

State of Maryland  
**Board of Public Works**

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*Executive Secretary*

February 28, 2011

The Honorable Thomas V. Mike Miller, Jr.  
The Honorable Michael E. Busch  
Legislative Policy Committee  
Legislative Services Building, Room 200B  
90 State Circle  
Annapolis, Maryland 21401-1991

Dear Mr. President and Mr. Speaker:

State Law requires the Secretaries of General Services, Public Safety and Correctional Services, and Transportation, the University System of Maryland, and Morgan State University to each submit an annual report to the Board of Public Works on the operation and effectiveness of the Small Business Preference Program within 90 days after the end of each fiscal year (State Finance and Procurement Article, §14-208). Within 60 days after receipt of the reports, the Board of Public Works compiles the information and reports to the Legislative Policy Committee.

### **Summary of Preference Program**

Under Maryland's Small Business Price Preference Law, agencies may designate individual procurements as Small Business Preference. When a procurement is so designated, certified small businesses compete for State contracts along with businesses that are not certified. If a non-certified business is low bidder, a certified small business would still be awarded the contract if their bid did not exceed the low bid by more than

- ♦ Up to 5% where the certified small business is not veteran-owned;
- ♦ Up to 7% where the business is a certified veteran-owned small business; or
- ♦ Up to 8% where the business is a certified service-disabled veteran-owned small business.<sup>1</sup>

<sup>1</sup> Low bid is not the sole determining factor for award.

## FY 2010 Reports

*Department of General Services:* The Department of General Services designates all commodity procurements as Small Business Preference. Five awards totaling \$836,375 were based on application of a 5% price preference. Total additional cost to the State from application of the Preference was \$9,407.

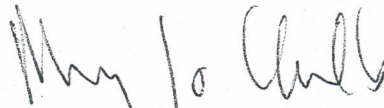
*Department of Transportation:* In FY 2010 the Maryland Department of Transportation designated 42 contracts as Small Business Price Preference. The contracts totaled \$1,303,746. No contracts were awarded based on application of the Preference.

*Department of Public Safety and Correctional Services:* The Department of Public Safety and Correctional Services did not designate any procurements as Small Business Preference. The Department will continue to assess the suitability of all procurements for application of the Preference.

*Morgan State University:* Morgan State University included Small Business Preference language in some solicitations, but they have not yet made an award based on application of the Preference. Morgan State University achieved significant success with the Small Business Reserve Program and hope to continue that success in the Preference Program.

*University System of Maryland:* Fiscal year 2010 was the first year that the University System of Maryland was a participant in the Small Business Preference Program since their general exemption from State Procurement Law in 1999.<sup>2</sup> The University of Maryland College Park initiated two test cases for the Preference Program. Neither resulted in an award based on application of the Preference. UMCP has since established a policy whereby competitive sealed bid solicitations over \$100,000 will include Preference language unless previously designated as a Small Business Reserve. USM will work to expand this policy system-wide.

Sincerely,



Mary Jo Childs, Esq., CPCM, CPPO  
Procurement Advisor

cc: The Honorable Martin O'Malley  
The Honorable Nancy K. Kopp  
The Honorable Peter Franchot  
Sheila McDonald, Executive Secretary  
Sarah Albert, Legislative Services  
Enoch Pratt Free Library

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<sup>2</sup> The Veterans Preference Legislation repealed and re-enacted the Preference Statutes, restoring the legacy language that included USM in the Preference Program.