



The State of Maryland

Executive Department

EXECUTIVE ORDER

01.01.2024.38

Delivering a More Efficient, Equitable, and Competitive Procurement System for Maryland

- WHEREAS, The State of Maryland expends billions of dollars annually to provide a wide range of goods and services through procurement contracts for the benefit of the residents of Maryland;
- WHEREAS It is the objective of the Moore-Miller Administration to advance meaningful reforms to the State procurement system that deliver increased efficiency, competition, and transparency to procurement operations;
- WHEREAS Antiquated and burdensome practices and processes in State procurement have hindered departments and agencies from effectively fulfilling their mission and objectives and impacted the State's business reputation;
- WHEREAS, Expanding the State supplier base can offer more innovative solutions tailored to specific community needs, and bring increased competition that leads to improved quality and cost-effectiveness in State contracts;
- WHEREAS, Increasing opportunities for Maryland businesses to participate in State contracts can enable these enterprises to expand operations and employ more Maryland residents, thereby helping to reduce unemployment, enhance community welfare, and generate economic activity;
- WHEREAS, A more efficient procurement process can drive cost savings by reducing staff time and resources used, providing greater opportunity and agility to receive goods and services, expediting vendor payment, encouraging quicker adoption of innovation, facilitating greater employee satisfaction throughout the procurement workforce, and promoting transparency and accountability;

WHEREAS, A diverse supplier base enhances the resilience of State supply chains, mitigates risks, and ensures the stability of goods and services essential to State operations;

WHEREAS, Increasing opportunities for Minority Business Enterprises ("MBEs"), Veteran-Owned Small Business Enterprises ("VSBES"), and Certified Small Businesses ("CSBs"), previously known as Small Business Enterprises, in State procurement fosters innovation, stimulates economic diversification, and contributes directly to the State's economic output;

WHEREAS, By implementing policies that encourage the participation of MBEs, VSBES, and CSBs in State procurement, Maryland can harness these benefits, leading to a stronger, more inclusive economy;

WHEREAS Maryland's four Historically Black Colleges and Universities ("HBCUs") - Bowie State University, Coppin State University, Morgan State University, and the University of Maryland Eastern Shore - play a vital role in providing educational opportunities and scholarly growth, advancing intergenerational economic mobility, serving as a proven means of advancement for people of all ethnic, racial, and economic backgrounds, and serving as an economic hub for local entrepreneurs and communities.

Note: see section K

NOW, THEREFORE, I WES MOORE, GOVERNOR OF THE STATE OF MARYLAND, BY VIRTUE OF THE AUTHORITY VESTED IN ME BY THE CONSTITUTION AND LAWS OF MARYLAND HEREBY PROCLAIM THE FOLLOWING EXECUTIVE ORDER EFFECTIVE IMMEDIATELY:

A. Scope.

This Executive Order applies to all units of State government as defined in Section 11-101 of the State Finance and Procurement Article.

B. Definitions. The following words have the meanings indicated:

1. "Preferred Providers" means a provider of supplies or services given preference in Section 14-103 of the State Finance and Procurement Article.
2. "Procurement Review Group" means a standing group charged with reviewing solicitations, task orders solicitations, proposed sole-source contracts, and contract renewal options to maximize opportunities for MBE and VSBE participation on State procurement contracts.

3. Unit" as defined by Section 11-101(y) of the State Finance and Procurement Article, means an officer or other entity that is in the Executive Branch of the State government and is authorized by law to enter into a procurement contract.

a. Unit does not include:

1. A bistate, multistate, bi-county, or multicounty governmental agency; or
11. A special tax district, sanitary district, drainage district, soil conservation district, water supply district, or other political subdivision of the State.

C. Authorizing Comprehensive Contract Management Process & Technology Improvements

1. The Office of State Procurement within the Maryland Department of General Services ("OSP"), in coordination with the Maryland Department of Transportation ("MDOT"), and the Maryland Department of Information Technology ("DoIT"), shall develop and implement a comprehensive Statewide centralized contract management process and platform in compliance with State procurement law that will:

- a. Integrate available automation and technology to streamline administrative tasks, enhance contract monitoring mechanisms, and ensure compliance and implementation of contract management software and technology tools;
- b. Establish standardized project specification templates and documentation protocols to minimize project delays and modifications, while also facilitating efficient execution of executive directives;
- c. Provide a method for reporting on a centralized platform where contract management performance data is collected, reviewed, and displayed;
- d. Include a mechanism for vendors and procurement officers to provide feedback, identify bottlenecks, address challenges, and facilitate a continuous cycle of improvement within the procurement process;

- e. Offer a contract management training certification program through the Maryland Procurement Academy for State agencies; and
 - f. Capture and securely store detailed information about prospective bidders and offerors, by commodity codes and socially and economically disadvantaged-owned business status, to facilitate MBE and Disadvantaged-owned Business Enterprise ("DBE") disparity study analysis and program reporting.
2. OSP shall review and consider implementing innovative solutions to streamline the procurement process and reduce administrative burdens, while maintaining the core principles of fair competition and diverse supplier engagement, including:
- a. For routine procurements, developing a 120-day procurement lead time from the date the procurement package is complete to the date the award is recommended. This process should require fewer approvals and reserve more payment intensive review processes for more complex contracts;
 - b. Expanding the use of contract vehicles with pre-approved vendors, including CSBs, to accelerate the procurement process for routine purchases while maintaining a robust and diverse supplier base;
 - c. Creating more efficient processes for emergency procurements to ensure quick response times without impeding necessary oversight or sacrificing socioeconomic procurement goals;
 - d. Developing a method and a vehicle for proof of concept procurements and pilot projects in emerging technology fields to help identify and recruit new entrants and innovative firms to the State procurement ecosystem;
 - e. Developing a more efficient process for handling contract modifications, which include utilizing pre-approved modification categories that require less intensive review; and

- f. Recommending a process through which a vendor may offer a discount to the State in exchange for accelerated payments.
- 3. DoIT, in coordination with OSP and MDOT, shall review existing information technology ("IT") and eProcurement systems used to collect and aggregate data on contract performance, awards, and CSB, MBE and VSBE certifications, and develop a strategy for modernizing those systems to:
 - a. Ensure interoperability that will facilitate real-time communication, document sharing, and seamless integration of data and processes; and
 - b. Leverage innovative technologies, such as artificial intelligence ("AI"), machine learning ("ML"), and other emerging technologies (altogether, "emerging technologies") to automate and streamline processes.
- 4. OSP, in coordination with DoIT, shall identify opportunities and establish guidelines for the utilization of emerging technologies to assist in the end-to-end procurement lifecycle, to speed up the evaluation process, while ensuring fair, equitable, and a competitive marketplace for all bidders and offerors.
- 5. OSP, in consultation with the Maryland Department of Budget and Management ("DBM"), shall examine and report the benefits of a centralized procurement function, including shared services functions for smaller agencies and offices, to effectively and efficiently meet the State's procurement needs.
- 6. MDOT and the Governor's Office of Small, Minority and Women Business Affairs ("GOSBA") shall review existing processes and if possible, develop a strategy for streamlining the certification process for the Small Business Reserve ("SBR"), MBE, and VSBE programs. This strategy shall include a plan to implement a streamlined verification process for socially and economically disadvantaged-owned business certifications to reduce the administrative burden on applicant firms, and expand the vendor pool.
- 7. Beginning on April 30, 2025, **OSP**, in coordination with MDOT, DoIT, and GOSBA, shall report to the Governor quarterly on April 30th, July 31st, October 31st, and

January 31st, detailing the progress of the initiatives outlined in Section B of this Executive Order, including the efforts that have been completed and the anticipated implementation timelines for any incomplete objectives.

D. Expanding Participation for Small and Socially and Economically Disadvantaged-owned Business Programs in State Procurement

1. Effective immediately, all Procurement Officers are hereby directed to:
 - a. Designate a procurement as SBR if market research indicates that two or more certified small businesses under the SBR program can perform the work or provide the desired goods or services;
 - b. Proactively work with prime contractors to achieve or exceed contractual MBE and VSBE subcontracting goals in instances where the procurement officer is acting as the Contract Manager by performing annual reviews to identify compliance with those established contractual MBE and VSBE participation goals and if necessary, require corrective action plans from the prime contractors;
 - c. Apply reciprocal preferences to applicable procurements for Maryland bidders and offerers in accordance with the Board of Public Works Advisory 1996-5 and Maryland law; and
 - d. When practicable, require the submission of economic benefit factors to the State when conducting a competitive procurement evaluation.
2. OSP, in collaboration with MDOT and GOSBA, shall determine the feasibility of requiring diversity hiring plans for all procurements expected to exceed \$500,000 prior to award.
3. GOSBA shall ensure that small and socially and economically disadvantaged-owned businesses are considered and integrated effectively into State procurement processes, with the goal of enhancing oversight of these programs by:
 - a. Providing a single point of contact and resource within the State of Maryland; and

- b. Ensuring that performance data is standardized across State agencies and transparently reported to provide accountability and foster improvements in government procurement operations.
4. GOSBA, in consultation with DGS, shall determine the feasibility of including the Preferred Providers, defined in Section 14-IOI(d) of the State Finance and Procurement Article, as part of the centralized small and socially and economically disadvantaged-owned business programs oversight under GOSBA.
5. GOSBA and MDOT, in consultation with the United States Small Business Administration ("SBA"), shall determine if there is an opportunity to streamline the certification process to accept firms certified as 8(a) Program participants, Veteran-Owned Small Businesses ("VOSB"), and Women-Owned Small Businesses ("WOSB") by the SBA into the Maryland MBE and VSBE programs.
6. On or before September 1, 2025, MDOT, in coordination with GOSBA and OSP, shall update regulations to extend all small and socially and economically disadvantaged-owned business certifications from one year to three years.
7. GOSBA shall implement a vendor training program to ensure the awareness, understanding, and transparency of the obligations, roles, and responsibilities of prime and subcontractors in State contracting, including how to complete MBE and VSBE participation goal forms accurately and completely.
8. GOSBA shall annually review and update, as needed, the MBE and VSBE participation goal forms, MBE and VSBE vendor report forms, Unit reporting templates, and consolidated reporting schedules to improve transparency, streamline processes, and reduce administrative burden. In addition, GOSBA shall:
 - a. In coordination with DoIT, develop strategies to leverage available technologies to automate the reporting processes for these requirements; and
 - b. Leverage more efficient and transparent processes to ensure greater compliance by prime contractors to meet their subcontracting goals.
9. GOSBA shall perform an analysis and provide recommendations on the impact on the business community of Section 14-302(a)(14)(ii) of the State

Finance and Procurement Article - commonly known as the 60% Rule - applied to materials and supplies in a procurement transaction.

10. GOSBA shall implement training for Procurement Officers and MBE, VSBE, and SBR Liaisons on best practices regarding the establishment and compliance efforts related to MBE and VSBE participation goals and SBR designations on procurements; and evaluation of submitted participation forms for accuracy and completeness and to prioritize and ensure the maximum practicable utilization of small and socially and economically disadvantaged-owned businesses consistent with State and federal constitutional requirements.
11. GOSBA shall design and administer a Mentor-Protege program designed to foster the growth and development of small, diverse businesses in Maryland, as authorized by Section 9-305 of the State Government Article.
12. Beginning April 30, 2025, OSP, in coordination with MOOT, DoIT, and GOSBA, shall publish a quarterly report to the Governor on April 30th, July 31st, October 31st, and January 31st, detailing the progress of the initiatives outlined in this section that includes which efforts have been completed and anticipated implementation timelines for incomplete efforts.

E. Strengthening Compliance with MBE and VSBE Contractual Goals

1. OSP, GOSBA and MDOT shall, in consultation with the Office of the Attorney General ("OAG"):
 - a. Determine the feasibility of applying a mechanism to withhold payments to prime contractors to enhance accountability measures for contractual requirements related to MBE and VSBE goals on state procurement contracts; and
 - b. Require attestations that the bidder and offeror will make good faith efforts to acquire articles, equipment, supplies, services, or materials, or obtain the performance of work from the certified small business(es) that the offeror used in preparing the bid or proposal, in the same or greater scope, amount, and quality used in preparing and submitting the bid or proposal.

2. GOSBA, in consultation with OAG, shall develop additional administrative and policy recommendations to strengthen compliance efforts on MBE and VSBE goals on state procurement contracts.
3. No later than April 30, 2025, GOSBA and OSP, in consultation with OAG and MDOT, shall jointly submit a report to the Governor on the findings of this section.

F. Increasing Accountability for Contractor Compliance with Socioeconomic Procurement Goals

By February 28, 2025, GOSBA and OSP shall promulgate regulations - in consultation with OAG and the Board of Public Works - related to criteria to be used to determine that a prime contractor has persistently failed to meet contract goals in the absence of mitigating factors as required by Section 14-305(c) of the State Finance and Procurement Article.

G. Establishing Agency-Level Socioeconomic Procurement Goals

1. In an effort to more accurately measure each participating unit's ability to contribute towards the State's overall socioeconomic procurement goals related to the MBE, VSBE, and SBR programs, GOSBA shall:
 - a. Review, on an annual basis, historical and projected contract data with all participating units and, establish unit-level MBE, VSBE, and SBR goals for each participating unit to count towards the State's overall socioeconomic procurement goals, established pursuant to Sections 14-302(a)(1)(ii), 14-602(a)(2), and 14-502(c) of the State Finance and Procurement Article;
 - b. Publish necessary guidelines, promulgate requisite regulations, and administer training programs for procurement officers and MBE, VSBE, and SBR liaisons to fulfill the requirements of this section; and
 - c. GOSBA shall publish an annual report of each participating unit's goals, cumulative statewide goals, and respective achievements, as applicable, and other requirements as outlined in Section 14-305 of the State Finance and Procurement Article.

H. Governor's Subcabinet on Socioeconomic Procurement Participation

1. Establishment. There is hereby a Governor's Subcabinet on Socioeconomic Procurement Participation ("Subcabinet").
2. Membership. The Subcabinet shall consist of the following members:
 - a. The Special Secretary of the Governor's Office of Small, Minority, and Women Business Affairs, who shall serve as chair of the Subcabinet;
 - b. The Secretary of the Department of Budget and Management, or their designee;
 - c. The Secretary of the Department of Commerce, or their designee;
 - d. The Secretary of the Department of General Services, or their designee;
 - e. The Secretary of the Department of Health, or their designee;
 - f. The Secretary of the Department of Housing and Community Development, or their designee;
 - g. The Secretary of the Department of Human Services, or their designee;
 - h. The Secretary of the Department of Information Technology, or their designee;
 - i. The Secretary of the Department of Public Safety and Correctional Services, or their designee;
 - J. The Secretary of the Department of Transportation, or their designee;
 - k. The Secretary of the Department of Veterans & Military Families, or their designee;
 - l. The Chief Procurement Officer of the State of Maryland, or their designee;
 - m. The Minority Business Enterprise Ombudsman, or their designee; and
 - n. Any other head of a department or agency accountable to the Governor as deemed necessary to serve on this Subcabinet by the Governor.

3. Duties. The Subcabinet shall:

- a. Meet as often as the Chair deems appropriate, but no less than quarterly;
- b. Study socioeconomic procurement programs in other states to identify successes and best practices;
- c. Develop accountability measures for procurement forecasts, strategic plans, Procurement Review Group process, and liaison officer accountability;
- d. Analyze annual performance at both the Statewide and procurement unit levels;
- e. Work with OSP to implement process improvements that directly impact socioeconomic procurement businesses' ability to fairly compete for - and navigate - State contract opportunities;
- f. Identify and recommend statutory and regulatory reforms to strengthen and improve Maryland's socioeconomic procurement programs;
- g. Recommend actions to achieve necessary improvements impacting the MBE, VSBE, and SBR programs; and
- h. Publish a report to the Governor by December 31st of each year on the Subcabinet's activities, recommendations, and progress.

I. Increasing Competition in the Maryland Procurement Marketplace

- 1. To increase Maryland's competitive marketplace and to ensure fair and reasonable procurement practices that are based on market realities, procurement officers shall conduct market research appropriate to the circumstances of the procurement, including the size and complexity of the procurement, and provide written documentation of the results of such market research. This written documentation should identify the parameters of the procurement and include an analysis of the capability of the market to meet the Unit's requirements, whether there are enough potential suppliers to set up a competitive procurement process, and whether any aspects of the Unit's requirements can be altered to facilitate greater competition.

2. Unit program officials participating in the procurement process shall allow for open communication with the vendor community, in accordance with all applicable laws, rules, and regulations, to ensure that requirements are drafted in a manner that ensures increased competition, emphasizing the importance of small and socially and economically disadvantaged-owned businesses being included in discussions regarding stated procurement needs.
3. OSP, in consultation with GOSBA and MDOT, is hereby directed to determine the feasibility of increasing the threshold for bond requirements on procurement contracts for construction from \$100,000 to \$400,000.
 - a. This increase in the bond threshold is intended to:
 1. Make construction contracting with the State of Maryland more accessible and attractive to small businesses.
 11. Reduce barriers to entry for smaller contractors and encourage a more diverse pool of businesses to participate in State procurement opportunities; and
 111. Stimulate economic growth by allowing more businesses to compete for and secure State contracts for construction.
 - b. If determined feasible, GOSBA shall provide outreach and education to small businesses on how this policy change affects their ability to compete for State contracts and assist small businesses in understanding and meeting any remaining bonding requirements for procurement contracts for construction over \$400,000.
 - c. The bond threshold shall be evaluated by OSP, in consultation with GOSBA and MDOT, every two years to assess its effectiveness in increasing socially and economically disadvantaged-owned businesses program participation in State procurement contracts, unless otherwise required by law or as a condition for funding.
 - d. Nothing in this section shall be construed to eliminate or reduce other necessary protections for the State in its procurement contracting processes. OSP and other relevant agencies shall ensure that

appropriate risk management measures remain in place for all procurement contracts, regardless of value.

- e. Beginning April 30, 2025, OSP, in coordination with GOSBA, shall publish a quarterly report to the Governor on April 30th, July 31st, October 31st, and January 31st, detailing the progress of the initiatives outlined in this section that includes which efforts have been completed and anticipated implementation timelines for incomplete efforts.

J. Strengthening Maryland's Procurement Workforce

1. OSP, in consultation with DBM, is hereby directed to examine the volume and complexity of State procurements to determine how many procurement officers are required to adequately handle the volume and complexity of State procurements.
2. DBM, in consultation with OSP and MOOT, shall conduct a comprehensive review of all classifications that contain procurement duties, including all procurement officer classification series, to ensure that:
 - a. Career ladders for procurement professionals are clearly defined;
 - b. Procurement staff salaries and compensation are competitive relative to Maryland cities and counties, surrounding states, and the Federal government; and
 - c. Classifications are commensurate with duties, roles, and experience.
3. OSP, in consultation with MOOT, shall further establish a professional procurement officer training series with continuous learning requirements to uplift the knowledge base and support the procurement officer career field.
 - a. Such training shall include regular updates on policies and laws to produce more equitable outcomes in contracting and diversity in the vendor community.
 - b. This training shall be in addition to the Certified Maryland Procurement Officer ("CMPO") training already required for all procurement officers.

4. Beginning April 30, 2025, OSP, in coordination with DBM and MDOT, shall publish a quarterly report to the Governor on April 30th, July 31st, October 31st, and January 31st, detailing the progress of the initiatives outlined in this section that includes which efforts have been completed and anticipated implementation timelines for incomplete efforts.

K. Utilization of Maryland's Historically Black Colleges and Universities (HBCUs)

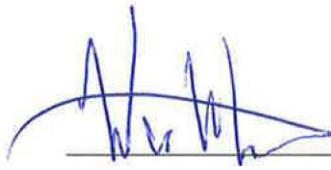
1. All units of state government are hereby directed to consider the capabilities and services available at Maryland's four HBCUs-Bowie State University, Coppin State University, Morgan State University, and the University of Maryland Eastern Shore - to meet their unit's service contract needs through interagency agreements administered by DBM.
2. DBM, with support from GOSBA, is hereby directed to develop a methodology for achieving or exceeding the 5% goal for utilizing Maryland's HBCUs for interagency agreements.
3. DBM shall review and update the guidelines for interagency agreements to assign HBCUs as a resource to fulfill State requirements.
4. DBM, with support from OSP, shall develop and administer a training program for interagency agreement coordinators and procurement officers to maximize the 5% goal for utilizing HBCUs via interagency agreements and the commitment to maximize the utilization of Maryland's HBCUs.
5. Beginning April 30, 2025, DBM, with support from OSP, shall publish a quarterly report to the Governor on April 30th, July 31st, October 31st, and January 31st, detailing the progress of the initiatives outlined in this section that includes which efforts have been completed and anticipated implementation timelines for incomplete efforts.

L. General Provisions

1. This Executive Order shall be implemented in a manner that is consistent with all applicable statutes and regulations. Nothing in this Executive Order shall operate to contravene any State or federal law or to affect the State's receipt of federal funding.

2. If any provision of this Executive Order or its application to any person, entity, or circumstance is held invalid by any court of competent jurisdiction, all other provisions or applications of the Executive Order shall remain in effect to the extent possible without the invalid provision or application. To achieve this purpose, the provisions of this Executive Order are severable.

GIVEN Under My Hand and the Great Seal of the State of Maryland, in the City of Annapolis, this 18th Day of December, 2024.



Wes Moore
Governor

ATTEST:



Susan C. Lee
Secretary of State

