looks forward to working with the General Assembly and procuring agencies to identify additional best practices for State procurement, recommendations, and potential changes to the procurement law, and to assist in the training and consistent application of those best practices and laws.

## Appendix: Fiscal Year 2024 Summary

Categories of Work	Contract Awards and Change Orders Total - State Agencies other than MDOT	Contract Awards and Change Orders Total - MDOT
<i>Commodities, Supplies, and Equipment (CSE)</i>	\$451,476,640.44	\$52,423,031.13
<i>Services (S)</i>	\$5,167,075,682.38	\$448,909,390.71
<i>Architectural and Engineering (AE + AR + EG)</i>	\$100,664,967.62	\$985,681,640.66
<i>Human, Cultural, Social and Educational Services (HCS)</i>	\$1,224,910,252.07	\$110,000.00
<i>IT Services (ITS)</i>	\$440,744,463.53	\$12,721,913.53
<i>IT Hardware (ITE)</i>	\$106,496,105.94	\$14,761,000.11
<i>IT Software (ITW)</i>	\$92,664,180.90	\$11,564,610.71
<i>IT Cybersecurity (ITC)</i>	\$0.00	\$0.00
<i>Construction (C)</i>	\$2,024,782,639.97	\$881,387,894.74
<i>Construction-Related Services (CRS)</i>	\$1,125,048.00	\$5,081,542.37
<i>Capital Equipment (CE)</i>	\$190,284.00	\$81,773,135.60
<i>Maintenance (M)</i>	\$16,069,708.05	\$773,659,728.12
<i>Maintenance-Functional (FM)</i>	\$54,525,546.23	\$0.00
<i>Maintenance-Construction (MC)</i>	\$0.00	\$0.00
<i>Energy Performance (EP)</i>	\$650,222.04	\$0.00
<i>Revenue (RV)</i>	\$0.00	\$1.00
<i>Leases (L)</i>	\$6,572,155.43	\$1,000.00
<b>Totals</b>	<b>\$9,687,947,896.60</b>	<b>\$3,268,074,888.68</b>