

**EXECUTIVE DEPARTMENT -
BOARDS, COMMISSIONS AND OFFICES
FISCAL YEAR 2018 OPERATING BUDGET HEARINGS**

Public Safety and Administration Subcommittee
House Appropriations Committee
Delegate Keith E. Haynes, Chair
Delegate Ana Sol Gutierrez, Vice Chair
February 2, 2017

Health and Human Services Subcommittee
Senate Budget & Taxation Committee
Senator Richard S. Madaleno Jr., Chair
February 3, 2017

Agency Response to DLS Issues and Recommendation

Issue #1- GOMA Reports Lower Minority Business Enterprise and Small Business Reserve Contract Attainment: GOMA reported a significant decrease in the State's attainment of the 29% Minority Business Enterprise (MBE) and 10% SBR goals in State procurement. The MBE participation rate decrease was expected due to the impact of Chapter 605 of 2013, which removed not-for-profit organizations from MBE eligibility. Unexpected, though, was a sharp decline in SBR attainment, which GOMA reports was the result of a software error that improperly identified noneligible business as part of the program. **The Department of Legislative Services (DLS), recommends that the agency provide an explanation regarding the incorrect reporting on SBR eligibility including remedial action taken to correct the problem. The agency should also report to the committees any impact that these corrections might have on contractors who were included in the SBR in error. Finally, DLS recommends that the agency discuss how it intends to improve participation in both programs going forward and how it will meet the established attainment goals.**

Agency Response

GOMA is building awareness for the importance of changing current practices regarding the designation of procurements through the SBR Program. A recommendation within the Commission to Modernize State Procurement would impact current practices if approved and implemented." Two key drivers of the SBR fall are (a) the results of a long term dependence by agencies on non-designated SBR procurements and (b) a focus by agencies on capturing true SBR spend. Commission recommendations to expand the SBR program and to eliminate non-designated SBR procurements, training, and greater transparency are all aimed at solving the problem. From GOMA's "Percentage of MBE 29% Goal Attained" MFR: "THIS IS AN ESTIMATE. MBE participation was expected to decline in FY2016 as a result of a significant statutory change which removed non-profit organizations from the program. The decrease from 26.2% in FY2015 to 20.1% in FY2016 is in line with predictions." Because some agencies have not submitted accurate and/or complete annual reports, the MFR numbers are still estimates and, the actuals could be somewhat higher or lower than these estimates.

Issue #2- Executive Branch Misses Deadline to Launch Maryland Corps Program: Chapter 654 of 2016 created the Maryland Corps Program to fund stipends and scholarships to young adults who commit to service in Maryland communities. The statute required the Governor to appoint the program's board no later than September 1, 2016. To date, the board has not been appointed. Additionally the Governor has elected not to spend funds restricted in fiscal 2017 for program startup costs and has not included an appropriation for the program in fiscal 2018. **DLS recommends that the agency provide a status update on the Maryland Corps program with particular emphasis on concrete steps that have been taken to meet the deadlines included in Chapter 654 of 2016. DLS further recommends that the Administration comment on when the Maryland Corps Board will be appointed and why funding was not included in the agency budget.**

Agency Response

At this time, the Governor's three Maryland Corps Board members have been appointed. The next deadline, June 1, 2017, by which a request for proposals for an operator of the program should be issued, will be difficult to meet. The bill was passed without the funds proposed to operate and implement the program. The Governor's Office Community Initiative (GOCI) is unable to absorb the costs and administrative requirements outlined in the Maryland Corps bill. AmeriCorps federal dollars are pass-through and restricted to the awardees; any realignment of those funds violate federal guidelines.

Recommended Action

- 1. Reduce funding to eliminate 1.5 new contractual full-time equivalents.**

Agency Response

The Agency disagrees in part. GOMA would like to retain the 1.0 contractual full-time position to comply with HB788 from the 2016 Session, which transferred the responsibility for Small Business Reserve registration support to GOMA. The contractual position would assist GOMA to continue its existing efforts to manage the database. Over the last 18 months, the SBR database has increased from 4,000 to almost 6,000 businesses. In addition, the requirements include audits of the self-registered vendors, provide help desk support, train businesses, and outreach. The GOMA currently does not have the staff to keep up with the demands or address the growing backlog; actions which are necessary to ensure the integrity of the SBR Program.

The Governor's Office of Community Initiatives concurs with eliminating .5 contractual position.

- 2. Reduce general funds to eliminate increase in travel expenditures.**

Agency Response

The Agency disagrees. Travel is an integral part of the agency budget. In order to fulfill the agency mission and desired outcome measures, staff must travel across the state for meetings with community leaders, community partner organizations and attend community events. The increased costs are a direct result of statewide activities.