

Larry Hogan
Governor

Boyd K. Rutherford
Lt. Governor



Ellington E. Churchill, Jr.
Secretary

MARYLAND DEPARTMENT OF GENERAL SERVICES
OFFICE OF THE SECRETARY

October 1, 2018

The Honorable Larry Hogan
Governor
State House
Annapolis, MD 21401

The Honorable Thomas V. Mike Miller, Jr.
President of the Senate
State House, H-107
Annapolis, MD 21401

The Honorable Michael E. Busch
Speaker of the House of Delegates
State House, H-101
Annapolis, MD 21401

Reference: Report on the Plan to Implement the Reorganization of State Procurement
House Bill 1021 Chapter 590, Laws of 2017

Dear Governor Hogan, President Miller and Speaker Busch:

In accordance with House Bill 1021 Chapter 590, Laws of 2017 attached is the Report on the Plan to Implement the Reorganization of State Procurement.

Please feel free to contact me at 410-767-4960 or Ellington.Churchill@maryland.gov, if you have any questions.

Sincerely,

A handwritten signature in blue ink that reads "Ellington E. Churchill, Jr." with a large, stylized flourish at the end.

Ellington E. Churchill, Jr.
Secretary

cc: Sarah Albert, DLS Library
Board of Public Works
Ellen Robertson, DGS Legislative Liaison



DEPARTMENT OF GENERAL SERVICES

IN CONSULTATION WITH

**THE MARYLAND DEPARTMENTS OF
BUDGET AND MANAGEMENT, INFORMATION TECHNOLOGY,
PUBLIC SAFETY AND CORRECTIONAL SERVICES, TRANSPORTATION
AND THE PORT COMMISSION**

**PLAN TO IMPLEMENT
THE REORGANIZATION OF STATE PROCUREMENT**

**AS REQUIRED BY
HOUSE BILL 1021 CHAPTER 590, LAWS OF 2017**

**FOR
THE GOVERNOR AND THE BOARD OF PUBLIC WORKS**

October 1, 2018

Table of Contents

Executive Summary	1
Administrative Work Plan	3
Appendices:	
A Office of State Procurement Organization	A
B Proposed Statewide Procurement Series	i

Executive Summary

Chapter 590 (House Bill 1021) of the Acts of the General Assembly of 2017 consolidated most state procurement activities into the Department of General Services (DGS) and established the position of Chief Procurement Officer (CPO) to lead procurement activity in Maryland. The CPO position will take effect October 1, 2019. By October 1, 2018, DGS, in consultation with the Departments of Budget and Management (DBM), Information Technology (DoIT), Public Safety and Correctional Services (DPSCS) and the Maryland Port Commission, must report to the Governor, the Board of Public Works (BPW), and the General Assembly on an administrative work plan to implement the CPO position and create a structure for delegating and overseeing specified types of procurement units with expertise in those types of procurement.

Also by October 1, 2018, DBM and BPW are tasked with establishing new job titles and classifications for current and future procurement staff in the State Personnel Management System to establish clear lines of authority, a single path of advancement, and consistent job titles and compensation across agencies. DBM must ensure that no current employees experience a diminution in responsibilities, rights, duties, compensation, employment status or retirement status.

The body of this report provides a chronological review of the implementation of the bill, including the establishment of the CPO position. The organizational chart in Appendix A of this report shows a CPO leading a new Office of State Procurement (OSP) within the Department of General Services. The CPO will report directly to the Secretary of DGS. Below the CPO is a Deputy CPO who will oversee three divisions: (1) Statewide Procurement & Contract Management; (2) eProcurement & Business Services; and (3) Procurement Review, Policy & Training. The Statewide Procurement & Contract Management Division will oversee all state procurement activities within the OSP, including managing OSP statewide contracts post-award. The Business Services Division will oversee the state's electronic procurement system, e-Maryland Marketplace Advantage (eMMA) and manage the fiscal activities of all OSP statewide programs, compliance, and reporting functions of the Office of State Procurement. The Policy, Procurement Review & Training Division will assist the CPO with management of delegated procurement authority with agency procurement activities through procurement reviews, as well as developing policies and regulations, strategic planning, policy research, contract audits and training of procurement personnel.

Appendix B contains DBM's proposed¹ reclassification plan that establishes new job titles and classifications for the statewide procurement series. This reclassification plan provides consistency across agencies and a single path of advancement, while the organizational chart depicts the clear lines of authority within the State Procurement Office. The proposed plan contains just nine classifications versus the current system that contains 33 classifications for procurement personnel. The proposed classifications include one for trainees, two for non-control agency procurement officers, two for control agency procurement officers, two for non-control agency

¹ DBM's reclassification plan is subject to collective bargaining agreements that must be negotiated on or before December 31, 2018. If approved, the plan will be implemented in the fiscal 2020 budget.

procurement managers, and two for control agency procurement managers. The proposed reclassification plan is expected to cost an additional \$700,000 in salary adjustments in fiscal 2020. This proposal will not result in any salary reductions.

Administrative Work Plan

I. October 1, 2017 - October 1, 2018

Chapter 590 (House Bill 1021) was signed by Governor Hogan on May 25, 2017. Most of the substantive provisions of the bill had a delayed effective date of October 1, 2019, including Section 1 in which the CPO position is created. While the CPO position has not yet taken effect per the legislation, a Senior Procurement Executive (SPE) was hired by the Executive Branch in August 2017 to provide technical and operational support to the State in implementing the new law and the recommendations of the Governor’s Commission to Modernize State Procurement.

A. Commission Recommendations

1. Enhancing the Procurement Process to Attract More Participation

Description	Action	Status
1.1 Create a Standardized Request for Proposal template	Policy Manual / Training	Complete.
1.2 Ensure procurement officers are aware of their discretion to include or modify certain contract terms and conditions	Policy Manual / Training	Information disseminated. Manual in-progress.
1.3 Standardize determinations such as responsive/responsible, waivers, 72-hour rule, minor/immaterial irregularities	Policy, new Manual, and then include in new training	Manual in-progress.
1.4 Eliminate statutory preference for competitive sealed bidding for State agencies and community colleges	Law	Complete.
1.5 Improve the debriefing process	Policy, SOP, Training, Practice	Information disseminated. Manual in-progress.
1.6 Create a singular procurement communications portal	Policy	Complete.
1.7 Relaunch eMaryland Marketplace	Policy	eProcurement RFP in-progress.

1.8 Purchase a contract management system	Policy	In progress. Integrate into eProcurement tool set (Cloud storage).
1.9 Perform cost benefit analysis to replace State's legacy Information Technology systems	Policy	Complete. Every agency must perform a cost-benefit analysis. These are listed on the DoIT MITDP Portfolio List.
1.10 Before entering into, renewing, or modifying Intergovernmental Cooperative Purchasing Agreements, require determination that agreement is cost beneficial	Statute	Complete.
1.11 Issue a Board of Public Works Advisory regarding regional vs. Statewide contracts	Policy	In progress.
1.12 Create central repository of documents needed for procurements	Policy	In progress. Integrate into eProcurement tool set (Cloud storage).

2. Streamlining Architectural/Engineering Services Procurements

Description	Action	Status
2.1 Streamline regulations to apply uniformly to DGS and MDOT A/E service procurements	Policy. MDOT and DGS provided to BPW	Complete.
2.2 Develop Statewide automated A/E procurement system	Policy	In progress. Integrate into eProcurement tool set (Cloud storage).

2.3 Abolish General Professional Services Selection Board and Transportation Professional Services Selection Board	Statute and Regulation	Complete.
2.4 Make the Expressions of Interest phase optional	Statute and Regulation	Complete.
2.5 Allow offerors to submit A/E qualifications through Federal Form SF330 (in place of SF254 and SF255)	Regulation, Policy and Procedure	Complete.
2.6 Implement a Quality Assurance/Quality Control process at each A/E services procurement phase and eliminate the Consultant Screening Committee	Policy and Procedure	Complete.
2.7 Eliminate requirements that SHA's Consultant Services Division participate in all MDOT A/E procurements	Statute and Regulation	Complete.
2.8 Eliminate requirement to advertise A/E solicitations in newspaper	Statute and Regulation	Complete.

3. Expanding Small and Minority Business Opportunities

Description	Action	Status
3.1 Expand the Small Business Reserve program by including 31 additional agencies	Statute	Complete. SB 309 (2017)
3.2 Raise SBR program Statewide goal to 15%	Statute	Complete. SB 309 (2017)
3.3 Count payments to registered small businesses toward the SBR program goal only if the procurement was originally designated as SBR	Statute	Complete. SB 309 (2017)
3.4 Award master contracts within the SBR program for Statewide contracts	Policy, Practice, Training	Procurement Manual in progress.
3.5 Incorporate the 60% Rule and the Broker Rule into the Minority Business Enterprise program	Statute	Complete. SB 309 (2017)

3.6 Allow vendors to correct failure to request waiver of MBE subcontract goal or a miscalculation on MBE forms	Statute and Regulation	In progress. BPW and GOSBA
3.7 Streamline MBE certification process by incorporating federal SBA documentation (the 8(a) application)	GOSBA/MDOT	In progress. GOSBA
3.8 Streamline the MBE accreditation committee interview panel to 7 staff	GOSBA/MDOT	In progress. GOSBA
3.9 Eliminate unnecessary MBE steps, such as all-or-nothing NAICS code approval	GOSBA/MDOT	In progress. GOSBA
3.10 Assess whether to separate the MBE certification process from the Disadvantaged Business Enterprise certification process	GOSBA/MDOT	In progress.
3.11 Repeal the Small Business Preference	GOSBA/MDOT	In progress. GOSBA
3.12 Create Do's and Don'ts MBE program guidance and survey new and renewing MBE applicants concerning customer service	GOSBA/MDOT	In progress. GOSBA

4. Developing Quality Procurement Personnel

Description	Action	Status
4.1 Change the personnel classification series for procurement staffers	Policy	In progress.
4.2 Create, distribute, and maintain a Maryland Procurement Manual	Policy	In progress.
4.3 Create, distribute, and maintain a Maryland Procurement Training Curriculum	Policy and Training	In progress, in conjunction with Procurement Manual and functional consolidation.
4.4 Engage a risk analyst to advise procurement officers on insurance requirements	STO	In progress.

4.5 Expand contract litigation unit of the Office of the Attorney General to represent all agencies	OAG	In progress.
4.6 Encourage procurement staffers to take professional courses and obtain professional certifications by reimbursing the expenses	Policy and Practice	On-going.
4.7 Design and implement a procurement apprenticeship program	Policy	Under development. Leveraging MDOT program and resources available through professional trade association.
4.8 Visit career development offices at institutions of higher education	Policy and Practice	Under development.

5. Updating Procurement Oversight Structure

Description	Action	Status
5.1 Restructure the Procurement Advisory Council	Statute	Complete.
5.2 Consolidate procurement functions of State agencies	Statute	Complete in accordance with statutory deadline.
5.3 Collaborate with the University System, State Lottery and Gaming Control, the Stadium Authority, and other exempt agencies to structure procurements similarly	Policy and Practice	Upon completion of Procurement Manual and re-alignment, will collaborate.
5.4 Eliminate, automate, and consolidate 30 procurement-related reports	Regulation, Policy, and eMMA	In progress. BPW
5.5 Authorize master contracts and task-order competition more broadly	Statute	Complete.

5.6 Allow claims on all contracts to be filed after 180 days	Statute	Complete. SB 309 (2017)
5.7 Increase time for filing protests to 10 calendar days (currently 7 days)	Regulation	In progress. BPW
5.8 Require Agency Report to be produced within 15 days	Regulation, Procurement Improvement Committee (PIC)	In progress. BPW
5.9 Ensure better compliance with political contribution disclosure reporting	Training	Ongoing.
5.10 Maintain policies with respect to frivolous protests, protest bonds	Statute, Regulation, Policy	MGA, BPW
5.11 Co-locate Department of Disabilities technical assistance office with the Department of Information Technology	Policy	In progress
5.12 Clarify the BISM Preference to Consider Direct Labor Participation	Regulation	In progress. BPW
5.13 Increase general small procurement ceiling to \$50,000 and increase small construction procurement ceiling to \$100,000	Statute and Regulation	Statute: Complete. Regulation: In progress.
5.14 Increase Board of Public Works delegation to control agencies for sole source and single bid to \$100,000	Regulation	In progress BPW
5.15 Increase Procurement Agency Activity Reports threshold to \$50,000. (Currently \$25,000)	Regulation	In progress. BPW
5.16 Increase delegation for DHMH Laboratories Administration to procure supplies and equipment up to \$100,000	Policy	Complete.
5.17 Keep single purchase limit for corporate purchasing cards at \$5,000	Policy	Complete.

B. Chapter 590 – House Bill 1021

Sections 3, 4 and 5 of the legislation required reporting and other actions on or before October 1, 2018. Section 3 provided a reporting mandate for the Office of the Attorney General. Sections 4 and 5 directed certain activities by the Executive Branch. Specifically, Section 4 required BPW and DBM to:

(1) review the job title, classifications, and compensation for procurement–related positions in the State Personnel Management System established by § 2–202 of the State Personnel and Pensions Article; and

(2) (i) rename and reclassify procurement–related positions in the State Personnel and Management System, taking into account procurement–related positions in small agencies as described in Section 8(2) of this Act, as necessary for the purpose of establishing:

1. clear lines of authority under the Chief Procurement Officer;
2. a single path of advancement for procurement professionals in the State Personnel Management System; and
3. consistent job titles and compensation for procurement staff performing similar duties in or on behalf of different agencies; and

(ii) in renaming and reclassifying procurement–related positions, ensure that no current employees experience a diminution in responsibilities or compensation as a result of the reclassification.

DBM reviewed the job titles, classifications and compensation for all procurement-related personnel currently employed by the State. Since March 2018, state procurement and personnel leaders have reviewed these procurement–related positions with the intent to rename and reclassify these roles as professional procurement officials. A specific Career Group Description (CGD) was developed for the Procurement Services series of roles that enables a training program to be established and a standard baseline of technical knowledge, which can then be followed by practical application and skills development. That effort identified over 167 state staff whose majority of duties involve developing contracts. Within that group, 33 classifications for procurement personnel were identified. All identified roles included the terms “procurement” or “purchasing” in the title, classification, or within the actual job description, with the majority of duties and time allocated to procurement.

This effort resulted in a defined group of procurement officers and managers who perform a majority of duties to develop procurement contracts or have responsibility managing state procurement contracts. The CGD provides objective factors to describe a professional career progression from entry level through senior management.

The job titles were subsequently reduced to nine standardized titles in the CGD, i.e., four practitioner roles (Procurement Officer I to Procurement Officer IV) and four management roles (Procurement Manager I to Procurement Manager IV) with one trainee entry-level role. Roles were reorganized from 33 classifications for procurement personnel into nine classifications for a simplified grade structure. Each role is developed using objective “compensable factors” in the CGD, and are based on complexity of duties, results, and accountability for work performed, together with difficulty, risk, value, and professional credentials.

Level	Practitioner	Management
1	<i>Procurement Trainee (12-18 Months)</i>	
2	<i>Procurement Officer I</i>	<i>Procurement Manager I</i>
3	<i>Procurement Officer II</i>	<i>Procurement Manager II</i>
4	<i>Procurement Officer III</i>	<i>Procurement Manager III</i>
5	<i>Procurement Officer IV</i>	<i>Procurement Manager IV</i>

The roles and factors become a guide for agency human resources professionals and agency management for classification and compensation purposes and development of job descriptions and duties, together with any equity factors to be considered. This is important, as direct compensation in recognition of the complexity of duties and the impact of results expected of state procurement officers is the most serious factor impacting the state’s ability in both recruiting and retaining the best talent needed to address all of the issues that have been identified in every study Maryland has conducted over the last five years.

Section 5 of the bill required that, on or before October 1, 2018, DGS, in consultation with DBM, DoIT, DPSCS, MDOT, and Maryland Port Commission, report to the Governor, BPW, and the General Assembly on the administrative work plan required by the bill, including a structure for delegating and overseeing specified types of procurement to units with expertise in those types of procurement. These agencies have met on several occasions to discuss the elements of Chapter 590 and their implementation. The consulting agencies have been invited to provide input and feedback on all aspects of this plan.

II. October 1, 2018 - October 1, 2019

In preparation for fiscal 2020 budget requests, DBM is currently working with the SPE, DoIT, DPSCS and DGS to restructure the procurement leadership and staff into a new Office of State Procurement located at DGS, in accordance with the organizational chart in Appendix A. As a part of the consolidation of procurement activity in DGS, PINs from DBM, DoIT and DPSCS will be transferred to DGS. The reclassification of PINs and transfer of personnel to DGS will

commence July 1, 2019. All reclassifications and transfers will be completed in accordance with the new law - no employees will experience a diminution in responsibilities, rights, benefits, compensation, employment status, merit system status or retirement status.

The CPO position will be created and filled on or before October 1, 2019. The CPO appointment is subject to the advice and consent of the Senate and, therefore, the Governor's appointee will be submitted to the Senate in 2020 Legislative Session. The CPO will be an official of the Department General Services who, except for primary procurement units other than DGS, is the head of all procurement activity for the Executive Branch. The CPO will also serve as the chair of both the Procurement Improvement Council and the Council for Procurement of Health, Educational, and Social Services.

The procurement team continues to work on the procurement and implementation of the relaunched eMaryland Marketplace Advantage ("eMMA") solution. This is a major project, involving several agencies including DGS, DoIT and DBM with additional participation from the Comptroller's and Treasurer's Offices, as well as MDOT. eMMA's projected launch date is July 31, 2019. A new Electronic Transaction Fund is being established to manage revenues from transaction fees collected by the system.

III. October 1, 2019 and thereafter

The new CPO will be responsible to develop goals and implement strategies that enhance the procurement process by aligning procurement responsibility with commensurate authority and simplifying the process to attract more participation, expand small and minority business opportunities, and develop and retain quality procurement personnel. Broadly, the CPO will set goals to help improve the effectiveness and quality of the state procurement system.

A. Improved effectiveness. To direct and manage Executive Branch procurement, the Office of State Procurement (OSP) will improve effectiveness by blending the strengths from the current workforce, institutions, and stakeholders' expertise. Additionally the OSP will follow procurement strategies that have been proven effective in developing high-performance procurement models that help meet our state mission, and our agencies to achieve their goals and objectives.

Strategies

1. Alignment. The foundation of any procurement transformation is organizing the activity's capabilities, resources, expertise, planning and work around the core needs of the organizational mission and accompanying business goals and objectives.² Proper alignment to primary business activities drives the big picture to keep procurement focused on what matters most and strategically fits enterprise-wide goals and capabilities. The focus on strategic goals and objectives provides discipline in the execution of work efforts. A customer relationship management mindset helps to improve essential internal relationships and operational communications that leads to better planning, preparation, sourcing and procurement execution.

² State of Maryland. 2019 *Managing for Results Strategic Goals and Objectives* ([Link](#))([PDF](#))

Proper collaborative and early-stage planning results in effective contracts aligned to organizational needs result in better business outcomes, greater efficiency, cost avoidance, and credibility of procurement in overall operations to help achieve business goals.

2. Category Management. Efforts of alignment to the organization’s mission, goals and objectives, and enables procurement to effectively identify, organize and leverage key supply and service categories for strategic sourcing opportunities. Procurement is able to partner with internal stakeholders to plan and harmonize activities and resources to identify and leverage frequent enterprise needs via various contract models for supply and service solutions universally needed across the enterprise. This maximizes business and operational value of related goods or services by identifying and tracking demand-side total spend and use; staying in touch with market changes; reviewing new alternatives and emerging technology; anticipating supply and demand needs; proactive supplier engagement to seek and adopt improvements in value, performance, technology, cost management; enhancement of supplier performance, and ensure contracts are responsive or can be modified to meet rapidly changing business requirements and customer needs.

3. Relationship Management. Supplier Relationship Management (SRM) and Customer Relationship Management (CRM) are systematic programs that help manage the state supply base and stakeholder relationships. SRM and CRM help optimize value that can only be achieved through collaborative identification and management of costs, risks, and opportunities that emerge from good working relationships. Generally described as a set of principles, processes and tools, SRM is a conceptual way of operating that helps procurement to better manage supplier relationships and develop and manage the supply base to maximize value and minimize risks across the entire contract continuum. Relationship management is also an area that state procurement operations have been evaluated by the Governing Institute.³ Much of this can be incorporated into a vendor management unit, with defined roles and responsibilities.

4. eProcurement Technology and Data. Properly implemented, managed, and used by all business users, eProcurement automates processes in a way that leverages the state’s overall spend data i.e., contract usage and order data. It should be able to provide line-item details, aggregated strategic enterprise trend reports, detailed by agency, division, user or supplier. eProcurement provided as a cloud-based, Software-as-a-Service (SaaS) delivered suite, is scalable from one to infinity and deployable in ways that are configurable to incorporate any business, regulatory, and statutory rule at the local, state, or federal level and accommodates being tailored to the unique business approval workflows to meet any business unit’s management preferences (i.e., infinite capacity data warehouses and compression schemes, data security integrity, database governance and software, and business intelligence). eProcurement provides improved multi-jurisdictional efficiency and transparency, reduced opportunity for fraud, reduced costs, and leveraged data, while enabling scarce staff resources to spend more time creating greater value developing more effective statewide and organizational contracts.

B. Improved efficiency. To direct and manage Executive Branch procurement, the OSP will work to simplify and standardize regulations, policies, templates, and processes. Further, there will

³ Governing Institute. “*Purchase Power: Special Report on State Procurement - Ranking the States*” ([Link](#))

be a systematic and consistent application of these through the performance of duties by trained procurement officers using an advanced enterprise eProcurement program.

Strategies

1. Technology. The RFP currently in progress for the new eMaryland Marketplace Advantage (“eMMA”). Full implementation is planned for July 2019 to replace the current program. Improved eProcurement tools and infrastructure will incorporate advanced capabilities throughout the state by transitioning from a tactical and fragmented automation investment towards a cloud-based solution that is a cohesive, comprehensive, and integrated enterprise delivered as SaaS. This benefits sustainment of small supplier development initiatives, as we plan to help emerging new and small businesses succeed, improve, and grow.

2. Process improvements. State procurement leaders have met continually over the past year to review our state procurement processes. With assistance from staff at the Governor’s Office of Performance Improvement (GOPI), we have systematically mapped the high level core business processes specific to the statewide procurement activity that will be incorporated into the eProcurement solution. This includes the necessary workflows of sourcing processes and decision-making at the agency level, to the Office of State Procurement, as well as the BPW. The enterprise business map represents the necessary oversight required by a state agency procurement office and any state control agency to view all procurement activity and manage delegated procurement authority, but is entirely automated, detailed, and transparent. This offers review and insight into every order approval workflow in the eProcurement program. Through middleware or a message broker, the eProcurement application offers the ability to interface or fully integrate with any public accounting and finance system with the state, local government and higher education to aggregate our full statewide demand. This will prove especially important to small businesses to improve their access to business opportunities across the state through a single portal and open up doors that are not possible without access to this data. As proven in other venues, the transparency, process efficiency, audit capabilities, and ability for all state governmental entities to pool demand needs for strategic sourcing efforts offers significant best value opportunities.

3. Delegation of Authority. The Department of General Services, Office of State Procurement (DGS/OSP). DGS/OSP will be the centralized purchasing agency for all materials, supplies, equipment, and services required by any state agency or institution, as described by Division II of the State Finance and Procurement Article (SFP) and the Code of Maryland Regulations (COMAR) Title 21 that currently delegates procurements to DBM, DGS, DPSCS and DoIT. SFP and COMAR together provide the framework for state procurement under the new DGS/OSP in Maryland.

Until DGS/OSP is established and fully implemented with a training and certification program, delegation for all purchases made by any department, division, officer or agency of the State above the Small Procurement level of \$50,000 shall be overseen, reviewed and approved by DGS/OSP through policy provided in the State Procurement Manual and in accordance with SFP Division II and COMAR, and such rules, policies and regulations as DGS/OSP may prescribe.

To the extent that procuring units have expertise in specified types of procurements, then exceptions, exemptions or an increase in delegated procurement authority may be sought from DGS/OSP; however, the pre-posted solicitation and award recommendation review and approval is overseen by DGS/OSP. Full delegation would only be allowed after the procuring unit completed the appropriate level of procurement training and certification for the requested delegated category or threshold. Any procurement unit with full delegation approval will be routinely reviewed by the *Policy & Training* division within DGS/OSP. The Policy & Training Division will oversee all procurements performed, reviewed, and approved within the eMMA statewide eProcurement program. This ensures effective insight, oversight control into agency procurement, while maximizing the efficiencies in process throughput and faster decision-making, or a denial of any transaction. Further details for this policy will be developed by the OSP and its Policy & Training division.

4. Regulation reform. Following establishment of the CPO role in October 2019, the Procurement Improvement Council and the CPO will work to reduce, simplify, and harmonize antiquated and outdated regulations that have hindered state procurement moving into the 21st century. Additionally, per the legislation, the CPO and Council will advise the General Assembly on any proposed legislation in order to enhance state procurement efficiency and transparency of state procurement.

5. Training. A model training program will be developed based on the best known state procurement training and certification programs in the country. Initial communications on future procurement and change-related topics with career procurement officers have been initiated through a series of monthly “*Procurement Leaders*” newsletters. As an introduction to the standard of future training opportunities, a one-day training class on *Strategic Sourcing* was delivered in July 2018 to over fifty state procurement staff from DBM, DGS, DoIT, and DPSCS, as well as from the BPW and Department of Legislative Services, Office of Policy Analysis. The professionally-delivered training covered topics on *Procurement Value, Sourcing Business Models, Stakeholder Management, Supplier Management, and Ethics* and included 7-hour continuing education credits towards professional certification. It provided a glimpse into the advanced procurement training the state envisions and is working towards.

In August 2018, seven state procurement leaders attended a three-day procurement training event with their colleagues from all states, which covered *Market Research, Agency Procurement Training and Compliance, Procuring Emerging Technology, Procuring Agile Solutions, Learning Management Systems, eProcurement, Risk Management in Procurement, Technology Procurement*, and related topics. In August, a senior Maryland procurement leader attended the *Procurement Executive Development Leadership Program* at *Michigan State University, Eli Broad College of Business, James B. Henry Center for Executive Development*. This provided high-level guidance for state senior procurement leaders to develop structured processes with peers that identify gaps in state procurement operations, and establish a vision and plan to address long-term procurement needs within their states. Group activities analyzed procurement competencies and capabilities to help develop a tangible output to guide future state action.

In October 2018, the BPW Counsel and two Attorney General staff, who are to support the new Office of State Procurement, will attend three-days of advanced procurement legal training at the annual *State Procurement Law Institute* on topics of *Legal Aspects of Procurement*, *Professionalizing the Procurement Workforce*, *Legal Implications of Procuring Emerging Technology*, *Improving the RFP Process*, *Risk Management in Procurement*, and other topics. All of these efforts will help design effective procurement operations. We intend to develop the *Maryland Procurement Academy*, including broad goals for the program and the stakeholders who will benefit. Over the coming year we intend to develop the business model, for a state procurement certification series, which together with an annual training conference, will provide the basis for continuous learning and improvement for all public procurement staff and employees.

C. Attract and retain highly-qualified personnel. The success of all efforts rests upon our people. Developing our procurement workforce is a first priority and necessary in order to achieve the standard of excellence evident in top procurement states. The Commission to Modernize State Procurement emphasized the importance of “developing quality procurement personnel” and made specific recommendations the state should adopt.

Strategies

1. Recruitment and retention. One of the challenges identified in the final report of the Governor’s Commission to Modernize State Procurement was the recruitment and retention of qualified procurement professionals. Development of an incentive plan is currently underway in order to attract and retain procurement staff. Incentive plan strategies that have been utilized by other states and have been successfully implemented can increase Maryland’s recruitment and retention of procurement professionals. These incentives include increased training, certification opportunities, clear career path advancement, and are expected to apply to staff reclassified as part of the *Procurement Services Career Group*.

2. Professional Procurement Training - *The Maryland Procurement Academy (MPA)*. Following the full implementation and reorganization of procurement staff in the Office of State Procurement, we will begin planning a state procurement training and certification program to build the technical competencies, skills, and knowledge required in each role in the procurement workforce. This program will focus on Maryland-specific procurement training and instruction with Maryland certified instructors. The certification developed will professionalize the State Procurement workforce and enhance efficiencies, ensure ethical behaviors, develop quality personnel, and help the current procurement oversight structure.

The general concept is for a three-tiered course program, to be phased in based on the immediate operational needs and the risks that are historically and continually identified. The initial emphasis will be on developing the professional procurement officers and managers that comprise the Career Group. Course content and instructional design will be developed in cooperation with a certified instructional designer with professional course development experience. Lesson plans, course schedules, and instructional content should be vetted by the MPA head for consistency with State regulation and policies and MPA instructional standards.

Maryland Contracting Associate (MCA) Certification Program. This is the introductory tier of the Maryland Procurement Academy and the procurement officer career path. This is to be initially set aside for the beginning cadre of professional career procurement officers and managers. Following that, it will focus on new Procurement staff as well as other State employees meeting the attendance criteria. The program is intended to cover the full procurement cycle including, but not limited to, ethics, resources, methods, evaluating, e-procurement, contract management, administration and compliance, surplus property, and small purchase charge card.

Maryland Contracting Officer (MCO) Certification Program. This is the primary credentialing program for procurement officers and managers operating within the professional Procurement Career Group within the State of Maryland. The MCO certification program is the middle tier of the Maryland Procurement Career matrix for public procurement leaders. The program is intended to cover Maryland procurement law, policies, and procedures pertaining to competitive sealed bids and proposals, management, and other core skills and competencies that a procurement officer must have to be effective.

Maryland Contracting Master (MCM) Certification Program. Following the development of tactical and operational skills within the workforce and the formation of a strong corps of practitioners, the MCM program is planned to focus on developing senior public procurement leaders with the strategic skills needed to drive greater value from procurement at the highest levels. The program is intended to enhance key skills of strategic procurement leadership, project and business management to help all State leaders leverage public contracting.

Continuous Learning. Earned certifications generally are time-limited and periodically renewed, typically after five years. In the interim, requirements exist for ongoing education in both traditional competencies as well as new procurement and contract management concepts that continually evolve. Learning continues after certification, which qualifies the procurement officer to engage in practicing the skills learned and to award procurement contracts, which further demonstrates the competencies in practice to meet essential quality and performance standards. Additional continuous learning tracks include more depth in skills development and a detailed understanding in various areas of procurement for staff operating in key areas:

- a. *Information Technology (IT)* for complex IT products, services, and solutions required by agency and other public bodies;
- b. *Construction* to ensure understanding of all current and emerging capital and non-capital construction and facilities-related procurement skills;
- c. *Contract Management*, covering areas of contract administration, dispute management, risk management, leveraging value in existing contracts, performance management, contract compliance, scorecards, etc.; and
- d. *Contract Negotiation*, to train procurement staff to identify desired outcomes in contracts and build skills that achieve them through development of optimal business models that can be negotiated to benefit the public body, and all contract parties and stakeholders, and deliver better results and performance through quality, service, price and best value.

3. Supplier Training. A reliable, informed, ethical, and professional supply base is essential to any strategy of a complex organizational public enterprise. In conjunction with the ongoing training hosted by the Governor's Office of Small, Minority, & Women Business Affairs, this training will assist development of high value suppliers and enable our State to effectively educate current and potential suppliers in understanding how to do business with our State. Training is intended to include, but is not limited to, procurement law & policy, ethics issues vendor complaint processes, dispute resolution and procedures; information resources, and other important issues that matter to suppliers.

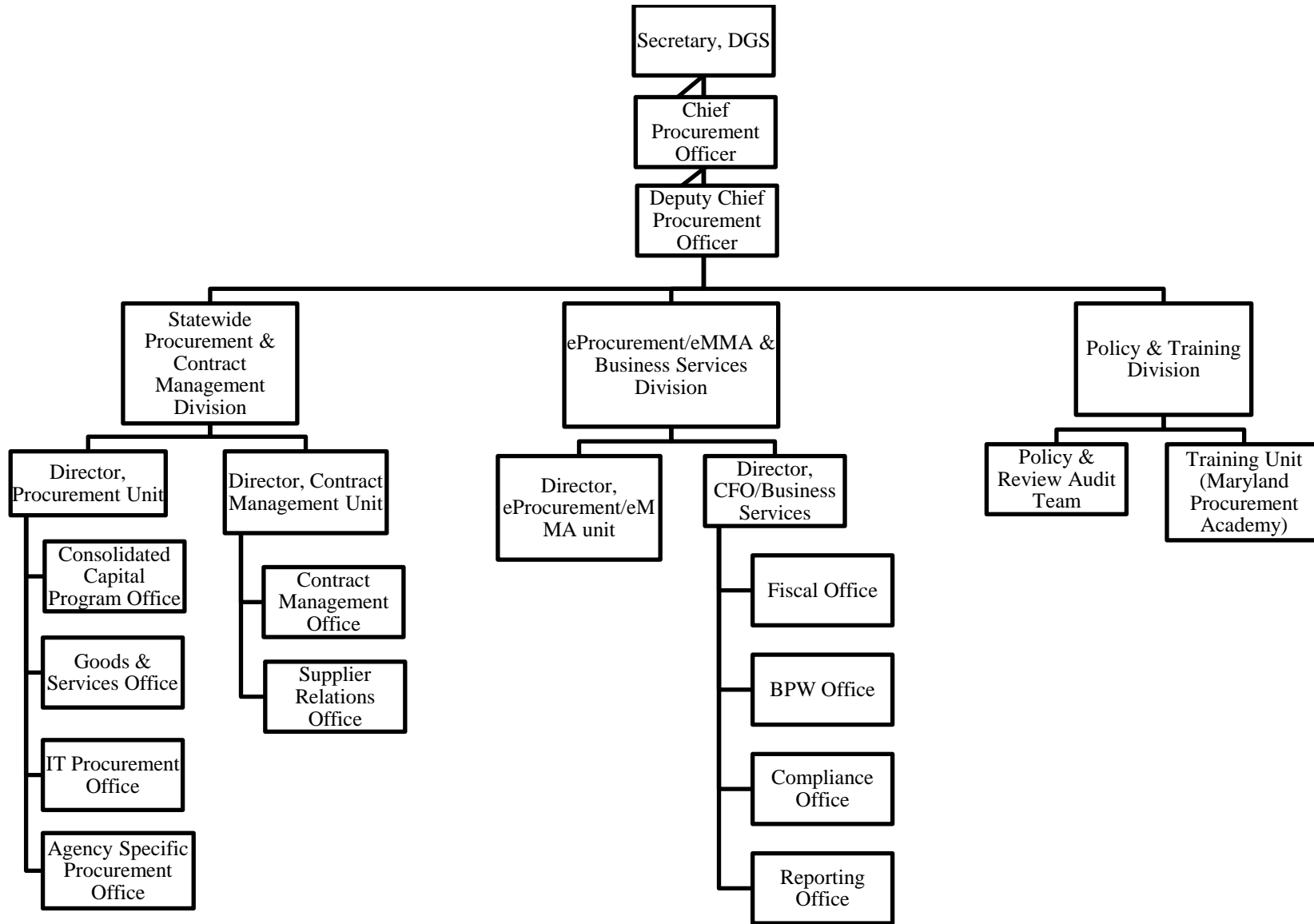
4. State Procurement Conference. Designed for continuous learning requirements and information sharing, the annual procurement training conference will cover numerous training issues, information, and procurement-related skills relative to professional practitioners in the state. Presenters are from internal and external resources and cover annual updates in procurement law, regulation, and policies, together with recommendations provided for implementing new changes into actual practice. The leading states, such as Georgia and Virginia, have demonstrated the value to procurement professionals, suppliers, and key offices in State government where procurement has a significant impact.

5. Annual State Procurement Awards. This program is intended to recognize and reward initiatives, achievements, and leadership of individuals, teams, and agencies in their public procurement efforts. It rewards and encourages procurement leaders who have stepped forward, taken the initiative and acted to demonstrate procurement innovation, creativity, value, and overall excellence. Examples of some areas highlighted are procurement, contract management, eProcurement, learning and development, supply chain management, IT procurement and construction.

6. Leadership. This transformation intends to develop a culture of procurement leadership and innovation at every level within the agencies, and at the Office of State Procurement, with a high standard of technical competence and organizational clarity. Every procurement officer and manager will need the knowledge, skills, and abilities to operate at a standard of competence that will be expected from them to perform their procurement duties across the entire sourcing continuum while using all methods of procurement available. Together with professional development, and a path for career progression, the organization benefits from a knowledgeable, credible and effective workforce of procurement leaders who are capable to develop better and more effective contracts. From this foundation the state should expect better products, services and solutions, provided by a deep bench of reliable suppliers that are willing to do business with the state. Developing procurement leaders provides a substantial intrinsic benefit, as staff become increasingly vested in their work, more accountable for results, with a stronger sense of public service for a higher purpose towards public responsibilities.

7. Ethics. In addition to procurement-specific skills and leadership, a professional ethos is to be developed, based on the highest standards of ethical procurement values and conduct. This is to be created and cultivated in a culture where our procurement workforce and suppliers will operate.

Appendix A –State Procurement Office Organization





PROPOSED PLAN FOR The New Statewide Procurement Series

(subject to approval)

October 2018

DBM.MARYLAND.GOV



410-260-7041

Requirements of HB 1021

On or before October 1, 2018, the Board of Public Works and the Department of Budget and Management shall:

- (1) review the job title, classifications, and compensation for procurement–related positions
- (2) rename and reclassify procurement–related positions, taking into account procurement–related positions in small agencies for the purpose of establishing:
 1. clear lines of authority under the Chief Procurement Officer;
 2. a single path of advancement for procurement professionals; and
 3. consistent job titles and compensation for procurement staff performing similar duties in or on behalf of different agencies.

Ensure that no current employees experience a diminution in responsibilities or compensation as a result of the reclassification.

Standard Salary Scale Changes and Incentives

Proposed Classifications	Grade	Min	Max
Procurement Officer Trainee	STD 0014	\$38,880	\$61,691
Procurement Officer I (agency)	STD 0016	\$44,017	\$70,265
Procurement Officer II (agency)	STD 0018	\$49,899	\$80,078
Procurement Officer III (control)	STD 0020	\$56,743	\$91,107
Procurement Officer IV (control)	STD 0022	\$64,608	\$103,743
Procurement Manager I (agency)	STD 0022	\$64,608	\$103,743
Procurement Manager II (agency)	STD 0023	\$68,959	\$110,729
Procurement Manager III (control)	STD 0024	\$73,612	\$118,197
Procurement Manager IV (control)	STD 0025	\$78,595	\$126,186

- Includes yearly assessment of vacancy and retention rates
- Monetary incentives for advanced certifications



Standard Salary Scale with Incentives

- Designed to maintain Statewide salary equities
- Requires immediate employee upgrades as employees move into the new class structure
- Employees that will move into a higher level will receive a 6% salary increase
- Approximate cost: \$700,000

Analysis

Benefits

- Incorporates immediate salary increases for many employees to secure retention of existing employees and knowledge base
- Works within existing salary framework – would not require multiple negotiations if State opts to move to statewide min-max plan
- Incorporates monetary incentives to encourage higher learning and greater competencies
- Obligated service agreements to further secure retention
- Does not create internal inequities for other State classifications

Drawbacks

- Does not have aspirational appeal to attract candidates
- Would require an estimated \$700,000 in salary adjustments to place current employees in the appropriate new grade



Next Steps

- New job specifications have been sent to the exclusive bargaining representative, the Maryland Professional Employees' Council (MPEC), for review
- Propose new scale and incentives during the upcoming economic reopener negotiations with MPEC
- Negotiations will begin at the end of September and must be completed by December 31 so that funding can be placed in the FY 20 budget submission
- If approved, the scale changes, adjustments and incentives will be implemented on July 1, 2019

DBM.MARYLAND.GOV



410-260-7041

5