

Department of Legislative Services
 Maryland General Assembly
 2007 Special Session

FISCAL AND POLICY NOTE
Revised

House Bill 358 (Delegate Miller, *et al.*)

Health and Government Operations

Budget and Taxation

Maryland Funding Accountability and Transparency Act of 2008

This bill requires the Department of Budget and Management (DBM) to develop a free, public, searchable web site by January 1, 2009 that includes detailed information on State payments of \$25,000 or more.

It also requires the Chief of Information Technology, by June 30, 2010, to conduct a study of the feasibility and cost of expanding the web site to search by different elements and include information on all State awards greater than \$25,000.

The bill takes effect July 1, 2008.

Fiscal Summary

State Effect: General fund expenditures by DBM increase by \$200,000 in FY 2009 to develop the searchable data base, and by an additional \$100,000 in each of FY 2009 and 2010 to conduct the mandated feasibility study. Database maintenance costs can be handled with existing resources beginning in FY 2010.

(in dollars)	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	300,000	100,000	0	0	0
Net Effect	(\$300,000)	(\$100,000)	\$0	\$0	\$0

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: The web site developed by DBM must provide information on payments made in fiscal 2008 and each year thereafter. Payments to State employees and retirees as compensation or retirement allowance, respectively, are excluded from the requirement that State payments of \$25,000 or more in aggregate to a single payee in a fiscal year must be included in the web site. It must also include a search function that allows the public to submit queries based on, at a minimum:

- the name and zip code of the payee receiving a payment;
- the amount of a payment; and
- the agency making a payment.

The web site must be operational by January 1, 2009.

Other State agencies must provide the information necessary for inclusion in the database.

The mandated study must examine the feasibility and cost of expanding the web site to include all State awards greater than \$25,000, including all grants, subgrants, loans, awards, cooperative agreements, and other forms of financial assistance. DBM must use an outside expert to conduct the study. The expanded web site would allow users to search and aggregate State awards by, at a minimum:

- the name of the entity receiving the grant, contract, or award;
- the amount of the award;
- the transaction type;
- the agency making the award;
- the funding source;
- the purpose of each award; and
- the location of the entity receiving the award.

The feasibility study's final report must be provided to the General Assembly by June 30, 2010.

Current Law/Background: The Department of General Services (DGS) operates eMaryland Marketplace (eMM), a web-based procurement portal that serves as the primary vehicle for State agencies to post procurement notices, receive online bids, and announce contract awards. In July 2006, eMM unveiled an archival search function that

allows any member of the public to submit queries for all contract awards made by State agencies within date ranges designated by the individual. For each contract award within the designated time period, query results provide:

- the agency making the award;
- the amount of the award;
- solicitation and contract numbers;
- a description of the services provided;
- the date of the award; and
- the name of the vendor receiving the award.

The results can be sorted by each of those fields except award amounts and description of service. eMM includes all Executive Branch agencies, including institutions of higher education, as well as some local jurisdictions, including Baltimore City.

Fiscal 2008 operating costs for eMM are projected to be \$418,000; this is a significant savings over previous fiscal year operating costs due to a rebidding of the vendor contract. The new contract includes DGS' purchase of the vendor-developed software, which will reduce ongoing maintenance and support costs. DGS also reports that it cost \$215,000 to develop the archival search function.

DBM operates R*STARS, an in-house financial management system that monitors and records all State payments, except those made to State personnel and retirees. It is not linked to eMM and, because it serves administrative and management functions, is not available to the public.

The Federal Funding and Accountability Act of 2006 required the federal government to establish a searchable web site for all federal grants, contracts, and other funding awarded to public and private organizations. The site, managed by the federal Office of Management and Budget, became operational in December 2007 at www.USAspending.gov. The Congressional Budget Office projected an initial start-up cost of \$4 million for the web site, and ongoing annual operating expenses of \$2.75 million.

Following the passage of the Oklahoma Taxpayer Transparency Act, which requires the Oklahoma Office of State Finance to develop a web site comparable to the federal site, Oklahoma launched the Open Books web site on January 1, 2008. DBM notes that the web site cost approximately \$400,000 to develop and an additional \$200,000 to maintain annually. However, according to DBM, Open Books was developed subsequent to a

\$50 million upgrade to Oklahoma's financial accounting and management information systems, which facilitated the web site's development.

State Expenditures: DBM advises that the payment information needed to populate the website is contained within R*STARS and could be adapted for inclusion in the searchable web site without incurring additional costs. However, based on the cost of developing a similar searchable web site for eMM, Legislative Services estimates the cost of developing the web site required by this bill to be \$200,000. It is assumed that DBM would contract with an external web design consultant to develop the site. DBM also advises, and Legislative Services concurs, that maintenance of the web site could be handled with existing resources.

DBM further estimates the cost of hiring an external consultant to conduct the mandated feasibility study to be \$200,000. The study extends over two fiscal years, so Legislative Services assumes the cost of the study is spread equally over both years.

Additional Comments: Legislation pending before the General Assembly (SB 212/HB 362) would create an independent Department of Information Technology. If enacted, the legislation would transfer the cost of the feasibility study from DBM to the new department.

Additional Information

Prior Introductions: HB 7 of the 2007 special session, a similar bill, was heard by the House Committee on Appropriations but no further action was taken. HB 1252 of 2007, also a similar bill, was heard by the House Health and Government Operations Committee but no further action was taken.

Cross File: None.

Information Source(s): Department of Budget and Management, Department of Legislative Services

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