

Department of Legislative Services
Maryland General Assembly
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FISCAL AND POLICY NOTE
First Reader

House Bill 658
Appropriations

(Delegate Valentino-Smith, *et al.*)

Interagency Agreements - Historically Black Colleges and Universities - Goals

This bill requires the Department of Budget and Management (DBM) to require each State agency or unit that uses interagency agreements, as specified, to establish a goal that at least 5% of each agency's or unit's total annual interagency agreement expenditures be awarded to the State's historically black colleges and universities (HBCUs). DBM may issue a waiver of the 5% goal if an agency or unit provides a reasonable demonstration of good faith efforts to achieve the goal. DBM must also report annually on specified information about interagency agreements with HBCUs.

Fiscal Summary

State Effect: The bill generally codifies a FY 2019 program. DBM can continue to implement the program using existing resources. To the extent the 5% goal is met, HBCU revenues and expenditures from interagency agreements may increase. Likewise, revenues and expenditures at other public four-year institutions may decrease.

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: DBM must provide information on interagency agreements with HBCUs including:

- detailed plans by agencies and units to meet the 5% goal;
- the percentage of interagency contracts with HBCUs;

- the number of waivers granted, the reasons for the waivers, and any barriers to interagency agreements with HBCUs; and
- any recommendations for regulatory or statutory changes necessary to encourage attainment of the 5% goal.

Current Law/Background: The public four-year HBCUs in the State are Bowie State University (BSU), Coppin State University (CSU), Morgan State University (MSU), and the University of Maryland Eastern Shore (UMES).

Chapter 23 of 2017 (the Budget Reconciliation and Financing Act) requires DBM to submit an annual report on selected interagency agreements between an agency or unit of the Executive Branch of State government and a public institution of higher education that: has a duration of three years or more; was in place during any part of the preceding fiscal year; and has a total value of more than \$750,000. At least every three years, DBM must review each interagency agreement to determine: (1) whether the agreement is necessary and should continue; (2) whether the services can be provided more cost effectively by the agency or unit or through a competitive procurement; and (3) whether the agreement is being utilized due to the agency's or unit's inability to recruit or retain positions and, if so, whether an annual salary review should be conducted to address recruitment or retention issues. DBM must establish a cycle to review one-third of the interagency agreements each year.

The fiscal 2019 Budget Bill (Chapter 570 of 2018) requires all State agencies and public institutions of higher education to report on all interagency agreements in excess of \$100,000, and requires DBM to submit a consolidated report on these agreements by December 1, 2018. It also requires that all new higher education interagency agreements with State agencies in excess of \$500,000 for fiscal 2019 be approved by DBM. Also, language establishes a goal that State agencies award 5% of total interagency agreement expenditures to HBCUs unless a waiver is granted following demonstration of good-faith efforts to comply. In support of this, DBM is required to create a master list of services offered by each higher education institution and report on the extent to which agencies met the goal.

As required, DBM created a master list of interagency agreements between State agencies and institutions of higher education with expenditures expected to exceed \$100,000. The list can be found in the [FY 2018 Report of Historically Black Colleges & Universities Participation in Interagency Agreements](#). DBM shared the list with HBCUs and asked HBCUs to report back on those agreements in which they were most interested. DBM also requested that HBCUs create "capabilities documents" to be shared with all State agencies that provide information on each HBCU's areas of interest, expertise, and capabilities.

According to the report, active interagency agreements totaled \$433.2 million. Of those funds, \$5.6 million, or 1.3% was awarded to the four HBCUs (including subcontracts). In looking only at the fiscal 2018 awards, a total of \$2.2 million was awarded to HBCUs, or 2.7% of \$81.7 million in total fiscal 2018 awards.

State Fiscal Effect: The bill makes the 5% goal from the fiscal 2019 budget bill permanent. To the extent the 5% goal is met, HBCU, (BSU, CSU, MSU, and UMES) revenues and expenditures from interagency agreements may increase. Likewise, revenues and expenditures at other public four-year institutions may decrease. DBM can implement the requirements of the bill using existing resources. However, overall the fiscal impact is likely minimal.

Additional Information

Prior Introductions: None.

Cross File: SB 755 (Senator Peters) - Education, Health, and Environmental Affairs.

Information Source(s): Department of Budget and Management; Morgan State University; University System of Maryland; Department of Legislative Services

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Analysis by: Caroline L. Boice

Direct Inquiries to:
(410) 946-5510
(301) 970-5510