

D39S00
Maryland State Board of Contract Appeals

Operating Budget Data

(\$ in Thousands)

	FY 07	FY 08	FY 09	FY 08-09	% Change
	<u>Actual</u>	<u>Working</u>	<u>Allowance</u>	<u>Change</u>	<u>Prior Year</u>
General Fund	\$571	\$577	\$615	\$37	6.5%
Total Funds	\$571	\$577	\$615	\$37	6.5%

- The allowance increases by \$37,414, or 6.5%, above the fiscal 2008 working appropriation. However, when you adjust the allowance to reflect changes in the allocation of health insurance and Other Post Employment Benefits, the fiscal 2009 allowance decreases by \$6,821, or 1.3%.
- Personnel expenditures increase by \$37,058 mostly due to employee health insurance.

Personnel Data

	FY 07	FY 08	FY 09	FY 08-09
	<u>Actual</u>	<u>Working</u>	<u>Allowance</u>	<u>Change</u>
Regular Positions	5.00	5.00	5.00	0.00
Contractual FTEs	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total Personnel	5.00	5.00	5.00	0.00

Vacancy Data: Regular Positions

Turnover, Excluding New Positions	0.00	0.00%
Positions Vacant as of 12/31/07	0.00	0.00%

- The fiscal 2008 allowance does not include any new positions.

Note: Numbers may not sum to total due to rounding.

For further information contact: Chantelle M. Green

Phone: (410) 946-5530

Analysis in Brief

Major Trends

Managing for Results Indicate Continued Success in Resolving Appeals: The number of new bid protests and contract claims carried forward declined significantly in fiscal 2007.

Recommended Actions

1. Concur with Governor's allowance.

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Operating Budget Analysis

Program Description

Title 15, Subtitle 2 of the State Finance and Procurement Article established the Maryland State Board of Contract Appeals (MSBCA) and vested it with the authority to hear and resolve all protests and disputes relating to the letting of contracts and the performance, breach, modification, and termination of State contracts. The board hears bid protests, which involve the preparation and interpretation of bid specifications, qualification, and selection of successful bidders, and contract claims, which relate to the contractual relationship between the State and a contractor including quality of performance, compliance with contract provisions, compensation, claims and change orders, and terminations.

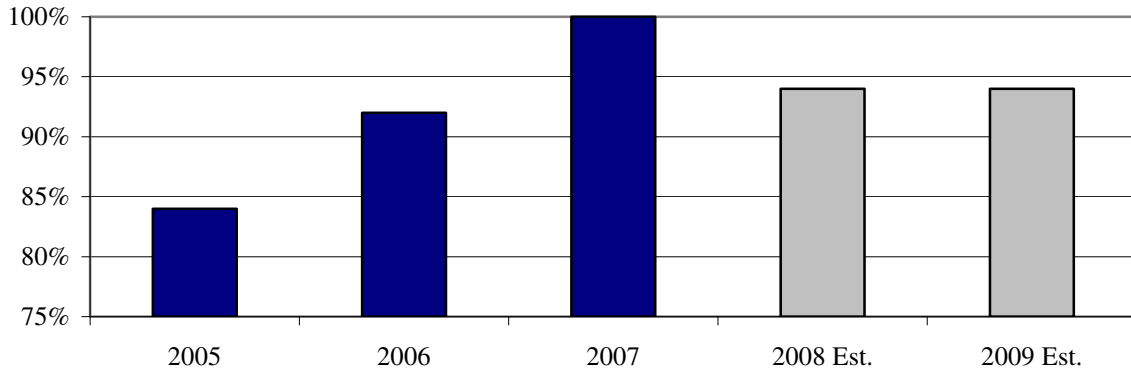
Statutory qualifications to serve on the three-member panel are the ability to serve in a quasi-judicial capacity and possession of a thorough knowledge of procurement practices and processes. MSBCA's mission addresses the need to:

- resolve bid protests and contract claims before the board in the least time possible consistent with established legal requirements; and
- enhance the value and credibility of board opinions, by providing in a timely manner, written opinions in sufficient detail and with appropriate research and documentation to serve as guides to future actions by procurement authorities, the legal community, and contractors doing or wishing to do business with the State.

Performance Analysis: Managing for Results

Overall, MSBCA's Managing for Results performance measures indicate continued success. **Exhibit 1** shows that in fiscal 2007 the percent of bid protests decisions issued within three months increased to 100%. MSBCA attributes this success to the establishment of new case management protocols that are designed to resolve cases in a more timely fashion.

**Exhibit 1
Bid Protests
Percent of Decisions Issued
Fiscal 2005-2009**

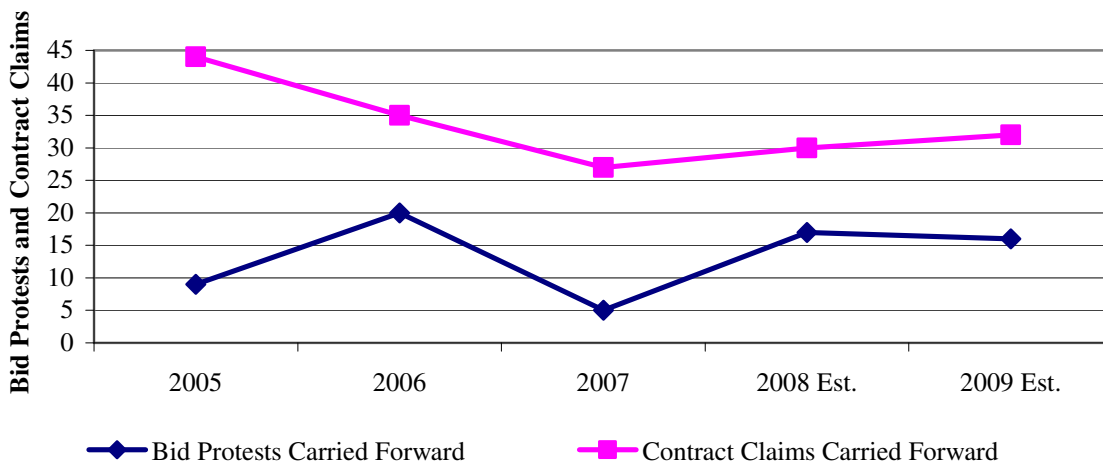


Note: Maryland State Board of Contract Appeals' goal is to issue bid protest decisions within three months.

Source: Maryland State Board of Contract Appeals

As illustrated in **Exhibit 2**, the number of new bid protests and contract claims carried forward declined significantly in fiscal 2007. MSBCA attributes this success to proactive case scheduling and better communication with litigants regarding the status of their cases.

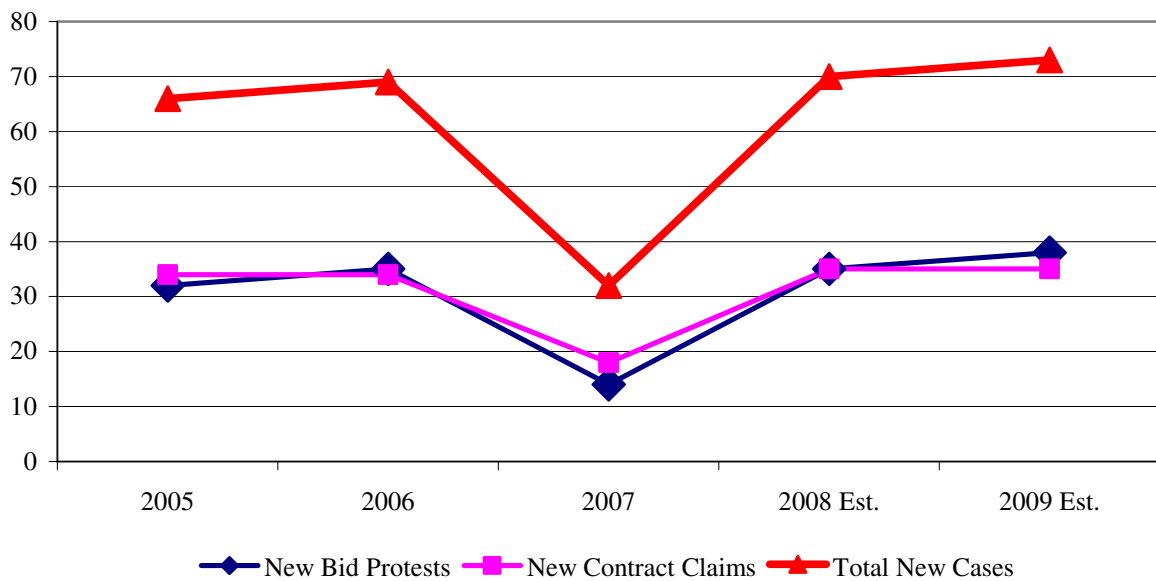
**Exhibit 2
Bid Protest and Contract Claims Carried Forward
Fiscal 2005-2009**



Source: Maryland State Board of Contract Appeals

MSBCA's recent progress may, in part, be due to a decrease in the overall caseload. As illustrated in **Exhibit 3**, the number of new bid protests and contract claims filed with MSBCA declined significantly in fiscal 2007. MSBCA attributes the overall decline in filings to a number of factors such as case settlements. MSBCA notes that after 25 years of issuing decisions, there is now a comprehensive body of procurement case law that enables both the State and private parties to resolve disputes prior to filing cases with MSBCA.

Exhibit 3
Maryland State Board of Contract Appeals Caseload
Fiscal 2005-2009



Source: Maryland State Board of Contract Appeals

Governor's Proposed Budget

As illustrated in **Exhibit 4**, the fiscal 2009 allowance increases by \$37,414, or 6.5%, above the fiscal 2008 working appropriation. This increase is primarily driven by a \$37,058 increase in personnel expenditures.

Exhibit 4
Governor’s Proposed Budget
Maryland State Board of Contract Appeals
(\$ in Thousands)

How Much It Grows:	General Fund	Total
2008 Working Appropriation	\$577	\$577
2009 Governor’s Allowance	<u>615</u>	<u>615</u>
Amount Change	\$37	\$37
Percent Change	6.5%	6.5%
 Where It Goes:		
Personnel Expenses		
Health insurance – pay-as-you-go costs		\$22
Health insurance – Other Post Employment Benefits		22
Increments, merit increases, and other pay adjustments		2
Employees’ Retirement System		-9
Other Changes		
Court reporting services		3
Leased equipment		-2
Other		-1
Total		\$37

Note: Numbers may not sum to total due to rounding.

Recommended Actions

1. Concur with Governor's allowance.

Current and Prior Year Budgets

Current and Prior Year Budgets Maryland State Board of Contract Appeals (\$ in Thousands)

	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
Fiscal 2007					
Legislative Appropriation	\$588	\$0	\$0	\$0	\$588
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	-1	0	0	0	-1
Reversions and Cancellations	-16	0	0	0	-16
Actual Expenditures	\$571	\$0	\$0	\$0	\$571
Fiscal 2008					
Legislative Appropriation	\$568	\$0	\$0	\$0	\$568
Cost Containment	0	0	0	0	0
Budget Amendments	10	0	0	0	10
Working Appropriation	\$578	\$0	\$0	\$0	\$578

Note: Numbers may not sum to total due to rounding.

Fiscal 2007

In fiscal 2007, the total budget for MSCBA decreased by \$17,145. This decrease was the net result of the following: (1) a \$15,775 general fund reversion due to an employee vacancy; (2) a \$6,976 reduction in health insurance pursuant to Section 40 of the fiscal 2007 budget bill; (3) a \$5,709 cost-of-living adjustment (COLA) centrally budgeted in the Department of Budget and Management (DBM); and (4) a \$103 general fund reallocation to DBM to conduct a salary study pursuant to Section 40 of the fiscal 2007 budget bill.

Fiscal 2008

The fiscal 2008 working appropriation increased by \$9,807 due to the 2% COLA that was centrally budgeted in DBM.

**Object/Fund Difference Report
Maryland State Board of Contract Appeals**

<u>Object/Fund</u>	<u>FY07 Actual</u>	<u>FY08 Working Appropriation</u>	<u>FY09 Allowance</u>	<u>FY08-FY09 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	5.00	5.00	5.00	0	0%
Total Positions	5.00	5.00	5.00	0	0%
Objects					
01 Salaries and Wages	\$ 534,312	\$ 544,343	\$ 581,401	\$ 37,058	6.8%
02 Technical and Spec. Fees	5,000	2,533	6,000	3,467	136.9%
03 Communication	12,591	10,915	10,396	-519	-4.8%
04 Travel	77	50	0	-50	-100.0%
07 Motor Vehicles	3,990	4,320	4,680	360	8.3%
08 Contractual Services	10,638	11,544	8,695	-2,849	-24.7%
09 Supplies and Materials	2,516	1,000	2,172	1,172	117.2%
10 Equip. – Replacement	249	0	0	0	0.0%
11 Equip. – Additional	0	600	0	-600	-100.0%
13 Fixed Charges	1,977	2,050	1,425	-625	-30.5%
Total Objects	\$ 571,350	\$ 577,355	\$ 614,769	\$ 37,414	6.5%
Funds					
01 General Fund	\$ 571,350	\$ 577,355	\$ 614,769	\$ 37,414	6.5%
Total Funds	\$ 571,350	\$ 577,355	\$ 614,769	\$ 37,414	6.5%

Note: The fiscal 2008 appropriation does not include deficiencies.