



STATE OF MARYLAND

OFFICE OF THE GOVERNOR
Wes Moore

FY 2026 OPERATING BUDGET TESTIMONY
EXECUTIVE DEPARTMENT- BOARDS, COMMISSIONS AND OFFICES

House Public Safety and Administration Subcommittee

Delegate Jazz Lewis, Chair

Delegate Julian Ivey, Vice Chair

January 23, 2025

Senate Health and Human Services Subcommittee

Senator Cory McCray, Chair

January 24, 2025

Thank you for the opportunity to appear before your Subcommittee as you review the proposed budget and written testimony on behalf of the Boards, Commissions and Offices (BCO). The Boards, Commissions and Offices are comprised of various budgetary units, and they are:

Y. Maria Martinez, Special Secretary, Governor's Office of Small, Minority and Women Business Affairs (GOSBA)

Lawrence E. Walker, Sr., Executive Director, Governor's Office of Community Initiatives (GOCI)

Jennifer Allgair, Executive Director, Maryland State Ethics Commission

Harry L. Chase, Executive Director, Health Care Alternative Dispute Resolution Office

David Soulé, Executive Director, Maryland State Commission on Criminal Sentencing Policy

Lafe Solomon, Chair, Public Employee Relations Board

Sonia Cho, Chairwoman, Maryland State Board of Contract Appeals

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We would like to thank our assigned analyst, Ms. Yashodhara Rai for her hard work, and her thorough analysis.

Please accept our official comments below to the analyst observations and recommendations as noted in the analysis document.

Page 5. GOSBA Mentorship-Protégé Program

The Executive Department should comment on the status of implementing Chapter 258, which took effect October 1, 2021.

The implementation of the Mentorship-Protégé Program established under SB 689 (2021) with an effective date of October 1, 2021, has been delayed primarily due to limited staffing resources. Establishing the program's foundation, securing appropriate resources, and aligning its design with broader state priorities, required significant time and effort. GOSBA immediately reported that, without additional resources, it would be unable to fulfill the obligations under SB 689. Subsequently, Boards, Commissions and Offices reported that the PINS referenced in the fiscal note as necessary for the program were not awarded in the fiscal year following the bill's enactment. Additionally, BCO noted that operations would not cease for GOSBA but with current staffing levels, GOSBA would be unable to implement the duties outlined in SB 689. FY26 marks a critical juncture, as new positions and resources would allow for the program's full operationalization.

Key Observations

Page 9. Veteran-Owned Small Business Enterprise Program

GOSBA should provide the statewide VSBE program participation rate for fiscal 2024 and discuss efforts to reach the new goal of 3%.

The VSBE participation rate was approximately 2% for FY2024, a 249% increase from FY2023, underscoring that the percentage increase significantly elevated the program's visibility and prioritization among Maryland's procurement teams. In FY2024, GOSBA implemented a robust outreach and engagement strategy targeting VSBEs and increased the vendor pool available for procurement opportunities. For example, GOSBA hosted, participated in and helped plan 30 events for veteran-owned businesses, reaching over 1,300 individuals. Additionally, GOSBA collaborated closely with all of the reporting agencies, who developed outreach plans and reported attending a total of 236 events—198 as participants and 38 as hosts. GOSBA intends to continue expanding outreach efforts and collaborations with both internal and external stakeholders which has proven to be a key factor to the program's ability to grow, and in collaboration with the VSBE advisory committee, has proposed new initiatives, such as certification workshops, to continue to promote VSBE certification and increasingly diversifying the vendor pool.

Pages 9-10. Events for Small Businesses and Procurement Community Increase

GOSBA should discuss the reasons for the delay in reporting the results of the agency MBE participation and liaison surveys. The Department of Legislative Services (DLS) recommends adding language restricting \$100,000 in general funds from GOSBA pending the submission of the results of the agency's MBE Participation and Liaison Attainment surveys.

The MBE participation and liaison surveys were submitted to the JCR on January 15, 2024. Although the report was due on December 1, 2024, staffing limitations and competing priorities—such as designing and preparing the Annual Report, crafting legislation for the incoming Maryland General Assembly, along with meeting numerous reporting requirements, created an inevitable delay in the office's ability to properly analyze and prepare a report of this magnitude. Additionally, the timeframe available to develop the report was exceptionally tight. The survey period ran from November 1, 2024 to November 16, 2024 , providing only 14 days to finalize the survey and to prepare the report. Data had to be reviewed, scrubbed, and analyzed by the Department of Budget Management, before submission to the Department of Legislative Services.

Page 10. Governor's Office of Community Initiatives Roles and Responsibilities Streamlined

The Executive Department should comment on how streamlining these existing units under GOCI impacts operations and budgetary requirements.

Executive Order 01.01.2025.04 streamlines GOCI's units to align with the current operational structure after the Office of Service and Volunteerism, and Volunteer Maryland programs moved to the Department of Service and Civic Innovation, and Autism Strategies transferred to Maryland Department of Disabilities in FY24. The Executive Order provides clarity to the mission of the GOCI which has evolved from coordination of volunteer services to coordinating, overseeing and guiding the various Ethnic Commissions created by Executive Order, and administratively supporting legislatively created entities within the Governor's Office that represent immigrant and minority communities across the State.

Operating Budget Recommended Actions, Page 11

1. Add the following language to the general fund appropriation:

provided that \$100,000 of this appropriation made for the purpose of administration in the Governor's Office of Small, Minority and Women Business Affairs (GOSBA) may not be expended until GOSBA, in consultation with the Department of General Services, submits a report detailing the results of the agency Minority Business Enterprise (MBE) participation attainment and the Small Business Reserve and MBE liaison surveys. The report shall be submitted by December 1, 2025, and the budget committees shall have 45 days from the date of the receipt of the report to review and comment. Funds restricted pending the receipt of a report may not be transferred by budget amendment or otherwise to any other purpose and shall revert to the General Fund if the report is not submitted to the budget committees.

GOSBA respectfully disagrees with the recommended action to withhold \$100,000 of their budget until the submission of the report. GOSBA respectfully requests the due date be modified to January 15, 2026.