



# Transition Report Comptroller of Maryland

2023

A handwritten signature in white ink, appearing to read "Brooke Lierman", is positioned above the printed name.

*Brooke Lierman, Comptroller*

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# Letter from Comptroller Lierman



*"As the 34th  
Comptroller of  
Maryland, I am  
committed to  
reimagining how  
this office can build  
communities that  
are more equitable,  
more resilient,  
and more  
prosperous."*

Dear Marylanders,

For two years, I had the honor and opportunity to travel our state, meeting with people and visiting communities in every county and Baltimore City. As a candidate, I talked about the unique role that our State Comptroller can play in Maryland – closing the racial wealth gap, working to build climate resilience, supporting small businesses and working with families and seniors. Now, as the 34th Comptroller of Maryland, I am committed to reimagining how this office can build communities that are **more equitable, more resilient, and more prosperous**.

I'm grateful to the Co-Chairs of our Transition Team and the more than 100 respected Marylanders who served on our policy committees. They are advocates, thought leaders, public servants, business owners, and more. They met for three months, working together and independently to create a blueprint for changes that must be made to multiple areas of practice within the Office of the Comptroller. This people-powered group effort received more than one hundred online comments and developed recommendations grounded in transparency, diversity, equity, inclusion, and resilience. I am also grateful to the members of the Office of the Comptroller – past and present. They have ensured a seamless transition and offered up ideas, experience, and a willingness to work with new leadership. Finally, I am so grateful to Dani DiPietro, who was responsible for overseeing this entire process and pulling this report together.

The recommendations in this report present huge opportunities – but are also very heavy lifts. The Office of the Comptroller faces major challenges including obsolete and unhealthy facilities, underpaid and overworked employees, and outdated (or absent) technology. Indeed, I cannot create the agency that Marylanders deserve alone: implementing these recommendations will be a true team effort. The entire Office of the Comptroller must work together and alongside our General Assembly, Treasurer Davis, and Governor Moore and his cabinet. Marylanders deserve a state government that searches for ways to collaborate to serve them better – and I am committed to doing just that. Only working together can we ensure every Maryland community can reach its full potential.

This report represents a new starting point for our agency – and I'm excited to get going. Together, I know that we will build a better Maryland.

My best,

Brooke E. Lierman

# Letter from Honorary Co-Chairs



*“Comptroller Lierman campaigned on a promise to be inclusive and transparent, and these remain key tenets of her vision to ensure that the Comptroller’s Office is best positioned to serve all Marylanders effectively.”*

We are grateful that Brooke has stepped up to lead this essential agency and are proud to add our names to this report. The transition process brought together stakeholders from across the state to advise then Comptroller-elect Lierman on current challenges and future opportunities for the agency, as well as provide actionable recommendations that can be implemented immediately, in the mid-term, and over the long term. The final result of the transition process is this comprehensive, transparent report that will guide strategic planning, priorities, and actions for the Comptroller’s Office over the next four years.

Comptroller Lierman campaigned on a promise to be inclusive and transparent, and these remain key tenets of her vision to ensure that the Comptroller’s Office is best positioned to serve all Marylanders effectively. Organizational sustainability also guided the work of the transition team, as Brooke seeks to reimagine and build a solid foundation in the Comptroller’s Office that will set Maryland up for success not only for the next four years, but for the next forty years.

*The Honorable Peter Franchot*

*The Honorable Angela Alsobrooks*

*The Honorable Susan Lee*

# Letter from Working Co-Chairs



*“Transparency, accountability, and supporting government employees are additional values critical to Comptroller Lierman as conveyed through her policy platform and reiterated throughout the transition process.”*

It was an honor to have played a role in the development of this incredible body of work, and we extend our deepest thanks to all who participated in this process.

The transition team was directed by three honorary chairs, three working chairs, and one coordinator and we were divided into six work groups designed to reflect the key functions of the Comptroller and the Comptroller’s Office. These workgroups included: 1) Data and Innovation, 2) Tax Administration and Customer Engagement, 3) Pensions and Investment, 4) Procurement and the Board of Public Works, 5) Local Government Engagement and 6) Public Engagement. Each work group was led by two to four co-chairs and there were 20 co-chairs in total. Comptroller Lierman selected over 130 members to serve across the six work groups. She was intentional in her determination to assemble a team that reflected the residents of Maryland in all ways and possessed the expertise and experience required to craft meaningful recommendations to advance the office.

Shortly after the general election, Comptroller Lierman set up a transition website that included a form and an email address where the public could submit input to the transition team. Between the general election and February 1st, the transition team received 165 submissions through the website.

Comptroller Lierman committed to making diversity, equity, inclusion, and accessibility (DEIA) and sustainability/climate resiliency agency-wide values. Each work group was charged with applying a DEIA and climate lens as they identified challenges and areas of opportunity in the Comptroller’s Office. Five experts were recruited to assist the transition team with this task: two DEIA professionals and three climate experts. They made presentations to the transition team and individual work groups, provided rubrics, guiding questions, and more. Transparency, accountability, and supporting government employees are additional values critical to Comptroller Lierman as conveyed through her policy platform and reiterated throughout the transition process.

We truly appreciate the efforts of all involved and were honored to serve.

*The Honorable Nancy Kopp*

*The Honorable Joseline Peña-Melnyk*

*Candace Dodson-Reed*

# Co-Chairs and Consultants

## Data and Innovation - Chairs

Honorable Andrew Cassilly  
Ben Siegel  
Terry Speigner  
Dipak Thakker

## Local Government Engagement - Chairs

Theresa Kuhns  
Michael Sanderson

## Pension and Investment - Chairs

Sheila Morgan-Johnson  
Patrick Moran  
Honorable Andrew Serafini

## Procurement and the Board of Public Works - Chairs

Veronica Cool  
Robert Dashiell  
Ash Shetty  
Eben Smith

## Public Engagement - Chairs

Al Delia  
Dannielle Glaros  
Laura Gutierrez  
Doncella Wilson

## Tax Administration and Customer Engagement - Chairs

Sharonne Bonardi  
Honorable Richard Madaleno  
Robin McKinney

## DEIA Consultants

Dr. Valorie Sanders  
Dr. Jasmine Lee

## Climate Resilience Consultants

William Baker  
Joanne Throwe  
Jenn Aiosa

## Transition Coordinator

Dani DiPietro

# Overview of the Comptroller's Office

Article VI of the Maryland Constitution provides, in part, that:

The Comptroller shall have the general superintendence of the fiscal affairs of the State; he shall digest and prepare plans for the improvement and management of the revenue, and for the support of the public credit; prepare and report estimates of the revenue and expenditures of the State; superintend and enforce the prompt collection of all taxes and revenues; adjust and settle, on terms prescribed by law, with delinquent collectors and receivers of taxes and State revenue; preserve all public accounts; and decide on the forms of keeping and stating accounts.

*The Office of the Comptroller acts as the elected chief financial officer of the State of Maryland... There is no other statewide elected financial officer like it in the country in terms of the breadth of its duties.*

The Office of the Comptroller acts as the elected chief financial officer of the State of Maryland. It sees every dollar into the state, and every dollar out. There is no other statewide elected financial officer like it in the country in terms of the breadth of its duties. It carries out all revenue collection (tax collection) and refunds. It also is responsible for all payments: it carries out all general accounting duties and payroll for state employees. It also sits on multiple boards overseeing investments, including the State Retirement and Pension Board and Maryland's 529. It houses the Bureau of Revenue Estimates and sits on the oversight Board. And it acts as a general statewide voice on fiscal matters – the Comptroller is an independent advocate for the people of Maryland.

To effectuate the “general superintendence” of fiscal affairs, the Comptroller has divisions within the office devoted to its general duties. After a reorganization by Comptroller Lierman, those divisions are divided among four deputy comptrollers and a chief information officer, with general administration, finance, and human resources reporting to a chief of staff.<sup>1</sup>

- Chief Deputy Comptroller: all revenue divisions, including the revenue administration division, compliance division, taxpayer services, general accounting division, fraud detection, and, by statute, the bureau of revenue estimates
- Deputy Comptroller for Policy, Public Works, and Investment: Board of Public Works, Policy Research, Investments (State Retirement and Pension System, 529, and all boards)
- Deputy Comptroller for Law and Oversight: Legal Division, Assistant Attorneys General, Hearings and Appeals, Unclaimed Property, and Central Payroll Bureau
- Deputy Comptroller for Public Engagement: Public Engagement, Communications (including design of tax forms and printing of tax booklets and notices), Ombudsman
- Chief Information Officer: IT Department, Annapolis Data Center, Risk Management

<sup>1</sup> Updated Organization Chart: [Comptroller of Maryland Organization Chart January 2023 \(marylandtaxes.gov\)](https://marylandtaxes.gov)

# Executive Summary

The Office of the Comptroller is an essential agency in Maryland government, one of the few established in the State Constitution. As the source of the majority of state revenue collection, a representative body on the Board of Public Works, regulator of motor fuel, overseer of unclaimed property, and member of numerous boards including the Maryland State Retirement and Pension System (MSRPS), its reach is vast. Its fraud detection capabilities are essential, and its legal work is necessary for businesses and individuals alike. The office, however, is still not yet reaching its full potential.

Staff are underpaid and often asked to work in deteriorating and demoralizing work conditions on systems that are obsolete. Even basic functions like claiming unclaimed property cannot be done online – instead requiring Marylanders to print out PDF forms, fill in blanks, and mail them in. The statutorily required legal division has yet to be created because of a lack of positions allocated to it. Some of the IT mainframe systems use programming languages dating back to 1959 when COBOL was invented. A mere four auditors exist for all corporate audits in the state.

In other words, this is an agency that must be rebuilt and reimagined to meet the needs of Marylanders and of our entire state government.

The transition team's work groups identified several key themes based on some of these common challenges and opportunities where the Office of the Comptroller can be a leader working for Marylanders, businesses, and government.

**Modernize technology** across the Comptroller's Office so that it becomes easier to collect and analyze data, manage risk, administer taxes, process payments, and more. Enhanced transparency across the board will help ensure that local governments, the general public, and other partners can benefit from information housed in the Comptroller's Office. This will require a new user-centered website and broader technology modernizations. Once implemented, these improvements will enable the agency to **expand data analysis and data sharing** so that the agency and its partners gain a better understanding of the state of the economy, revenue and spending, and progress towards building a more equitable Maryland.

**Build active partnerships with local government, non-profits, small businesses, and Maryland residents.** Make sure that the Comptroller's Office is accessible, communicating proactively, engaging key stakeholders, and increasing transparency around data and decision-making. There are opportunities to increase community outreach and engagement with Marylanders through the branch offices, with local governments, targeted communications campaigns, the Comptroller's website, and advisory councils. Importantly, the agency can identify and target outreach and communications to residents who have traditionally been left behind, including immigrant communities, residents with low incomes, communities of color, people with disabilities, seniors, and Marylanders who do not speak English. Looking ahead, the Comptroller's Office can develop work groups to facilitate ongoing engagement with key stakeholders and constituencies.

**Improve transparency and accountability appropriate to the diverse range of the Comptroller’s responsibilities.** Build dashboards and other tools that allow the Comptroller’s Office and partners to track key metrics such as: the status of contracts as they are developed, approved by the Board of Public Works, and subsequently implemented; progress towards small and minority business enterprise (MBE) procurement goals, enhanced participation by small and minority-owned businesses and emerging managers in the Pension system; and compliance with climate-related reporting requirements.

**Improve public engagement and customer service.** Make the Comptroller’s Office (its website, tax forms, communications, branch offices, etc.) more accessible to all with a special focus on residents who do not speak English or for whom English is a second language, those with disabilities, and people with limited financial literacy. Taxpayers and tax professionals alike should have easier access to the information needed to file taxes and work with the Comptroller’s Office. This requires the agency ensure that tax guidance is easily accessible and in plain language, improve customer service, and leverage modern technology to enhance tax administration.

**Prioritize diversity, equity, inclusion, and accessibility (DEIA)** within the agency and ensure that DEIA is a central tenet in all policy, processes, decisions, and communications that originate from the Comptroller’s Office.

**Identify and create opportunities for the Comptroller’s Office to be a leader in climate resiliency** both internally and externally through the Comptroller’s impact on state procurement and spending, investments, and community engagement.

**Attract and retain a highly skilled, diverse workforce** in Maryland while also supporting a pipeline and ecosystem of future employees (accountants, lawyers, tax professionals, and more), minority and small business enterprises, investors, and educators.

# Recommendations

# Data and Innovation

The Data and Innovation workgroup was responsible for developing an inventory of the Comptroller Office's current programs, data sets, and data policies to determine the Comptroller's capacity to diagnose and remedy disparities and issues in the state economy and communicate this information to stakeholders. This work group also examined the Comptroller's current partnerships with other State agencies on data-driven governing and identified areas for improvement. It looked at national best practices in tax administration, examined public-private partnerships, and recommended reforms to make the Comptroller's Office a national model.

*The tax code contains various drivers of racial inequity and contributes to the wealth divide in Maryland. All tax changes proposed in the legislature or administrative/executive branch have the potential to further or reverse inequity.*

## Process

The Data and Innovation workgroup split into four subgroups in order to craft recommendations. Below is a brief description of each subgroup and its charge.

- Using Data to Create a More Equitable Maryland: recommendations regarding data strategy, analysis, and tax proposals.
- Data Sharing: recommendations for sharing data across agencies for business intelligence, tax credit eligibility determination, and take-up.
- Financial Management Information System (FMIS), COMPASS, Data Warehouse: recommendations for implementation and effective use of these systems; the role of the Annapolis Data Center; the relationship of the State Department of Information Technology (DoIT) and the Office of the Comptroller regarding computing and financial systems.
- Process Mapping: recommendations for improving tax administration and financial management roles of the Office (such as pre-populating tax form, simplifying the Earned Income Tax Credit and other forms, reviewing agency and contractor payment flows, overhauling the website, etc.).

## Challenges

The following challenges were identified by transition team members based on research, information from the Comptroller's Office, lived experience, and members' expertise and knowledge of the subject matter area:

- The tax code contains various drivers of racial inequity and contributes to the wealth divide in Maryland. All tax changes proposed in the legislature or administrative/executive branch have the potential to further or reverse inequity.
- There is a lack of data on tax assessments, tax burdens, tax credits, and access to tax services disaggregated by various marginalized communities which makes it difficult to fully quantify the impact of the tax system on equity and thus how best to address the problem.
- There are processes and policies in the Comptroller's Office that further perpetuate inequality including insufficient investment in and engagement with historically marginalized communities, those with disabilities, non-English speakers, low-income, etc.
- If the unprecedented federal funding flowing into Maryland (from the American Rescue Plan Act, The Coronavirus Aid, Relief, and Economic Security Act, Infrastructure Investment and Jobs Act, etc.) is not equitably distributed, these resources have the potential to further drive inequity in Maryland.
- Most operational statistics are currently collected by count only (number of customer service calls, number of tax returns filed by paper, etc.), providing little insight into trends and needs of taxpayers.
- National data indicate that Black, Indigenous, and people of color (BIPOC)-owned businesses access business tax credits and assistance like Paycheck Protection Program loans at a lower rate than white-owned businesses.

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and short-  
term strategies  
for updating  
both internal  
and external  
technology.*

- There is limited data sharing internally (within State agencies) and even less with local partners. This restricts local governments' ability to make data-driven decisions.<sup>2</sup>
- Marginalized residents may have limited bandwidth/resources to negotiate multiple application systems and practices to apply for programs and tax credits.
- There is a lot of information posted publicly in PDF reports across the Comptroller's website, however, they are long, not easily searchable, and not very viewer friendly. There is very little data transparency outside of these PDF reports.
- Outdated technology limits the potential for data analytics and is often less efficient and more prone to error compared to modern options. Outdated technology also makes it difficult for the Comptroller's Office to attract or retain employees, many of whom see limited value in investing time learning to operate old systems.
- The Comptroller's Office currently has several divisions that are leading specific information technology projects, including the IT Division, COMPASS, Risk Management, and the Annapolis Data Center, but the agency lacks a central division that supports the management and oversight of all IT projects.
- The Comptroller's Office has had very few partnerships with DoIT. No forms from the Comptroller's Office are available on Maryland's OneStop website which is an obvious place for Marylanders to be able to access resources. Even basic forms like that for unclaimed property are not available online – Marylanders must still print out a PDF and physically mail in the form.
- The Office currently has at least six document management systems in use and no customer relationship management system. The website does not meet modern standards for design or user experience. And, most disturbingly, it is unclear that the systems have true cybersecurity protections.

## **Recommendations**

### **1) Restructure the Information Technology (IT) Department to conform to modern standards and create a long-term strategy and short-term plans**

The Comptroller's Office should create a central IT division that supports the management and oversight of all IT projects. That division would craft long-term and short-term strategies for updating both internal and external technology. New technology would make it easier for Comptroller employees to do their jobs effectively and efficiently and would allow Marylanders to interact with the Office more easily and in a more transparent way.

While the IT division would be responsible for helping to manage and oversee IT projects agency-wide, this work must not be siloed; cross-divisional collaboration are key, and these individuals must partner with the business operations leads throughout the agency to support its existing needs while also building out its potential and data-sharing abilities.

To start this process, the Comptroller's Office should centralize all technology functions in an office overseen by a chief information officer (CIO). The CIO would be responsible for creating a strategy for improving and then maintaining the technology both within the Comptroller's Office and the technology used externally. The CIO should be supported by a chief data officer (CDO) who would be responsible for creating the data governance process and ensuring that a secure mechanism is established to programmatically share agency data. CDO's are becoming more and more popular in departments and agencies in the digital era. Finally, the Office has huge security risks because of the incredible amount of information it collects. Therefore, the office must have a chief information security officer (CISO) to oversee all security and risk management.

<sup>2</sup> For example, the Comptroller's Office is unable to provide granular data broken out by county / jurisdiction (i.e., hotel occupancy tax revenue by county). Further, local governments do not have access to information about businesses paying taxes in their jurisdiction. Not all businesses have to register with a local entity to operate other than of health, zoning and permitting requirements. If chambers of commerce had better information of existing businesses generating revenues, they could improve their outreach and better support that community. Currently, local governments collect data piecemeal; the Comptroller has the best database.

By hiring these positions, as well as others that will be needed to support this critical IT work, the Comptroller's Office would be able to enhance its data analytics capacity in order to turn raw data into actionable insights to improve outcomes for Maryland residents. This would allow the Comptroller's Office to make better use of all the data it collects.

**Many other recommendations in this report cannot happen without a highly functional IT team in place. This first recommendation is foundational to creating an Office of the Comptroller that can change outcomes for Marylanders.<sup>3</sup>**

*Many other recommendations in this report cannot happen without a highly functional IT team in place. This first recommendation is foundational to creating an Office of the Comptroller that can change outcomes for Marylanders.*

- 2) **Collaborate with the Treasurer and Secretary of the Department of Budget and Management to implement a new accounting system for the State to replace the current accounting system (FMIS)**  
The Comptroller's Office should create a group consisting of Comptroller employees, other agency employees, and outside experts to explore and implement a new financial management information system. It is essential to start by thinking through the end product – what information is the Office trying to gather/extract and what the Office wants to be able to get out of new technology.
- 3) **Provide guardrails and oversight to ensure the success of COMPASS**  
COMPASS (also called Revenue Premier) is a new, user-friendly end-to-end tax ecosystem under development (three tax types are live, with many more in the queue to be brought online). Right now, the Comptroller's Office operates on a mainframe system, so this project is a big deal in terms of modernizing the office and improving customer service for taxpayers.
  - **Ensure adequate staffing and oversight for the project**  
Immediate oversight of the project and the supporting vendors is essential from a risk mitigation perspective. This oversight should come from within the agency (ideally a CIO) – acknowledging that independent verification and validation (IVandV) is also required for projects of this size. The agency should determine when the last IVandV was complete, and whether oversight of the project is adequate.
  - **Gather input from other state agencies and partners that will be impacted by COMPASS**  
The Comptroller's Office should facilitate a stakeholder group of impacted agencies (i.e., the Maryland Department of Transportation – MDOT – and DoIT) to ensure they are not blindsided and are able to adapt to the new technology smoothly. (For example, MDOT is heavily federally funded and has requirements and limitations that the Comptroller's Office may need to be aware of if this agency will be interfacing with COMPASS).
  - **Create a change management plan for COMPASS (and other major technology projects)**  
Enterprise Resource Planning (ERP) transformations have a high failure rate. Change management should be a very important component of ensuring smooth adoption and ultimately the success of the COMPASS project. This includes identifying what the processes are now and what new processes look like so that employees can be properly trained.

<sup>3</sup> If done right, exposing data will ensure that the Comptroller's Office has the information to prove that DEIA strategies are being executed and easily find out where it is struggling. Further, more analytical capacity allows the Office to identify areas of opportunity in the DEIA and sustainability spaces.

*The  
Equity Officer  
would ensure  
that policies  
and practices  
with an external  
impact take the  
wealth gap into  
account and are  
intentionally  
focused on  
reducing the gap  
and advancing  
equity more  
broadly.*

- 4) **Create a Chief Equity Officer within the Comptroller’s executive team**  
The Chief Equity Officer would be a senior position in the Comptroller’s Office with an agency-wide reach. This position should consider all of the Comptroller’s work – from procurement to tax collection to tax guidance and preparation services – and ensure that the Comptroller’s Office’s practices, processes, and policies are equitable for every Marylander regardless of race, gender, ability, or background. Broadly, the equity officer would be key to insuring the Comptroller’s office has a deep familiarity with and understanding of the historical underpinnings of racism, sexism, misogyny, transphobia, homophobia, ableism, ageism, classism, xenophobia, poverty, and other forms of oppression – and strive for more justice-driven and equitable outcomes in every aspect of the office.

This person would analyze and help rectify processes and policies internal to the Comptroller’s office that further perpetuate inequality, including insufficient investment in and engagement with BIPOC communities, those with disabilities, non-English speakers, low-income, and other marginalized residents.

The Equity Officer would ensure that policies and practices with an external impact take the wealth gap into account and are intentionally focused on reducing the gap and advancing equity more broadly. The Equity Officer would also advise the Comptroller on issues related to the many government bodies the Comptroller serves on, including the Board of Public Works and State Retirement and Pension System Board. They would help the Comptroller’s office reimagine data collection and analysis across the agency (i.e., by ensuring that the data points being collected by various divisions serve a purpose in terms of diagnosing issues and driving transformative change).

The Chief Equity Officer should also administer a Comptroller’s Advisory Committee on Racial Equity (C-ACRE) – to be created and modeled after the new federal Treasury Advisory Committee on Racial Equity (T-ACRE). The C-ACRE would create an outside entity of experts, stakeholders, and community members who can advise the Comptroller on a range of steps to be taken for addressing racial inequity.<sup>4</sup>

- 5) **Access, analyze, and publish (to the extent practical) different types of data on race and other taxpayer subgroups (i.e., female heads of household, veterans, people with disabilities, seniors, those with limited English proficiency, ITIN holders, etc.) so that the Agency has a better understanding of where inequity exists and can respond accordingly**

Data collected by the Comptroller’s Office should include a demographic analysis so there is a better understanding of how particular communities are engaging (or not engaging) with the agency and accessing its resources. Collecting and publishing data is an important first step in understanding and quantifying how tax burdens, tax assessments, state spending, federal funding, tax credits, and more drive inequity – like the racial wealth gap – in Maryland. This data will help the Office understand trends, identify the drivers of inequities, and devise solutions to address them.<sup>5</sup> The following data should be analyzed to start:

- Tax data
- Recent, current, and future federal funding data
- Operational statistics data such as paper versus electronic tax filers, customer service calls, enforcement actions, etc.
- Individual and business tax credit data

**This solution is a cornerstone of goals around advancing DEIA.**

- 6) **Develop a process/policy to conduct racial equity analysis for proposed tax reforms**

All proposed tax reforms should be thoroughly examined by the Comptroller’s Office to determine the potential to exacerbate inequity. This solution would cre-

<sup>4</sup> This solution is a cornerstone of goals around advancing DEIA. This role will be critical to build the infrastructure necessary to sustain and advance long-term equity efforts, and more broadly, build a culture of equity, inclusion and belonging.

<sup>5</sup> For example, the Comptroller’s Office should ensure equitable access to tax credits and assistance, especially for BIPOC-owned small businesses who have historically had limited access to capital and investment. Data and subsequent analysis is required to ensure that the Office is meeting this goal.

*Data sharing can be extremely helpful to local governments and partners seeking information to better serve their underserved communities and businesses. The most pivotal aspect of this is identifying the areas that are truly underserved.*

ate important context for the General Assembly when it considers tax reforms.<sup>6</sup>

- 7) **Create a culture of data sharing between state agencies, local government, and external partners (i.e., local economic development organizations, local chambers of commerce, etc.) where the default is to share**

The Comptroller’s Office should work to improve sharing of non-personal data between agencies, with local governments, and external partners to the extent appropriate. Providing interagency access to data by secure ports would enhance access to non-personal data for state agencies, local governments, and partners to run inquiries and identify trends or issues impacting the efficiency and effectiveness of services. Data sharing between state agencies could be done programmatically via application programming interface (APIs). APIs would solve the interoperability problem and reduce manual data entry.

Data sharing can be extremely helpful to local governments and partners seeking information to better serve their underserved communities and businesses. The most pivotal aspect of this is identifying the areas that are truly underserved. Income data is one of the strongest data sources for this. More data sharing from the Comptroller’s Office would allow local jurisdictions the ability to better prioritize their limited resources on areas that have lower incomes. At the census tract level, it also allows local jurisdictions to combine that data with other important data sources to drive meaningful insights. This also has a huge advantage for better understanding the business communities in each jurisdiction.

Further, data sharing creates the potential for collaboration with other agencies. Working together, agencies could develop platforms and data entry systems that remove bureaucracy and improve access to assistance by presuming eligibility for programs like tax credits based on data. These platforms can help the Comptroller’s Office and other agencies ensure that eligible taxpayers are receiving all the opportunities available to them.

All of this work supports more informed decision-making but allows the requester to get access to data to make decisions easier and more quickly. Instead of looking for reasons to say “No”, the Comptroller’s Office should be sharing data whenever possible.<sup>7</sup>

- 8) **Implement an OpenBook Maryland platform to allow the public to track how their tax dollars are spent while promoting both transparency and accountability -- including public-facing dashboards to better visualize published information surrounding Personal Statistics of Income Reports, Tax Summary Report (specifically adjusted gross income by jurisdiction), and Program Revenues by type**

Creating and providing Open Data is becoming increasingly common across the country. The Comptroller’s Office should build on the work that has already begun in Maryland through <https://opendata.maryland.gov/>. OpenBook, if structured similarly to the New York model, would allow a user to search various data sets for information. OpenBook creates a more informed citizenry and can reduce the volume of Freedom of Information Act requests by making public data available by default.

Reporting on personal statistics of income and revenues by type does exist in Maryland,<sup>8,9,10</sup> but visualizations are limited. The Comptroller’s Office should create visualizations similar to what is being done in Texas with their Explore

<sup>6</sup> Washington, D.C. has an Office of Racial Equity which conducts such analysis on proposed legislation, and the City of Baltimore has an Equity Office charged with “closing gaps in policy, practice, and allocation of resources so that race, gender, religion, sexual orientation, and income do not predict one’s success, while also improving outcomes for all.” These may serve as useful models <https://oca.dc.gov/page/office-racial-equity>; <https://civilrights.baltimorecity.gov/equity-division>

<sup>7</sup> More data sharing improves every aspect of management. Getting a clear picture of need, helps to prioritize limited resources. For example, a large number of small businesses are owned and operated by women and minorities. Evidence for this is found in the grants awarded to small businesses during the pandemic. In Anne Arundel, 70% of the 2,300 grant recipients self-identified as woman- or minority-owned. In Howard County the number was approximately 65% and Montgomery County closer to 75%. If local EDOs had better data about the existence of these businesses, their outreach efforts would capture a disproportionately high number of women and minority business owners. Likewise chambers of commerce could tailor their programs to meet the needs of local small businesses.

<sup>8</sup> [https://www.marylandtaxes.gov/reports/static-files/revenue/statisticsofincome/individual/2018\\_Personal\\_SOL.pdf](https://www.marylandtaxes.gov/reports/static-files/revenue/statisticsofincome/individual/2018_Personal_SOL.pdf)

<sup>9</sup> <https://www.marylandtaxes.gov/reports/static-files/revenue/incometaxsummary/summary20.pdf> (page 7)

<sup>10</sup> <https://www.marylandtaxes.gov/forms/CAFR/ACFR2021.pdf>

Revenue page.<sup>11</sup> The way that think tanks and academic institutions analyze and present IRS data could serve as a model for the meaningful graphs that the Comptroller's Office could create and publicly display. Some examples are listed below:<sup>12</sup>

- <https://www.irs.gov/statistics/soi-tax-stats-irs-data-book>
- <https://www.lincolnst.edu/research-data/data-toolkits/significant-features-property-tax/state-state-property-tax-glance/property-tax-data-visualization>
- <https://www.njspotlightnews.org/2019/01/19-01-17-worried-about-nj-population-drain-check-out-irs-data/>
- <https://taxfoundation.org/publications/tax-maps/>

The Comptroller's Office should identify the charts that would provide the most meaningful information to residents and create graphs/dashboards to enhance data visualizations accordingly.

**9) Work with the members of the Board of Public Works (and the legislature as applicable) on updating technology procurement regulations**

IT procurement in the State is generally slow and does not always meet the needs of the State agencies, contracting community, and those dependent on the State's IT systems. The Comptroller's Office relies on and will continue to need consulting and technology services to support various agency initiatives. The Comptroller and her colleagues on the Board of Public Works should collaborate with the Procurement Improvement Council (PIC) to make recommendations for new technology-specific procurement methods. For instance, the Comptroller could consider encouraging a flexible multi-award contract process to gain access to experienced companies that can provide services to the agency when services are needed.<sup>13</sup>

**10) Explore agency use of process automation technologies**

Process automation is a proven technology that is well-established in the private and federal government sectors and offers a significant opportunity to enhance and improve operational and delivery processes throughout the Comptroller's Office. The agency should explore the use of process automation and assess how it could improve customer experience and be leveraged in support of initiatives like a pre-populated tax form, improved customer service and customer experience efforts, and enhanced job satisfaction for Comptroller staff through the elimination of boring and repetitive work tasks.<sup>14</sup>

**11) Fraud detection: Income and Sales and Use Tax**

The Comptroller's Office should continue to build out its fraud detection apparatus to identify fraud attempts – ranging from fraudulent filings and identity theft to unreported sales and use taxes – in areas yet unseen while continuing to improve the detection of existing known areas of fraudulent activity. In addition, the Comptroller should work with other State agencies to identify where they can leverage their technology, skill, and fraud data to bolster fraud detection statewide. These capabilities are critical for maintaining the public trust in an era of rampant low-cost fraud perpetration.

<sup>11</sup> [https://bivisual.cpa.texas.gov/CPA/opendocnotoolbar.htm?document=documents%5CTR\\_Master\\_UI.qvw](https://bivisual.cpa.texas.gov/CPA/opendocnotoolbar.htm?document=documents%5CTR_Master_UI.qvw)

<sup>12</sup> DEIA: Greater transparency would allow different entities to use this information to better identify areas in the state that need additional resources. It would provide data to see how taxes are equitably distributed across the state. More access and transparency allow for greater accountability in the historically underappreciated areas of DEIA and Sustainability. This will help to ensure diversity, equity, inclusion and accessibility; help reduce barriers to access and advance opportunities for underserved communities.

<sup>13</sup> Minority Business Enterprise (MBE) prime and subcontractor participation on this type of contract would have a significant and direct impact on DEIA efforts.

<sup>14</sup> The elimination/reduction of repetitive and time-consuming work will allow Comptroller staff to spend more time directly serving their constituents. Using state of the art commercial solutions also generally provides better support for multilingual service delivery as well as increased accessibility to support visual, aural, and neuro diverse communities.

# Tax Administration and Customer Engagement

This workgroup was tasked with gathering feedback about the Comptroller's Office's current tax practices and administration, customer service policies, practices and procedures, and enforcement mechanisms, and to provide recommendations for how those can be improved to create more efficiency and to improve customer satisfaction for both individuals and businesses.

*This work group focused their recommendations around three key objectives: (1) aligning the agency structure and employee experience with taxpayer needs; (2) leveraging stakeholders and technology to modernize the tax return process and tax form development; and (3) improving the taxpayer experience.*

## Challenges

The following challenges were identified by transition team members based on research, information from the Comptroller's Office, lived experience, and members' expertise and knowledge of the subject matter area:

- The Comptroller's website does not adequately address customer service needs due to lack of resources.
- The scope of services provided by the Taxpayer Services Division is too limited.
- Professional development opportunities for agency staff are limited because of insufficient funding.
- The agency faces difficulties with recruitment and retention.
- Taxpayers, tax professionals, advocacy groups have expressed the need to increase ease and efficiency in the filing of returns, reports, and payments.
- There is a need for efficiency and consistency in tax compliance.
- There are concerns regarding transparency and access to the agency.
- Corporate taxpayers, tax practitioners, and affiliated trade associations report attrition and retention concerns regarding the impact of Maryland's tax policies on business and economic development.

## Recommendations

This work group focused their recommendations around three key objectives: (1) aligning the agency structure and employee experience with taxpayer needs; (2) leveraging stakeholders and technology to modernize the tax return process and tax form development; and (3) improving the taxpayer experience.

### 1) Transform the Ombudsman Office into a Taxpayer Advocate Office

The Comptroller's Office was one of the first state departments of revenue to create an office dedicated to addressing taxpayer concerns. That office – the Office of the Ombudsman – serves as the agency's liaison directly with taxpayers. The Office of the Ombudsman originally had one dedicated staff person and was later expanded to a three-member team (one of whom is Spanish-speaking, a best practice since adopted by other states). Considering the Office of the Ombudsman's call and email volume and stakeholder feedback, the Comptroller should increase the number of staff in this area to enable the office to more quickly respond to taxpayer inquiries and address the needs of Maryland's three million taxpayers.

Additionally, the Ombudsman's Office should be transformed into a Taxpayer Advocate Office, a model adopted by many private entities and the IRS. Under this model, dedicated Taxpayer Advocate Officers regularly engage with taxpayers and help to resolve their questions and concerns quickly and completely.

Finally, to execute the Comptroller's goals of transparency and efficiency in state government, the Comptroller's Office should designate the leader of the Taxpayer Advocate Office as a member of the Comptroller's Executive Team and develop metrics for assessing and reporting on the agency's effectiveness in resolving taxpayer concerns in a timely and accurate way while identifying trending systemic issues requiring remediation with the goal of preventing others from

*Tax and revenue administration is a complex area of state governance, requiring an understanding of tax laws, tax policy, accounting, finance, as well as technology and process management. The Office of the Comptroller is more complex than other state departments of revenue in that it is also responsible for administering the state's employee payroll, abandoned property, data center, and all general accounting services.*

coming to fruition.<sup>15</sup>

2) **Create a full-service Taxpayer Services Division**

To enhance the taxpayer experience, Taxpayer Services Division (TSD) should have staff with complete knowledge of all general tax matters and should engage in more proactive outreach, rather than waiting for constituents to reach out with challenges. Staff should be able to address simple individual, business, practitioner, and collection questions. The current telephony can address this by triaging the calls based on the type of inquiry. TSD has resources which are designated for individual, business, and practitioner inquiries, but they need more, and the position descriptions should be rewritten to provide for the recruitment of highly qualified staff to handle more complex inquiries and manage staff. TSD staff should also be trained to address collections questions and form a unit dedicated to constituents with Individual Taxpayer Identification Numbers (ITINs).<sup>16</sup> An integrated taxpayer experience division that includes business and individual tax inquiries aligns with the implementation of the integrated tax system and would ultimately improve the taxpayer experience. This would allow the Compliance Division to direct its attention to complex collection, audit, and enforcement activities, including migrating the agency's tax fraud and questionable returns work into the Compliance Division's activities.<sup>17</sup>

3) **Develop a training strategy**

The Comptroller's Office recently received national recognition for the implementation of its Learning Management System (LMS). The LMS content should be redeveloped for employee training for key positions in each of its divisions. In conjunction with the content development, written procedure manuals should be updated or created for each function within the agency. This project should begin immediately with the goal of full implementation within no more than two years. It would provide a response for training concerns raised by current staff, taxpayers, practitioners, and other stakeholders while also addressing learning gaps resulting from attrition.

To the extent possible, funding should also be provided for tuition reimbursement, continuing education, and other leadership and professional development opportunities. This includes continued funding for COM Leadership Transformation Program and participation in national conferences, training, and seminars, as well as renewed funding for its Supervisory Enrichment Program, Certificate in Tax Management, and UB SALT class. These offerings would improve the customer experience while enhancing retention and recruitment efforts, as tax and revenue administration is very complex and requires higher skilled human resources.<sup>18</sup>

4) **Develop a recruitment and retention plan**

Tax and revenue administration is a complex area of state governance, requiring an understanding of tax laws, tax policy, accounting, finance, as well as technology and process management. The Office of the Comptroller is more complex than other state departments of revenue in that it is also responsible for administering the state's employee payroll, abandoned property, data center, and all general accounting services.

For more than a decade, the agency has routinely lagged behind other agencies and local governments in pay, which has caused a human capital crisis in the agency. The inability to recruit and retain accountants, attorneys, IT staff, and other personnel has left a resource gap in the agency which has been exacerbated

<sup>15</sup> This is a DEIA initiative because it applies a solution for addressing low-income taxpayer, limited English-speaking taxpayer, and small business concerns, as the Comptroller's Office can have dedicated staff to liaise with these specific constituent groups.

<sup>16</sup> The dozens of thousands of taxpayers filing income taxes with an ITIN present unique characteristics that the Comptroller's staff would need to understand to deliver an equal level of service. Among those characteristics are language, having multiple sources of income, not receiving W2 or 1099 forms, being unbacked, and living in a "cash" economy.

<sup>17</sup> Having a full service TSD will provide additional resources in contact centers, taxpayer service offices, and to respond to virtual inquiries and chats as the agency modernizes its systems and service delivery options. This new model will provide access for multi-generational, LEP, low income, and other under-represented constituencies.

<sup>18</sup> Trained staff will be better positioned to assist diverse groups of taxpayers and increase access to the agency and decrease the need to engage professional taxpayer assistance or advocates.

*The Comptroller's Office should expand its capacity to provide assisted tax filing options, which will ease taxpayer burdens and assist taxpayers with low-income and small businesses in receiving credits available to them.*

by recent retirements and resignations, the latter often in response to offers from other state agencies, (i.e., Legislative Services) tax agencies (i.e., the IRS), local governments, and private firms.<sup>19</sup>

Because of the singular nature of the agency – much like the Judiciary, the Public Service Commission, Office of Administrative Hearings, and other agencies – Comptroller's Office should have job classifications that reflect the uniqueness of the agency and also have a separate pay scale, like the Judiciary and MDOT. There is a need to ensure that this is done in a way that is fair and does not create disparities for the state and should be based on a review of specific positions and professional classifications (i.e., auditor, attorney, accountant).

5) **Leverage technology to increase efficiencies in returns processing, payment processing and forms development<sup>20</sup>**

The IRS, other states, and foreign governments have begun to explore ways to decrease taxpayer burdens and create efficiencies in tax administration by providing filing options for individual and business tax filers. Alternatives include expanded individual income tax filings solutions and digitized sales and use tax filings, such as e-invoicing for business-to-business transactions and centralized sales tax processing services for remote and online sellers.

The Comptroller's Office should expand its capacity to provide assisted tax filing options, which will ease taxpayer burdens and assist taxpayers with low-income and small businesses in receiving credits available to them. These are innovative solutions that have been partially implemented in Europe and are in pilot phases on the federal and state levels of government so consideration must be given for risk of fraud and abuse if implemented.

6) **Advocate for funding from the General Assembly to increase access to free tax preparation through the Comptroller's Office and Volunteer Income Tax Assistance (VITA) sites**

Many taxpayers in Maryland are eligible for free tax preparation through the Comptroller's Office and IRS-designated VITA sites that serve taxpayers who are low-income, older than 55, and/or in the military. These locations serve more than 60,000 Marylanders each year, supporting taxpayers in their communities and connecting them to additional services. Significantly more taxpayers are eligible for these services; however the sites need more funding to meet the demand. The Comptroller's Office should advocate for continued and expanded state funding for these programs.

7) **Streamline the Payment Plan and Offer-in-Compromise Programs**

Many taxpayers incur debts to the State of Maryland for numerous reasons including failing to withhold the appropriate taxes from earned wages, failing to make sufficient estimated taxes, underreporting income, incorrectly completing their tax return, etc. Many of these errors are unintentional, and the taxpayers are unprepared to pay their taxes in full once the error is detected. This results in the need to enter into a payment plan or some other negotiation with the agency. There are many repayment and settlement options currently available to taxpayers who wish to pay their disputes via short-term repayment plans; however, most other options require contacting a collections representative.

To reduce calls and emails to the agency, the current on-line payment plan application should be redeveloped for taxpayers who desire longer repayment terms. The agency began developing an application similar to the IRS application that included cost-of-living data and other questions that assessed the taxpayer's financial situation and recommended several repayment options based on the taxpayer's specific financial situation. This application would also be used internally by agency staff when offering repayment plan options to address concerns expressed regarding inconsistent payment plan offerings within the Collections Section. By considering individual taxpayer needs, special consideration could be provided for taxpayers with low incomes and others who are facing financial hardship, such as extending their repayment periods, expanding hardship

<sup>19</sup> The recruitment and retention strategy should include the Comptroller's DEIA philosophy, thus creating an opportunity for additional staff to be representative of the residents of Maryland.

<sup>20</sup> This recommendation was not unanimous among workgroup members

*The Comptroller's Office is a national leader in outreach to limited English speaking communities with a focus on Maryland's Spanish-speaking residents. This model should be expanded to include other limited-English speaking communities in the state.*

abeyance periods, and providing full disclosure of interest and penalty costs with the repayment options provided. Corrections to withholding and estimated payments may also be provided through the online application to assist with preventing recurrent underpayment issues. The payment plan calculator can also reduce call-time and improve the taxpayer experience.

The agency should also develop a publication for hardship requests, in addition to its Offer-in-Compromise program, so that taxpayers understand their rights and are provided clarity on how to receive relief from interest and penalties. The transition team has received feedback regarding hardship concerns for taxpayers with low income with debts under certain dollar amounts. To address this concern, the agency should work with taxpayers with low income and taxpayer advocacy groups to establish a program with set criteria aimed at assisting low income taxpayers with debt resolution and financial literacy.<sup>21</sup>

**8) Make other process improvements to address specific concerns associated with tax administration**

The Comptroller's Office should expand ways for taxpayers to submit excise tax and reports to include in-person, mail, email, and online options. The Comptroller's Office should also enhance tax return and payment processing to correct the unmatching of pass-through entity (PTE) returns with members' returns – make them match so that the system stops sending out erroneous notices that the members are underpaid and minimize erroneous rejections of credits-for-taxes-paid-to-other states (Admin Release 42 was amended and it seems that the Annapolis processors are not accepting what was agreed is the acceptable documentation).

**9) Conduct an office-wide audit of technology, documents, and tax forms to expand multi-lingual services and plain language efforts, to ensure that they are fully accessible for seniors, non-English speakers, people with disabilities, limited financial literacy, etc.**

This would improve many marginalized groups' access to the Comptroller's Office and ensure compliance with ADA regulations. The Office of the Comptroller, like other state agencies, needs to provide its services in multiple languages. It will result in better and more comprehensible communication with all key stakeholder groups.

The Comptroller's Office is a national leader in outreach to limited English speaking communities with a focus on Maryland's Spanish-speaking residents. This model should be expanded to include other limited-English speaking communities in the state, as the IRS has successfully implemented recently by using existing technology to communicate at branch offices in multiple languages with software application delivered via PDA and offering forms in multiple languages based on Maryland Census figures, including: Spanish, French, Russian, Mandarin and Korean.

The Comptroller's Office must also provide its services to the hearing and sight impaired. There has been minimal advancement in this area across state government.

- Review all Tax Tips, Revenue Rulings, Tax Alerts to ensure that they are accurate and provide clear guidance to taxpayers.
- Redesign key Tax Tips and Tax Alerts in a graphically appealing publication and send them to stakeholder groups, subscribers, etc.
- Create videos for key Tax Tips and Tax Alerts to publish on the Comptroller's Social Media platforms, YouTube, and as PSAs for larger audiences.
- To promote financial education, hold annual contest for students to create videos, print media.
- Create a monthly newsletter of the Comptroller's activities, announcements, tax news for subscribers. Use the same content for a monthly Comptroller podcast.

<sup>21</sup> This initiative provides for greater transparency within the collections process, decreases the need for paid representation when resolving taxpayer matters, and considers taxpayers' economic position when establishing appropriate repayment periods and amounts. This assists all taxpayers, especially lower income taxpayers and enhances DEIA.

- Live stream advisory group meetings and other public meetings to increase taxpayer engagement.
- Engage with other tax agency’s communications teams and the IRS to promote anti-fraud campaigns, tax preparer forums, and other taxpayer awareness programs.

All communications must be multilingual, starting with Spanish and French. Translations should not be done by computers, but by professionals who are culturally competent to ensure proper interpretation. This should include all communications sent to individual taxpayers, such as compliance letters, not only “outreach materials.”<sup>22</sup>

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<sup>22</sup> This recommendation advances DEIA and sustainability by removing barriers and creating a more welcoming experience for all Marylanders. This would not only increase taxpayer compliance, but foster a culture of diversity, equity, and inclusion that provides full access to all Marylanders.

# Pensions and Investment

The pensions and investment workgroup was asked to review the health of Maryland's pension system, to review national best practices and innovations in pension funds, and to recommend reforms to make Maryland's pension system a national model.

## Background

The Maryland State Retirement and Pension System (MSRPS), which has more than 400,000 members and retirees, is governed by a 15-member Board of Trustees, of which the Comptroller is presently the Vice-Chair. The Board has policy-making and oversight authority over the management of the system, including the responsibility to hire/fire, and annually evaluate the Chief Investment Officer (CIO) and Executive Director (ED), hire external auditors and actuaries, and major consultants. The CIO by law has the authority to hire/fire and evaluate investment managers and consultants. The CIO also oversees and is responsible for the performance of the Investment Division. The ED is responsible for management of all non-investment sections of the Maryland State Retirement Agency (SRA).

The MSRPS Board is composed of five members who are elected by the System membership (State employees with two seats, teachers with two seats, State Police with one seat), three ex-officio members (State Treasurer, State Comptroller, State Secretary of the Department of Budget and Management), and seven public members appointed by the Governor. Qualifications for appointment to the Board are spelled out in law. The Board approves the governing Investment Policy Manual, the asset allocation, the actuarial process and findings, and approves the annual MSRPS budget to be submitted to the Governor and General Assembly.

The Board, investment staff and managers have fiduciary responsibility to act solely in the best interest of the participants. A major aspect of this is to strive to fully fund the pension trust. To do this they must generate the highest risk-adjusted investment returns within the parameter of their fiduciary responsibility. A key focus of this work group was on the issue of the current underutilization of diverse- and women-owned firms, which is both reducing the universe of managers to capture alpha for the MSRPS while simultaneously impairing fiduciary duty of the Board/Trustees to seek the best candidates.

**Challenges:** Recommendations from this group are based on the following challenges identified by transition team members, based on research, information from the State Retirement Agency, the Comptroller's Office and members' experience, expertise, and knowledge of the subject matter area:

- For several reasons, traditional policies and procedures limit the pool of available managers potentially reducing investment returns. There is a need to examine policies or procedures to determine which unnecessarily limit the pool of available managers (thereby unnecessarily constraining diversity and potentially reducing investment success) and which unfairly benefit incumbent managers and large firms which have longer track records. Incumbent managers and large firms are typically less diverse and investing in diverse companies less frequently themselves. This is problematic as data demonstrates that diverse teams often generate better investment results.
- One hindrance to the use of diverse and small or emerging managers is that the MSRPS does not have sufficient investment staff to appropriately oversee allocation of smaller amounts of funds allocations (i.e., \$1 to \$2m). This limitation, in turn, is an impediment to utilizing MBE firms, most of which have smaller portfolios and aren't positioned to manage large (i.e., several hundred million dollars) for the pension system. Newer, smaller managers are also a challenge for the existing consultant structure. The System prefers a big manager that it can assess and oversee more easily, and which can handle large allocations, which inherently excludes many W/MBEs. This situation makes it more difficult for smaller managers to grow their business and establish longer track records. This is noted with full recognition of the successful Terra Maria program established by the System over ten years ago. However, more should be done.

*The Board, investment staff and managers have fiduciary responsibility to act solely in the best interest of the participants. A major aspect of this is to strive to fully fund the pension trust. To do this they must generate the highest risk-adjusted investment returns within the parameter of their fiduciary responsibility.*

*There is a need for wider understanding of laws and programs impacting retirees' options in Maryland... The Comptroller has an interest and responsibility to assist in increasing understanding and usage of these vital programs.*

- The MSRPS is missing out on an opportunity to support the state economy by not focusing on and maximizing opportunities to use Maryland companies for contractual services.
- The staff, investment managers, brokers, and consultants working with the MSRPS are not reflective of the beneficiaries.
- New Maryland law requires the pension system and Board to assure appropriate awareness of the impact of climate change risk on the health of the portfolio and pension Trust. While the issue of climate risk is one aspect of the investment risk management and has been initially addressed for several years, the new law will require more consistent and ongoing oversight.
- There is a need for wider understanding of laws and programs impacting retirees' options in Maryland. For instance: Recent federal legislation that provides Pension Exclusions for tax purposes is not widely understood and should be better publicized. State employees are not fully aware of the benefit of all the state's retirement programs (i.e., Maryland Supplemental Retirement Plans, or the Optional Retirement Program) or how they can be viewed in an integrated manner. The oversight boards for these programs would benefit from a broader understanding of all the programs, their inter-relationships and potential synergy. Similarly, the new Maryland Saves program, which provides small businesses the opportunity to offer a state-sponsored individual retirement account option for their employees is not well known and both employers and employees are losing out on the opportunity to access a low-cost retirement option. The Comptroller has an interest and responsibility to assist in increasing understanding and usage of these vital programs.

## Recommendations

**1) Encourage the Board to establish a formal process for receiving and acting on the findings of the upcoming Disparity Study**

In the 2022 Diversity Among Asset Managers Act, the General Assembly mandated a Disparity Study to assess the need for remedial measures to assist minority- and women-owned businesses in the brokerage and investment management industry and market, consistent with specified federal or constitutional requirements. The Board and staff will have the challenge of incorporating findings and recommendations from the Disparity Study into improvements to policy and processes to increase diversity and competition and enhance returns.

The Comptroller should advocate for, assist in creating, and co-chair a special committee within the Board of Trustees to analyze the findings of the Disparity Study. This committee should establish clear goals and objectives in each area studied with a set timeframe for implementation of adopted recommendations. Adopted recommendations should be formally approved by the Board of Trustees and incorporated in performance evaluations of internal and external staff, managers, brokers and consultants. Based on the results, the Board should consider specific programming or structural changes, including supplementing or modifying Terra Maria, to best enhance MBE participation. Evidence-based best practices should be considered and adopted as appropriate. One example is the policy of the Teachers Retirement System of Texas requiring intentionality including an expressed plan and process to source and allocate to MBE managers.

**2) Encourage and enhance further the use of women and minority investment managers, brokers, and consultants (to be informed, in part, by the findings of the Disparity Study)**

The transition team's pension work group suggests that the following strategies, focused on increased utilization of MBE firms, be considered by the Comptroller and the Board of Trustees alongside of the recommendations of the Disparity Study:

- Advocate for MSRPS to hire a Chief Diversity Officer and encourage the Governor to cultivate a diverse board of Trustees with members who share the vision for DEIA. Ensure that mission and vision for DEIA are shared by all the Fund Managers and their performance in DEIA is also considered

when reviewing performance or increasing allocations.

- Review and compare the MSRPS's MBE goals to State MBE goals and make them as consistent as appropriate. Other states like New York and California have set goals that can serve as models. The Comptroller and Board should be skeptical of approving contracts for service providers containing waivers of MBE requirements. Waiving MBE requirements undermines the MBE laws and the stated intention to seek to grow underutilized businesses.
  - Explore pooling the small investment managers into one group for purposes of performance management to allow more balancing of risk among small and emerging managers. This would allow the System to lower the risk of any single manager.
  - Consider scaling investments with larger allocations going to second and third round funds from the same manager, rather than simply increasing the number of small managers. In other words, help support and grow small managers who perform well.
  - Consider creating specific allocations within each asset class for emerging managers (i.e., <\$100m assets under management). This would address one of the many barriers that can "disqualify" an MBE: the size of their portfolio compared to the needs of the state. It would require MSRPS to expand its capacity to handle smaller pools of money (perhaps outside of the Terra Maria program).<sup>23</sup>
  - Consider establishing a policy target (i.e., 1% of system assets) within the Terra Maria program for commitments to private equity investment managers (Funds I, II, or III) across the various subcategories within the current Asset Allocation plan.
  - Create an educational outreach program for potential MBE fund managers. Make both contact and the process transparent, easy to locate and comprehend on the MSRPS website. The goal is to help create a pipeline for diverse fund managers and to aid those who are interested to know the process and the requirements to do business with the pension fund.
  - Strengthen the ecosystem and pipeline of MBE managers, brokers, and consultants in Maryland through annual commitments to the utilization of MBE fund managers, brokers, and consultants or similar strategies.
  - Hold managers accountable to Maryland's goals around DEIA and climate risk via enhanced reporting requirements. One way to help grow the universe of diverse investment professionals is to hold large managers accountable for their efforts in this area. MSPRS should ask managers for details on their hiring, promotion, and retention of professional staff of diverse backgrounds. Several other public pension funds require firms to disclose staff demographic data, including the Illinois Teachers Retirement System, Los Angeles City Employees Retirement System, and Chicago Teachers Pension Fund.
- 3) **Evaluate the ways in which MSRPS' investment guidelines A) positively encourage and B) unintentionally discourage diverse managers, brokers, and consultants**

In tandem with the Disparity Study, the Comptroller and the other members of the Board should examine the existing criteria used for evaluating managers with the objective of ensuring that there is good reason for each investment guideline and procedure to promote increased diversity and ultimate fund performance. (This isn't about lowering the bar for qualifying more diverse managers; instead, it is about reevaluating what the bar is and ensuring guidelines are set in a purposeful way with equity front-of-mind).

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<sup>23</sup> First time fund managers can outperform older managers and help build the economy. There are high correlations between smaller managers (of which women and diverse firms over index) and out performance (<https://fortune.com/2020/06/19/investment-management-diversity-hedge-funds-mutual-funds-real-estate-pe-private-equity/>; <https://knightfoundation.org/press/releases/new-study-shows-diverse-owned-firms-represent-a-small-fraction-of-asset-management-industry-despite-equal-performance/>)

Other major public funds are taking similar steps. And, in Maryland, the Enterprise Community Partners, as part of its Equitable Path Forward Initiative launched in 2020, evaluated their investing and lending standards, and concluded that many had been serving as unnecessary and inappropriate barriers to having a higher percentage of diverse investees and that the Fund needed modernization. Since implementing the changes and a simultaneous change in prioritizing sourcing of diverse investees, the number of investments with diverse investees has increased exponentially.<sup>24</sup>

4) **Ensure that MSRPS is utilizing in-state investment managers, brokers, and consultants to the extent possible**

The Terra Maria program, MSRPS's groundbreaking emerging manager programs, employs three groups to manage the individual investment managers. Each of these funds is located outside of Maryland: Attucks (Chicago), Xpounce (Philadelphia), and Leading Edge (San Francisco). Similarly, Tiger Iron Capital, the "fund of funds" manager for private equity is based in Massachusetts and Virginia. The Comptroller and Board could consider co-investment alongside local foundations or funds (as with the Maryland Technology Development Corporation – TEDCO) as an option to enhance use of Maryland managers (to the extent legal).

5) **Ensure that Maryland's new law regarding investment climate risk is fully implemented and integrated into oversight of investment throughout the portfolio**

In 2022 the Maryland General Assembly, with the support of the MSRPS Board and investment staff, passed groundbreaking legislation providing that, in addition to present law which includes consideration of climate risk among the risks incorporated in the Board's investment policy, the Board act to assure that pension fund investments be made with an eye towards avoiding unnecessary risk posed by the impact of climate change. This could be accomplished by incorporating investment in "green infrastructure" and potentially creating a council of expert advisors. The Comptroller should assure that the Board maintains ongoing oversight and support to the staff as the law is implemented and assure, also, that progress is transparent and open to public inquiry.

6) **Hire a skilled and knowledgeable independent investment expert/analyst to support and advise the Comptroller (to provide an arms-length independent source of information)**

It is prudent to have an independent dedicated source for information and assistance in carrying out the Comptroller's duties as a Trustee. This person or council should ensure that the Comptroller is well versed in investing and help prepare her to handle complex issues being brought before the Board upon which she needs to act. Leveraging an advisory council could also help ensure that she has a balanced perspective from a variety of experts.

7) **Advocate that the Board devote even more time and attention than usual to the annual review of asset allocation and associated risks in relation to the assumed rate of return because of market and interest rate volatility**

Rising interest rates and potential stagflation create the risk of increasing the pension trust's unfunded liability. This, in turn, may encourage taking greater investment risk in the System's asset allocation. Currently, employers are equal to 18% of covered payroll, in order to pay for accumulated past liabilities, and could go higher. It would be only 4% of payroll if the trust were fully funded, saving the State hundreds of millions a year<sup>25</sup> – funds which could be used for other valuable retiree-related services, such as currently underfunded retiree health care benefits. It is particularly important that the Comptroller and the Board maintain focused oversight in times of volatile markets.

<sup>24</sup> This plan creates a measurable and transparent plan to assure that Maryland is a leader of DEIA space for Pension funds. An outcome of this project could be a more inclusive /equitable set of investment guidelines that reduce / eliminate bias and cause a more diverse set of managers over time.

<sup>25</sup> [https://www.washingtonpost.com/opinions/maryland-could-finally-stabilize-pensions-it-just-needs-foresight-and-leadership/2018/11/23/840b02fc-e146-11e8-ab2c-b31dcd53ca6b\\_story.html](https://www.washingtonpost.com/opinions/maryland-could-finally-stabilize-pensions-it-just-needs-foresight-and-leadership/2018/11/23/840b02fc-e146-11e8-ab2c-b31dcd53ca6b_story.html)

*It is currently impossible to get a full picture of how much Maryland is paying to private equity firms and other alternative asset managers in a given year, and the Comptroller should advocate to change this.*

- 8) **Advocate that MSRPS establish a process to consider impact investments that offer appropriate risk-return opportunities and time horizons for the pension fund consistent with its fiduciary responsibilities and that also offer positive social and/or community benefits to the state of Maryland or its subdivisions**  
Impact investments include traditional or special purpose investment funds and significant projects that offer overall portfolio benefits such as performance uncorrelated to traditional equity and fixed income markets and allow portfolio diversification through new investment vehicles within the approved asset allocation. An example of an impact investment: Maryland's Communities of Opportunity Fund to revitalize Maryland's historic and older communities. The MSRPS could set aside 1% of state pension funds to invest \$500 million in high-return social impact investments in older communities. The Comptroller, in her role on the Board, should advocate for these investments with a triple bottom line: financial, social, and environmental. They would include investments in small businesses, mixed-income home ownership, affordable housing, community facilities, green infrastructure, and environmental resiliency.
- 9) **Advocate that the System collect and publish additional data from investment managers – especially alternative asset managers and private equity firms**  
It is currently impossible to get a full picture of how much Maryland is paying to private equity firms and other alternative asset managers in a given year, and the Comptroller should advocate to change this. Maryland does not report performance for individual alternative asset managers, so there is no way for individuals other than the staff and Trustees of the System to compare fees a manager charges to their fund performance. Private equity-owned companies employed more than 11.7 million workers in the US and 213,000 workers in Maryland as of the end of 2020 based on data from the main Private Equity industry lobbying group.<sup>26</sup> Employees of private equity-owned companies are concentrated in industries with lower wages and higher incidence of wage theft like food service and retail. Employees of private equity-owned companies may also experience significant health and safety violations or other labor law violations.<sup>27</sup> Further, lack of staff and board diversity remains a massive issue for private equity firms and other alternative asset managers. Companies with greater diversity in leadership ranks are more likely than those with less diverse leadership to perform better than industry average.<sup>28</sup> A wide range of pension systems (in SC, RI, PA, NJ, MO, KY, and CA) have a more transparent system than Maryland, including the disclosure of fees and carried interest for alternative asset managers on a fund-by-fund basis, and continue to deliver excellent returns for their beneficiaries.
- 10) **Develop a dashboard on the Comptroller and/or MSRPS website to enhance transparency around pension-related data**  
While recognizing recent improvements, there remains a need for a more simple, clear public presentation of information regarding the status of the State Pension and Retirement Plans, including key information regarding the investment portfolio and performance, statistics on DEIA and climate risk, and other areas of public interest. The Comptroller and the Board should ensure that they are providing the maximum level of disclosure under the law, so that there is, to the extent practicable, increased transparency around performance of individual asset managers, private equity firms, and fees. Further, it should be easier for members to see and understand how their contributions are used and how they grow. The website should be reviewed to ensure that there is a simple method for members to contact for assistance and opportunities for constituents to provide feedback.
- 11) **Develop a coordinated campaign regarding the Pension Exclusion focused on outreach, public engagement, and education**

<sup>26</sup> <https://www.investmentcouncil.org/wp-content/uploads/ey-aic-pe-economic-contribution-report-final-05-13-2021.pdf>

<sup>27</sup> [https://www.governor.pa.gov/wp-content/uploads/2021/10/20211021\\_EO\\_2021-06\\_Worker-Protection.pdf](https://www.governor.pa.gov/wp-content/uploads/2021/10/20211021_EO_2021-06_Worker-Protection.pdf)

<sup>28</sup> <https://www.mckinsey.com/industries/private-equity-and-principal-investors/our-insights/how-private-equity-can-catalyze-diversity-equity-and-inclusion-in-the-workplace>

The Comptroller's Office should coordinate with various groups (such as AARP, certified public accountants and tax preparers, religious organizations, community groups, senior centers, Fraternal Orders, etc.), to ensure that all taxpayers eligible for the pension exclusion take advantage of it. The Office should also explore using existing data to more easily identify or automatically enroll those eligible.

- 12) **Research and develop an understanding of how MSRPS, the Optional Retirement Program and Supplemental Retirement Programs could benefit from greater coordination. The Comptroller should also address the need for greater public understanding and usage of major state-sponsored finance programs such as Maryland 529, the ABLE program and Maryland Saves, including options for enhanced public outreach and education when appropriate.**

The Comptroller is in a unique position to promote greater understanding among participants and the public. It should be an integral part of her role. Potential participating employers and employees need a more thorough understanding of the Maryland Save program. Either through her direct participation on oversight boards or procurement authority via the BPW, the Comptroller has a degree of oversight responsibility for the Optional Retirement System, Maryland 529 and, potentially, the Maryland Supplemental Retirement Plans. In addition, the new Maryland Saves program offers private sector employers a means to provide IRA retirement benefits for their employees and holds tremendous promise for Maryland workers, but it requires much greater public awareness. These programs and their participants would benefit from greater coordination and outreach, which the Comptroller could lead.

*Maryland's BPW is unique among states; comprised of the Governor, Comptroller and Treasurer, it is Maryland's ultimate policy-making and oversight board for state procurements, expenditures of capital appropriations, and the acquisition, use and transfer of State assets. It is responsible for certifying the state property tax rate, approving the sale of state bonds, and cutting the state budget when needed. It holds public meetings every other week at which items are considered and decisions made that in most states are made in executive offices, often behind closed doors.*

## Procurement and the Board of Public Works

This workgroup was asked to gather feedback about the Board of Public Works' (BPW) existing policies, practices, and procedures, and how they can be improved. This included Maryland's purchasing policies, practices and procedures, including small business preference, minority business enterprises (MBEs), and local sourcing policies, etc. They were asked to recommend reforms to make Maryland's BPW and procurement system more equitable and efficient, taking into consideration sustainability and climate change impact.

### Background

Maryland's BPW is unique among states; comprised of the Governor, Comptroller and Treasurer, it is Maryland's ultimate policy-making and oversight board for state procurements, expenditures of capital appropriations, and the acquisition, use and transfer of State assets. It is responsible for certifying the state property tax rate, approving the sale of state bonds, and cutting the state budget when needed. It holds public meetings every other week at which items are considered and decisions made that in most states are made in executive offices, often behind closed doors.

Through setting procurement procedures and expectations, the BPW can make procurement more efficient and cost-effective. It can assure that small and minority-owned businesses have greater access to the procurement process and can compete more equitably for state business. It can also assure taxpayers that consideration of the impact of climate change and environmental threats are an integral part of procurement proposals and decisions, including the many aspects of the state's infrastructure, schools, and other buildings. These are among the areas on which this Transition Committee focused.

### Process

The Procurement and BPW work group divided into four sub-groups to work through their recommendations. The sub-groups are as follows:

1. Improvements to the request for proposal process and payments to vendors (user friendliness and operational efficiency)
2. Transparency in tracking contracts before and after they are approved by the BPW so that the public and key stakeholders can be more informed about what's coming and what's been approved, and provide meaningful input
3. How the state can meet its MBE and small business goals and/or how to reform this process to ensure maximum MBE participation
4. Considering climate as it relates to procurement/ spending decisions

### Challenges

Recommendations from this group are based on the following challenges identified by transition team members, based on research, information from BPW staff, the Comptroller's Office and members' experience, expertise, and knowledge of the subject matter area:

- There are inefficiencies in the payment process for the Comptroller's office and agency finance offices, including a lengthy automated clearing house (ACH) request process that disproportionately affects MBEs.
- There is limited oversight by agencies and the Board after a contract is approved.
- Procurement offices are under-staffed and under-resourced across agencies, including in the Comptroller's Office.
- The state is failing to meet its MBE goals and is unable to track outcomes over contracts' lifespan.

- The process of applying or updating vendor certification statuses with multiple agencies across the state is cumbersome.
- Technology is outdated which makes it challenging to navigate the competitive bid response and compliance process, particularly for first-generation users. Procurement officers are biased towards execution of contracts, not ease of use for bidders.
- There is inconsistent publication of small procurement opportunities, up to \$50,000.
- The BPW often fails to prioritize best value over lowest cost.
- The procurement system is inflexible and not nimble: IT procurements needs are very different than capital and physical infrastructure procurements, resulting in inefficiencies.
- There is often incomplete or poor communication to sub-contractors upon contracts being awarded to primes. This can exclude them from participating and receiving payments. Cumbersome, paper-based processes place the burden of payment tracking upon the insufficiently resourced small businesses and MBEs.<sup>29</sup>
- The lengthy contract approval process creates challenges for vendors attempting to project pricing based on current costs of goods and services, which can be volatile and time sensitive.<sup>30</sup>
- ITIN businesses have reduced access to programming and resources as it relates to state spending and procurement.<sup>31</sup>

## Recommendations

- 1) **Reinforce competitive sealed bidding as the preferred solicitation method**  
Competitive sealed bidding should be the preferred solicitation method for state agency procurement of good and services, followed by competitive sealed proposals. The basis for selection of a particular procurement method should be subject to review and approval. The prices submitted under all procurement methods should be published contemporaneously with the selection. In any case where pass/fail is not used there should be a demonstrable advantage for selection on a basis other than low bid. The basis for a decision that does not use the Invitation for Bid (IFB) process, such as sole source or emergency methods, should have to be disclosed and documented before solicitation. The purpose is to ensure that a decision not to use the IFB process is not simply to vest the procurement officer with greater discretion in recommending contract awards.
- 2) **Modify BPW agenda item to include a diversity clause**  
The Office of the Comptroller should require agencies to confirm that agenda items adhere to regulations regarding diversity for contracts and grants subject to business regulation article section 19-106 under section 24.01.07.03 of the Code of Maryland Regulations. This will ensure that proposed vendors, sub-contractors and grantees are in compliance with these diversity reporting requirements and bring greater visibility to and emphasize the importance of corporate diversity in Maryland.

<sup>29</sup> The current method of self-reporting MBE payments is not efficient at best. It involves a lot of institutional resources tracking down paperwork that often is not submitted. (There is no compliance monitoring to ensure timely payment and whether proposed MBE participants were truly used on an awarded project. The current process is decentralized, which is inefficient. Contractors and subcontractors must make these submissions through a variety of different methods for each different agency for which they are performing work. The current process is manual and should be electronic. These manually completed forms are submitted directly by contractors and subcontractors to individual agencies through email, fax, or mail. Currently MBEs are invited and included on bids compiled by prime contractors - there is no follow up to ensure that the winning team does in actuality incorporate the named businesses that were included in the original bid. MBEs invest significant resources in responding to bids/RFPs to Primes without any guarantees that they will be engaged/hired to perform on the contract when awarded. The use of compliance reporting seems to be arbitrary and not all Primes file the appropriate payment forms nor are the MBEs properly onboarded to ensure they submit the D5s to protect their payment).

<sup>30</sup> Contractors provide their cost for goods/services based on current pricing and generally with some expectation of a "wait". However, contract awards can be subject to as much as a one-year delay in announcement and costs of services/goods have escalated.

<sup>31</sup> For instance, when PPP loans were launched, there was no clear provision allowing ITIN businesses to participate without the M/SBE investing significant resources exploring or being rejected.

This proposal will facilitate compliance by the Board and State agencies with regulatory diversity reporting requirements. It also communicates to agencies, the entities with which they do business, and proposed grantees that diversity is a goal that the state takes seriously; and that compliance with diversity reporting requirements is essential for receiving State grants or contracts.<sup>32</sup>

**3) Expedite payment processes from the State to vendors**

Slow payments from the state to vendors is a stubborn challenge that can be addressed with several key adjustments. First, the use of technology, such as a digital wallet tool, could help to streamline receiving and issuing payments for efficiency and speed. This would entail creating an IT platform to allow a digital wallet to process small business transactions. Just like Visa/Mastercard charge a processing fee, the digital wallet developer/vendor could bill a processing fee, whether from the user or the agency. Second, the state should explore allowing allowing state agencies to offer nontraditional electronic payment methods to vendors (i.e., Apple Pay, Zelle, PayPal, Venmo, etc.). These forms of payment can be quicker and more accessible for vendors, especially small businesses and MBEs who may not use or have access traditional banking services.<sup>33</sup> Explore the feasibility of expanding the use of the Working Fund to expedite payments to MBEs. The Working Fund is currently not used to pay vendors. This policy should be reviewed as a strategy for expediting payments.

Another strategy could address the common challenge of payment disputes between prime and subcontractors: by requiring contract provisions that include payment terms and create an expedited dispute resolution process for small business and MBE subcontractors. Such provisions would require prime contractors to address payment disputes in a timely manner. To enforce these provisions, agencies and the BPW should monitor and track payment disputes, and procurement officers should be trained on how to handle such disputes.

An additional area to explore is the slow turnaround on ACH setup requests and updates to vendor information. Small businesses have reported that it can take months for an ACH request to be processed, and if a state vendor file does not match an invoice payment, then payments can get held up for a week or more until the vendor file is updated.

Finally, a review should be conducted on the need for multiple and potential redundant invoice auditing procedures, especially for University System of Maryland (USM) payments that are subject to internal USM audits and controls, Comptroller audits, and Office of Legislative Affairs (OLA) audits.

**4) Reform P-card policies and procedures**

Maryland's State Government Corporate Purchasing Card (CPC), or P-Card, was implemented in 1997. A Corporate Purchasing Card is similar to a consumer credit card except there are no fees or interest costs to the state. The State contracts with a bank to provide card services. The P-Card is used by authorized agency personnel to provide small dollar purchases of \$5,000 and under. Several key reforms should be considered to make the P-Card system more effective and inclusive. The purchasing limit should be increased above \$5,000 to keep up with inflation (as the \$5,000 amount was set in 2000). The requirement to keep paper copies of P-Card receipts and logs should be eliminated. Consideration should be given to reforming policies around merchant codes -- certain merchant category codes are blocked, preventing agencies from working with qualified, small and/or MBE vendors. Based on data provided to the transition team, it appears that there are clear trends to this issue that could inform straightforward solutions.

**5) Conduct a review of eMMA**

The eMMA (e-Maryland Marketplace Advantage) system is used for small business registration and the posting of all solicitations and awards. Because many procurement reforms are dependent on this system, and there have been significant changes in technology and business processing since the project was initiated, there should be an immediate assessment to ensure that the system is

<sup>32</sup> This proposal is specifically designed to advance diversity

<sup>33</sup> This proposal would advance DEIA, and sustainability as documents would not have to be printed by the agencies and then scanned to the General Accounting Division of the Comptroller's office.

*A one-stop procurement portal would allow the state to improve compliance tracking for both agencies and contractors so that each can better manage to project goals in real-time, not only at the start and conclusion of a project. This reporting system should be designed, and training should be made available, for use by all stakeholders: contractors, subcontractors, the BPW members, agencies, and the general public.*

optimally configured.

**6) Develop a solicitation tracker**

Currently, business owners are only able to track a solicitation by relying on government agency updates and releases including formal QandAs. To get up-to-date information, a business owner's most reliable source for getting the information is to email or call the procurement officer assigned to the solicitation. An easily accessible online tool solicitation tracker, similar to one being used by Montgomery County, will bring transparency to each stage of the procurement process and assure greater equity for all business owners interested in knowing the progress of a solicitation.<sup>34</sup>

**7) Create a one-stop portal for all stages and processes of state procurement**

A one-stop procurement portal would allow the state to improve compliance tracking for both agencies and contractors so that each can better manage to project goals in real-time, not only at the start and conclusion of a project. This reporting system should be designed, and training should be made available, for use by all stakeholders: contractors, subcontractors, the BPW members, agencies, and the general public. A clear, consistent procurement reporting tool would make it easier for agencies to regularly review contracts; for vendors to track payments; for BPW members to track compliance with stated MBE goals, etc. This solution should allow the procurement process to move more smoothly and improve compliance while still ensuring transparency and accountability.

The portal could be used by contractors and subcontractors to directly register, certify, and submit their reports at one uniform location, with one uniform methodology, to any state agency, increasing efficiency and reducing administrative burden. A statewide portal could also allow prime contractors to readily view the data being submitted by their subcontractors and better manage to the goals of their project. A statewide portal would also assist compliance staff by providing a central repository for information to submitted and collected by primes and subs and provide notifications to all participants when information is missing or there are non-compliant elements. Such a system would also create efficiency in compliance monitoring and reporting and assist agencies in promoting more diversity and inclusion in public contracting by providing the ability to track all subs and have a record of those who have been successful and should be bidding on additional projects. It could be used to ensure timely subcontractor payments.

**8) Encourage and enhance the further use of Minority Business Enterprises and Small Businesses**

Maryland has three main programs intended to increase procurement with MBEs and small businesses: the MBE Program, the Small Business Preference Program, and the Small Business Reserve Program. These programs consistently fail to meet set participation goals. A series of steps can be taken to meet or exceed goals, while also holding prime contractors and state agencies accountable while providing support and assistance to small businesses and MBEs.

The BPW currently gets very little information about MBE and small business participation throughout the life of a contract. The aforementioned one-stop portal would help address this issue, and could be supplemented by an agency scorecard, indicating how each agency performed with respect to MBE and small business utilization.

Too often prime contractors end up not using MBEs originally named in a bid or proposal, which often goes unnoticed. To address this, invoices submitted by prime contractors should include itemization of the amounts allocated to specific subcontractors in a way that can be easily compared with the subcontractors listed in the bid or proposal.

In many cases agencies and prime contractors are also not using MBEs due to a lack of eligible or qualified MBEs identified for the project. More should be done to review these exemptions and to encourage prime contractors to find and support MBEs.

<sup>34</sup> Montgomery County has successfully implemented a solicitation tracker that has been validated by MBEs across Montgomery County as leveling the playing field for small businesses in the procurement process.

*This proposal would be a first step towards helping to assure that sustainability and environmental justice are important if not central considerations in all expenditures of Maryland taxpayer dollars. The BPW has authority to require information about sustainability and environmental justice in proposals submitted for its approval. This proposal can also serve to lead the Interagency Commission on School Construction, the Maryland Department of Transportation and other procurement authorities to include sustainability and environmental justice as central to the procurement process.*

More steps can also be taken to encourage small businesses and MBEs to compete as prime contractors. The state's Small Business Reserve (SBR) program has a goal of 15% of procurement dollars going to certified small businesses through the program. In FY 2021 (the most recent year of data), only 2.9% of state expenditures went through the SBR program. The BPW should work with agencies to review languages or policies that unintentionally discourage, limit, or disqualify small businesses from certain contracts for which they have adequate experience and could perform.

There are also several proactive steps that can be taken to reach, engage, and support small businesses and MBEs. On the outreach front, more can be done to reach especially underserved communities through regional forums, targeted marketing, outreach in multiple languages, and grant programs for community organizations to assist with outreach. Technology can also be utilized to inform state agencies about the existence of specific small businesses and MBEs and other industry and market information. More can also be done to publicize the availability and timelines of small procurement purchases. The responsibility for finding out about small procurements is too often put on small businesses, rather than the state agencies. There should also be an effort to create dedicated small business and MBE navigators in state agencies who can help small businesses and MBEs navigate the contracting process, provide technical assistance and referrals to support such as access to capital, and help to settle disputes. To help implement these and other recommendations, the Comptroller should create a Small Business/MBE Advisory Council with a diverse group of business representatives and stakeholders.

- 9) **Ensure multi-year contracts incorporate provisions for unforeseen cost increases**  
Too often, contracts are set with unrealistic timelines requiring contractors, especially small businesses and MBEs, to accept a contract that loses money. By building in the possibility of unforeseen events leading to increased costs, contractors could have more certainty that they will be compensated for getting the job done right.
- 10) **Standardize the definition of business days**  
The BPW is the only body authorized to promulgate procurement regulations governing the Maryland State Board of Contract Appeals. The BPW should issue regulations clarifying that weekends, holidays, or other days on which the state is closed to the public are not included in calculating the time for any action required to be taken in 7 or fewer days. An action taken should be deemed timely upon demonstration that the delay was reasonable under the circumstances.
- 11) **Train procurement officers and prime contractors to properly onboard sub-contractors as it relates to reporting requirements**  
Reporting requirements for payment and performance can be confusing, especially for businesses that are new to procurement. Contractors and sub-contractors can be penalized for not submitting reports on time or in compliance. As a solution, the BPW should create and institute a brief onboarding video session for sub-contractors on processing payments and reporting.
- 12) **Modify BPW agenda items to include clause about climate impact**  
The Comptroller should, in collaboration with the other members of the BPW, consider directing the Office of State Procurement, under its authority delegated by the Board, to: (1) develop procedures and processes, including notice to bidders, for evaluation of procurement proposals to include a preference for mitigation, adaptation and resiliency in response to climate change, environmental justice, and achievement of the goals and expectations of the Climate Solutions Now Act of 2022; (2) require agencies to include this climate impact preference score when presenting each relevant BPW agenda item; and (3) include, as a requirement for certification as a procurement officer, training in mitigation, adaptation and resiliency in response to climate change, environmental justice, and achievement of the goals and expectations of the Climate Solutions Now Act of 2022.

This proposal would be a first step towards helping to assure that sustainability and

*The BPW should convene a comprehensive assessment of Maryland's wetlands policy and regulatory and licensing system, which has not been updated since 1970 when the Wetlands Act was enacted and have thus not taken into account the impacts of climate change to wetlands.*

environmental justice are important if not central considerations in all expenditures of Maryland taxpayer dollars. The BPW has authority to require information about sustainability and environmental justice in proposals submitted for its approval. This proposal can also serve to lead the Interagency Commission on School Construction, the Maryland Department of Transportation and other procurement authorities to include sustainability and environmental justice as central to their procurement processes.

13) **Assess wetlands policy, regulation, and licensing**

The BPW should convene a comprehensive assessment of Maryland's wetlands policy and regulatory and licensing system, which has not been updated since 1970 when the Wetlands Act was enacted and have thus not taken into account the impacts of climate change to wetlands. This assessment should develop recommendations for improvements to address the growing challenges from climate change, including sea level rise, saltwater intrusion, urban flooding; climate justice for vulnerable communities; and the carbon-sequestration potential of our wetlands. The assessment should address:

- Reforms to wetlands policy, regulation, licensing, and enforcement to address the growing challenges from climate change to wetlands preservation and Maryland's wetlands' carbon sequestration potential, including, for example, whether more stringent licensing requirements should be applied for the most vulnerable wetlands or wetlands that protect the most vulnerable neighborhoods.
- Mechanisms to assure consideration of the effects of proposed development projects on the ecology of the region and vulnerable communities affected by the proposal.
- Taking into account environmental justice and equity considerations in evaluating wetlands license applications.
- Enhanced coordination between wetlands permitting and compliance staffs at the Board and the Department of the Environment, including review of recent enforcement actions against licensees to assess whether additional compliance resources or new enforcement processes will more effectively deter violations.
- Creation of an interagency task force or working group, including the Board, the Department of the Environment, and the Department of Natural Resources and other agencies, to explore how closer coordination and collaboration among agencies might improve wetlands preservation, create more effective mitigation procedures, incentivize and expand carbon sequestration, and help identify vulnerable wetlands and wetlands protecting the most vulnerable neighborhoods.
- Processes to assure that impacts of losing wetlands are meaningfully considered in any licensing decisions, such as how the loss of protections against storm surge, sea level rise, urban flooding and toxic runoff will affect communities, particularly our most vulnerable ones that are often located in low-lying urban areas.
- Strengthened protections applicable to filling or disturbing wetlands.
- Increased "in lieu of" payments when mitigation from proposed wetlands activities will not be adequate.
- Greater transparency concerning Maryland's wetlands resources and impacts from licensing decisions, for example including greater online access to public participation opportunities, mapping tools, and a data portal.
- Integration of Maryland CoastSmart policies and flood risk analytical tools into wetlands licensing regulations and decisions.
- Additional resources for BPW, MDE and DNR staffs to achieve policy objectives for wetlands administration.<sup>35</sup>

<sup>35</sup> The proposed study would advance sustainability by developing policies, regulations, and procedures to address climate-change and other risks to wetlands, and to advance mitigation of climate risks through wetlands' carbon sequestration. The proposed study would also advance DEIA by developing approaches to assure consideration of climate justice for vulnerable communities in actions affecting wetlands.

*According to the IRS, approximately 21% of taxpayers eligible for the EITC nationwide did not claim it. Between 2012 and 2019, between 16% and 12% of eligible Maryland taxpayers did not claim the EITC. Over the past four years in particular, the state has plateaued at about a 78% participation rate. Any eligible taxpayer who does not participate in the EITC misses out on a meaningful tax refund... the state should make every effort to ensure these residents receive the tax credits for which they are eligible.*

## Local Government Engagement

The Local Government workgroup was asked to consider how the Comptroller's Office can best support and partner with local governments for the benefit of shared constituents. Discussion and subsequent recommendations focused on data sharing, increased communication from the Comptroller's Office on matters impacting local government (especially as it pertains to the Board of Public Works), education about tax credits that residents should be aware of and local governments promoting, and more.

### Challenges

Recommendations from this group are based on the following challenges, identified by transition team members based on research, information from the Comptroller's Office, lived experience, and members' expertise and knowledge of the subject matter area.

- Local level data collection and sharing between the Comptroller's Office and local governments is limited (i.e., hotel occupancy tax revenue by county).
- Local government leadership and staff change significantly over time. While Maryland has an election every four years for county and state leaders, its local city and towns follow different schedules and among Maryland's 157 municipalities there is an election every month of the year. Additionally, local staff turns over at an irregular rate. There is no central and trusted source of up-to-date information to educate these key stakeholders about the activities of the Comptroller's office on an ongoing basis.
- Many local government leaders find the Board of Public Works and its agenda difficult to navigate and the process challenging to access. Different local leaders receive different levels of information about Board items from various stakeholders – there is no standardized process for information sharing. Alternatively, if the agenda items were presented in a simpler way, local governments may be able to digest them independently, negating the need for increased communication from the BPW and its board members.
- According to the IRS, approximately 21% of taxpayers eligible for the EITC nationwide did not claim it.<sup>36</sup> Between 2012 and 2019, between 16% and 12% of eligible Maryland taxpayers did not claim the EITC. Over the past four years in particular, the state has plateaued at about a 78% participation rate. Any eligible taxpayer who does not participate in the EITC misses out on a meaningful tax refund. Given the means-tested eligibility criteria, this population have lower incomes and the state should make every effort to ensure these residents receive the tax credits for which they are eligible.

### Recommendations

- 1) **Expand sharing of tax-related data to guide and inform local leaders**  
Data relevant to income tax, admissions and amusements taxes, and accommodations taxes all may help inform wiser local economic decision-making at both the state and local level. In part, the Office of the Comptroller could model information-sharing on the State Department of Taxation, who possesses most central information about property assessments and related trends. The Comptroller's staff would need to carefully consider data privacy as its own important guiding principle in developing any new practices or reports designed to advance data sharing with local governments.<sup>37</sup>
- 2) **Provide a web-based orientation for local government leaders and local government staff to utilize to enhance understanding and facilitate transition into new roles.**  
The Comptroller should provide a continually updated presentation with key dates and information about the Office. This would allow local governments to

<sup>36</sup> [EITC Participation Rate by States | Earned Income Tax Credit \(irs.gov\)](#)

<sup>37</sup> Better-informed local leaders, armed with economic data derived secondarily through tax information, will have the ability to respond to inequity by better directing certain services to underserved areas of their community, or by expanding information about existing services where community participation is lacking.

*Local government leaders, along with other stakeholders, frequently have direct interest in matters arising before the BPW. With a wide range of projects before the BPW that directly affect them, local governments should have timely information regarding upcoming agendas, to the extent practical within the Board's timelines. Both the Board staff and its three members should work to ensure that information about pending matters is readily available to stakeholders.*

become more knowledgeable about the Office, its purpose, and opportunities for partnership. This type of orientation could also allow for a direct connection to the Comptroller and an opportunity for her to shape the message (i.e., a welcome video introduction to kick off such a presentation by the Comptroller). Local government associations such as the Maryland Municipal League and the Maryland Association of Counties Organization could include the presentation in their various educational conferences and new member orientations. There is also an opportunity to develop this into the core education of the Academy for Local Excellence at the University of Maryland, which reaches many leaders and staff throughout the state every year.<sup>38</sup>

- 3) **Advance and offer easier public access to Board of Public Works materials**  
Local government leaders, along with other stakeholders, frequently have direct interest in matters arising before the BPW. With a wide range of projects before the Board that directly affect them, local governments should have timely information regarding upcoming agendas, to the extent practical within the Board's timelines. Both the Board staff and its three members should work to ensure that information about pending matters is readily available to stakeholders. Elements of a process to accomplish this could include: 1) Advancing "push" solutions (notifying appropriate stakeholders proactively), 2) improved "pull" solutions (relying on stakeholders seeking information on their own), and/or 3) applying filters to the agenda so that stakeholders can search by county, city, contract type, agency, etc. for the information that they're interested in. A range of solutions may advance transparency, some of which should require only minimal resources: modest website re-design, creation of opt-in mailing lists, etc.<sup>39</sup>
- 4) **Actively seek local government amplifiers for tax benefit eligibility**  
Maryland's Earned Income Tax Credit program is, by design, a direct benefit to eligible working families often creating a refundable credit. The program, however, relies on eligible taxpayers to properly file and participation could still be enhanced among those eligible for important benefits. Other credits and benefits embedded within the tax system may be similarly obscured from some eligible residents. Maryland already engages across multiple fronts to reach potentially eligible residents and gather their applications for, or participation in, tax-based programs. Local governments may have special access to the demographic populations most likely to have eligibility for tax benefits, through applications for special programs, fee waivers, or property tax credits. Local governments, and their community nonprofit partners, should be utilized to help the Comptroller's Office optimize tax administration and fulfill its intended policy goals. Lessons learned from the COVID pandemic may help inform this community and neighborhood level outreach to advance public pickup of benefits.<sup>40</sup>

<sup>38</sup> This presentation must be both sustainable and accessible for the intended audiences, as well as provide digital equity across the board if made public facing for Maryland taxpayers to better understand the role of the Comptroller and the local government.

<sup>39</sup> Better-informed residents and local leaders improve public accountability in decision-making, and should promote better stewardship decisions. Accessibility goals, to all communities, is an essential tenet of the recommendation.

<sup>40</sup> Minority communities, and those with language barriers, have been notoriously difficult to fully reach through application-based programs such as the Earned Income Tax Credit. Other programs with limited eligibility may elude taxpayers filing but without a sophisticated preparer's help. By definition, recipients of the Earned Income Tax Credit in particular are of lower income levels, so the economic gains from expanded participation are inherently inclusive across a socioeconomic axis.

# Public Engagement

This workgroup was asked to gather feedback about the Comptroller's Office's current public engagement strategies, including its use of its satellite offices, and to make suggestions regarding how those strategies can be improved to increase public awareness of State tax programs.

## Process

The Public Engagement workgroup divided into five sub-groups in order to discuss issues and opportunities, and craft recommendations pertaining to specific stakeholder groups: 1) Branch Offices, 2) Small Businesses, 3) Seniors, 4) Education, and 5) Non-profits.

## Challenges

Recommendations from this group are based on the following challenges, identified by transition team members based on research, information from the Comptroller's Office, lived experience, and members' expertise and knowledge of the subject matter area.

- There is mistrust of government, especially among immigrants and other marginalized communities.
- There is a lack of awareness among the general public and business community of the resources available through the Comptroller's Office for both residents and businesses.
- There are limited opportunities by which to share concerns and feedback with the Comptroller's Office.
- The branch offices are under-utilized and under resourced.
- The website is difficult to navigate and not user-friendly. The few images that are used on the site do not reflect the diversity of Maryland and its residents.
- Accessibility to the office, website, tax assistance, etc. is limited for non-English speakers. (For example, the website utilizes Google translate as an embed, which does not always translate accurately and can become a barrier to accessing services).
- Older workers, diverse workers, and disabled workers were disproportionately affected by COVID-related layoffs. Even before the pandemic, according to AARP, two out of three workers between ages 45 and 74 say they have seen or experienced age discrimination at work, and job seekers over age 35 cite it as a top obstacle to getting hired.<sup>41</sup>
- Marylanders do not have equitable access to financial education.
- The tax code changes regularly and it's hard for the public and tax preparers to stay up to date.
- Delays in payments to nonprofit and vendors working with the state, and limited accountability for the agencies making the payments.

## Recommendations

- 1) **Activate the branch offices and expand their capacity to serve as hubs of information, outreach, and communication in addition to their traditional role as tax preparation resource centers**

The Comptroller's Office has 11 branch offices throughout the state which help to respond to taxpayer inquiries. They do not, however, engage in more proactive outreach to the public. By building out a Public Engagement Office in the Comptroller's Office that works in partnership with and supports the branch offices, there is an opportunity to enhance their work. The branch offices should be leveraging their resources and expertise, while also building new partnerships and programming with community stakeholders including universities and community-based institutions/nonprofits. In addition, when people from commu-

*The Comptroller's Office has 11 branch offices throughout the state which help to respond to taxpayer inquiries. They do not, however, engage in more proactive outreach to the public. By building out a Public Engagement Office in the Comptroller's Office that works in partnership with and supports the branch offices, there is an opportunity to enhance their work.*

<sup>41</sup> <https://www.aarp.org/work/age-discrimination/facts-in-the-workplace/>

*Educational campaigns are needed to ensure that people have access to information about what the Comptroller's Office can do for them. "One message fits all" marketing doesn't work. Information about assistance programs and tax credits is not reaching all communities. If outreach is consistent and culturally competent, it will go a long way towards building trust and ensuring target populations take advantage of the resources available to help them build financial resilience.*

nities with low incomes come to the Comptroller for help with filing taxes, the Comptroller's Office should be able refer them to other government supports, such as Supplemental Nutrition Assistance Program (SNAP) benefits, Maryland Health Benefits Exchange, local community services like after-school programs, etc. Resources should be available in multiple languages and formats.

- 2) **Build a comprehensive communication and outreach strategy to be driven by the branch offices and disseminated in partnership with community organizations, business groups, labor unions, senior centers, churches, and schools to educate residents on the role of the Comptroller's Office, tax credits available to them, and more**

Educational campaigns are needed to ensure that people have access to information about what the Comptroller's Office can do for them. "One message fits all" marketing doesn't work. Information about assistance programs and tax credits is not reaching all communities. If outreach is consistent and culturally competent, it will go a long way towards building trust and ensuring target populations take advantage of the resources available to help them build financial resilience.

Research into the engagement of residents with government activities demonstrates that without affirmative outreach from government agencies, people from privileged communities are more likely to engage but people from historically marginalized communities are more likely to avoid contact. Building trust is the most fundamental strategy that the Office must consider for long term impact for the communities it serves.<sup>42</sup>

- 3) **Have branch office staff act as community navigators**

Community navigators could be based in branch offices to engage with specific stakeholder groups, including the small business community, the nonprofit community, senior citizens, etc. For example, a community navigator could provide resources to the small business community and connect with the local chamber of commerce and also conduct regular direct outreach to businesses unaffiliated with an organization.

If branch offices become involved in engagement at the local level, they can work with locally trusted organizations and natural community/neighborhood leaders. Engaging more closely with local communities may help to reduce alienation and encourage people to engage with government to help navigate barriers to prosperity.<sup>43</sup> It will be important that that staff in the branch offices are from and familiar with the community they work in, are boots on the ground tasked with meeting citizens where they are and have a budget for outreach and multilingual communications.

- 4) **Embed financial coaches into the branch offices to provide free one-on-one financial literacy services from trained, skilled professionals**

Work with existing governmental and non-governmental organizations as well as educational and financial institutions to provide financial literacy services to the general public. Maryland could borrow from Delaware, which offers a model for replication. Delaware's program is a collection of specialized initiatives supporting financial well-being at all stages of life. (Stand By Me is a program by State of Delaware and United Way of Delaware through which financial coaches are embedded into local community organizations. They provide "free, private, one-on-one coaching from trained, skilled professionals" to help community members achieve their goals.)<sup>44</sup>

- 5) **Develop a process by which residents can register comments or concerns about the Agency via the branch offices**

Branch Offices can serve as early-warning sources of information about (1) how the agency is performing, (2) how it is perceived by members of multiple com-

<sup>42</sup> Emphasizing targeted outreach and communications that are language accessible and culturally competent advances DEIA. Also, tax credits can help to reduce poverty, but only when people in poverty are made aware of the opportunities and use them.

<sup>43</sup> Regional offices and navigators should have a special focus on immigrant and BIPOC residents and businesses in Maryland, as they are more likely to be disenfranchised.

<sup>44</sup> This recommendation is aimed at empowering more Marylanders to set and achieve their personal financial goals - financial literacy, improving their credit score, building their savings, buying a home, starting or expanding a business. Embedding trained

munities, and (3) how communities are doing financially (both individuals/families and businesses). Ideally, the branch offices can collect feedback about which communities need to be approached in languages other than English and think through how best to accomplish that.<sup>45</sup> The branch offices should advise people about how to have their concerns addressed and keep track of concerns that are reported and communicate the information to the Comptroller.

**6) Collect and analyze data to determine whether the branch offices are inclusive in their services and outreach**

Disaggregate data by subgroups (i.e., race, ethnicity, age) to assess equity in performance outcomes and improve outreach work by the branch offices. In order to build equity, inclusion, and accessibility into the system, there needs to be data that informs.

If branch offices take on new responsibilities for outreach, it would be important to evaluate whether the outreach is reaching underserved communities. This will require the collection of data at the branch office level.

**7) Host workshops at the branch offices to educate local government officials, residents, tax preparers, community groups etc. about the services provided by the Comptroller's Office, including any changes to the Maryland state tax code**

Such workshops would provide reliable information from a trusted, authoritative source and could help to create a more consistent application of tax laws.

**8) Establish several workgroups to advise the Comptroller and her team**

- **Establish community/regional workgroups to monitor advances of recommendations to maintain strong community engagement and communications at the local levels.** These groups could serve as a bridge between the Comptroller's Office, branch offices, and communities. This would create a system for accountability. They should make recommendations, hear from residents, and ask questions of the current administration. They could also share this information through annual reports.<sup>46</sup>
- **Establish a nonprofit workgroup.** Nonprofits can be representative of a diverse range of communities; they could bring knowledge and resources and be ambassadors for the Comptroller by disseminating materials to their networks. Further, nonprofits can help to facilitate the aforementioned financial literacy services. Ongoing communication and dialogue will be paramount for constant learning between nonprofits and the Comptroller's Office. A regular schedule of consistent meetings should occur to allow for staff and leadership to receive feedback, make improvements, and learn.<sup>47</sup>
- **Establish a multicultural workgroup to strengthen language access and cultural competence in the Office of the Comptroller.** "Comptroller-speak" is difficult enough for fluent English speakers – it is nearly impossible for non-native English. It is not obvious if the Office of the Comptroller has given adequate attention to serving the needs of non-native English speakers. As the state continues to diversify, providing language access in a culturally competent, hands-on manner will be increasingly important.

The Comptroller should appoint a permanent multicultural workgroup to monitor progress on serving all Marylanders through a strengthened program of language access and cultural competency. The workgroup should meet with the Comptroller at least twice each year (more frequently in the first year) and should issue an annual report documenting progress on serving all Marylanders including specific structural reform recommendations including proposals for improving staff training.

The Council should include 10 to 12 people including representatives from

<sup>45</sup> People who have experienced the government as uninterested in their issues or even hostile to their community are likely to avoid contacting a government agency unless contact is absolutely necessary. This may deepen or intensify the sense of isolation and alienation from government even when government agencies can provide positive resources.

<sup>46</sup> This will aid DEIA efforts if appointments to this board deliberately reflect the greatest diversity possible.

<sup>47</sup> Having a non-profit advisory committee that is diverse (race, size, demographics) in membership will highlight the many diverse communities that nonprofits serve and bring a greater source of creativity and innovation.

*The Office of the Comptroller is currently one of the only state departments of revenue that regularly engages with a business advisory group and other stakeholders for the purpose of gathering feedback and recommendations from taxpayer constituent groups. The office holds quarterly meetings with stakeholder groups that brief the Comptroller on industry trends, concerns, and opportunities for their respective constituencies. The agency leadership also holds annual meetings with Maryland's tax practitioner associations, including the MACPA, MSBA, and MSATP. This engagement should be expanded.*

the communities that represent the top six or seven languages spoken in Maryland (e.g., Amharic, Chinese, French, Korean, Spanish, and Vietnamese). The group should also include current Comptroller staff responsible for language access and communications as well as experts in language access and cultural competence familiar with national best practices.

The workgroup should survey skills among existing staff in the Office of the Comptroller regarding language capacity and cultural competence and review the adequacy of current in person and online outreach to non-native English speakers and underserved communities. The workgroup should recommend how best to reach out to and support non-native English speakers and underserved communities. One model could be to have a staff person responsible for each major ethnic group supporting an ethnic advisory group (i.e. the Montgomery County Office of Community Partnerships). Another could be to contract with state nonprofits serving the various communities of interest. A third option could be to partner with 2-1-1 Maryland as well as maintain a list of resource people and organizations qualified and available to assist on an as-needed basis compensated by the state.

- **Establish taxpayer advisory workgroups.** The Office of the Comptroller is currently one of the only state departments of revenue that regularly engages with a business advisory group and other stakeholders for the purpose of gathering feedback and recommendations from taxpayer constituent groups. The office holds quarterly meetings with stakeholder groups that brief the Comptroller on industry trends, concerns, and opportunities for their respective constituencies. The agency leadership also holds annual meetings with Maryland's tax practitioner associations, including the MACPA, MSBA, and MSATP. This engagement should be expanded by creating stakeholder groups made of representatives from the taxpayer, taxpayer advocate, and tax practitioner communities by providing regular forums for them to communicate their interests and concerns with the agency and provide input for the agency's programmatic priorities and strategic goal setting. This is a similar model used by the IRS for several committees that report to Congress on an annual basis and provide recommendations for tax forms, fraud prevention, and taxpayer service enhancements. The Comptroller's Office can achieve this same objective in many ways including the following:

*Tax Practitioner Forum* – semi-annual meetings with business owners and leaders within Maryland's tax professional associations.

*Individual Taxpayer Workgroup* – quarterly meetings with business owners and leaders within Maryland's individual income tax community, including low-income taxpayer clinics, VITA, and other advocacy groups

*Corporate Business Workgroup* – quarterly meetings with business owners, leaders, and practitioners within Maryland's large business community

*Small Business Workgroup* – quarterly-annual meetings with business owners and leaders within Maryland's small business community, including sector specific owners (i.e., breweries, distilleries, cannabis, motor fuel, etc.)

The Small Business Workgroup would include:

- 25 to 30 business leaders from around the state that reflect both start-up and mature businesses
- BIPOC representation from throughout the state would be included
- At least one member representing a tax-exempt nonstock corporation as well as a B-corporation, respectively
- Subcommittees to focus on key topics impacting the small business community, including barrier that specifically impact BIPOC and immigrant communities
- Strengthen local outreach to small business owners (through the branch offices as applicable)

*The Office should start by completing a website audit to ensure that the Comptroller’s website is user friendly, in easily comprehensible vocabulary (plain language) and available in Maryland’s top languages spoken, is ADA compliant, reflects Comptroller Lierman’s values, contains images that reflect the diversity of Maryland and Marylanders, and has tools to connect Marylanders with the branch offices.*

The Comptroller should also advocate for the creation of a Small Business Intra-Government Commission: All agencies in the state interact with small businesses either by their regulations or directly in the provision of resources or with their purchasing power. Consequently, a small business commission including the Comptroller, SDAT, DLLR, and Commerce as well as other critical partners would be a helpful tool to ensure small businesses are supported.

**9) Create a new Comptroller website**

The website should be made more welcoming to non-native English speakers and people from different cultures. The Office should start by completing a website audit to ensure that the Comptroller’s website is user friendly, in easily comprehensible vocabulary (plain language) and available in Maryland’s top languages spoken, is ADA compliant, reflects Comptroller Lierman’s values, contains images that reflect the diversity of Maryland and Marylanders, and has tools to connect Marylanders with the branch offices.

The website should promote linkages between branch offices, community activities, and state residents. The website should be up to date on a regular basis and accessible for all individuals, especially to seniors, people with disabilities and those in need of language access support. Specific suggestions for the website include:

- The home page of the website should include a box with links to basic information that says in six or seven top languages: “For assistance in xxx language, click here.” Residents going to the website of the Office of the Comptroller should instantly see their native language (at least for those of the six or seven top languages spoken across Maryland).
- Include, in plain language, the basic functions of the Office of Comptroller and explain how someone can connect to a knowledgeable person who speaks that person’s language for assistance. This should also exist in a hard copy, flier form available at the branch offices of the Office of the Comptroller and in public libraries across the state.
- Use language on the website that reflects the Comptroller’s values. For example, link labeled “Agency Reports” – change to “Transparency.”
- Change the MarylandTaxes.gov domain name if possible.
- Use language/vocabulary that is accessible for a wide audience.
- Add a Chat Bot.
- Provide a glossary of key terms in common languages.
- Images on the site should reflect all Marylanders and all areas of the state – not just the Inner Harbor of Baltimore City.
- Provide a tab for each branch office to spotlight what it uniquely offers and/or have tabs by county to spotlight local resources.
- If the website will link to community resources, make sure there is the staff capacity to keep the information current.
- Move the Human Trafficking link on the home page to a more prominent location.
- Review all tax forms especially where there is overlap between state and Federal tax regulations.
- Assess if tax forms can be updated, simplified, or eliminated altogether.
- Tax forms overall should be available in multiple languages, available digitally, and accessible in a cell phone friendly format.<sup>48</sup>

**10) Leverage existing relationships with federal, state and local Protect Week partners to expand public education and outreach about financial scams, identity theft, tax fraud, and elder financial abuse in the state.**

<sup>48</sup> This recommendation is about accessibility and representation to diversify and include, and to ensure that the website can be used by everybody.

*The Comptroller has a role to play in addressing the grants and contracts bottlenecks and delays with nonprofits and state vendors. Without timely payments, grant recipients and vendors working with the state face disruptions to their budgets and may be unable to provide vital services to Marylanders. Delayed payments are not only inconvenient or harmful to current grantees and vendors, but they deter other organizations from partnering with the state of Maryland. This disproportionately impacts small and minority-owned businesses.*

Education and awareness are the community's strongest defense against scam artists. Most victims of financial abuse never recover their losses, so it is incumbent to prevent the crime in the first place by showing people the signs to look for before they become victims. The Comptroller's Office can play an important role in this effort, in collaboration with the Attorney General's Office.<sup>49</sup>

- 11) **Establish a senior fellowship corps, under which to deploy seniors as tax aides, community fellows and dedicated senior advocates in their fields of expertise on a stipend basis. Ensure that participants reflect the diversity of the communities they will serve**

This would help the Comptroller's Office ensure a community presence at activities around tax assistance and elder abuse education while offering enriching opportunities for older adults to remain engaged in their communities. The program could help to meet staffing required to implement the proposed public education and outreach programming recommendations. The program would also provide tangible benefits to volunteers. According to the Mayo Clinic, older adults who volunteer report improved physical and mental health, greater life-satisfaction and self-esteem, and reduced social isolation.<sup>50</sup>

- 12) **Commit to hiring older workers, diverse personnel, and people with disabilities**  
According to the Maryland Department of Legislative Services, the state currently has up to 10,000 vacancies to fill. The Comptroller's Office of Fair Practices is charged with administering and enforcing state and federal equal employment opportunity laws and policies; promoting a work environment free of any unlawful discrimination, harassment, and retaliation; and assisting in the building of a well-diversified workforce for Maryland State government employees and applicants. Older workers, diverse workers and disabled workers were disproportionately affected by COVID-related layoffs. Even before the pandemic, according to AARP, two out of three workers between ages 45 and 74 say they have seen or experienced age discrimination at work, and job seekers over age 35 cite it as a top obstacle to getting hired.<sup>51</sup> The Comptroller's Office could benefit from the institutional knowledge held by seniors, and the perspective that diverse communities and those with disabilities bring representing this large constituency of taxpayers.

- 13) **Convene a prompt payment and contracting cabinet to identify and develop solutions to improve timeliness of vendor payments**

*Note: We do not see the Comptroller's Office as being a main source of delays in payments, but being a high-profile state leader, there is an opportunity to address this problem.*

The Comptroller has a role to play in addressing the grants and contracts bottlenecks and delays with nonprofits and state vendors. Without timely payments, grant recipients and vendors working with the state face disruptions to their budgets and may be unable to provide vital services to Marylanders. Delayed payments are not only inconvenient or harmful to current grantees and vendors, but they deter other organizations from partnering with the state of Maryland. This disproportionately impacts small and minority-owned businesses.

This group would identify the issues with prompt payments and work with the appropriate agency to address and unstick the bottleneck. The group should produce an annual report on progress being made on paying contracts for nonprofits and other vendors in a timely manner to ensure transparency and accountability for the agencies involved in the payment process. This would allow for more oversight of state contracts. A payment dashboard or something similar to the one-stop portal discussed above would be helpful to this effort.

<sup>49</sup> This recommendation advances DEIA by targeting the most vulnerable Marylanders, the elderly, lower-income and people with limited English skills.

<sup>50</sup> The senior volunteer corps promotes DEIA by bringing information and resources to people where they live, in their language, by trusted peers in their communities.

<https://www.mayoclinichealthsystem.org/hometown-health/speaking-of-health/3-health-benefits-of-volunteering>

<sup>51</sup> The recommendation will lift workers who are older, disabled and from underserved communities.

<https://www.aarp.org/work/age-discrimination/facts-in-the-workplace/>

## CONCLUSION AND NEXT STEPS

The recommendations of this transition team and the work of its various work groups have been documented in this report. This report is a starting point – opportunities that the Office of the Comptroller has to support the people of Maryland more fully. They include modernizing our taxpayer systems to allow for improved constituent service; improving our procurement processes, including a renewed focus on MBE participation goals; uplifting transparency and accessibility as foundational principles; recruiting new employees to plan for the future and retaining the institutional knowledge the agency currently possesses; and, expanding public engagement by enhancing the work of the branch offices and building outreach models that take into account the diverse needs of all of Maryland’s residents.

The Comptroller cannot take these actions alone or build an agency that Marylanders deserve in a vacuum – she will require the support of the entire Agency, the Governor and our General Assembly. Working together, they can ensure the Office of the Maryland Comptroller is one that builds communities that are more equitable, more resilient, and more prosperous.

## Appendix: Members of the Transition Teams

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### Data and Innovation Committee

Andrew Cassilly (chair)  
Ben Seigel (chair)  
Terry Speigner (chair)  
Dipak Thakker (chair)  
Momen Abukhdeir  
Neil Bergsman  
Ben Birge  
Jane Brown  
Cristie Cole  
Andrew Coy  
Delali Dzirasa  
Ira Greenstein  
Jeff Hollingsworth  
Jane Redicker  
Ethan Kazi  
Carmen Larsen  
Corinna Lathan  
Mark Lawrence  
Mia Millette  
Bryan Murfree  
Dr. Rajan Natarajan  
Ruth Ann Norton  
Cathryn Paul  
Ted Pibil  
Jeffrey Rosen  
Eula Secka  
Carolina Seldes  
Troy LeMaile-Stovall

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### Tax Administration and Customer Engagement Committee

Sharonne Bonardi (chair)  
Richard Madaleno (chair)  
Robin McKinney (chair)  
Pablo Blank  
Stanley Earley  
Giavante Hawkins  
Kesha-Simone Jones  
Cailey Locklair  
Sam Melamed  
Judy Neff  
Paul Nolan  
Amran Pasha  
Kelly Schulz  
Tejinder Singh  
Graylin Smith  
Tehma Smith Wilson  
Javier N. Solis  
Chris Trumbauer  
Jake Van Wingerden  
Julie Verratti  
Beverly Winstead

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### Pensions and Investment Committee

Andrew Serafini (chair)  
Patrick Moran (chair)  
Sheila Morgan-Johnson (chair)  
Peter Bain  
Neil Becker  
Luke Cooper  
Nicole Earle  
Randy Guttman  
Chris Herrmann  
Ed Kasemeyer  
Dean Kenderdine  
Paul Li  
Mike McMillan  
Mary Miller  
Stacey Mink  
Eileen O'Rourke  
Walid Petiri

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### Procurement and Board of Public Works Committee

Veronica Cool (chair)  
Eben Smith (chair)  
Ash Shetty (chair)  
Bob Dashiell (chair)  
Marco Avila  
Paul Berman  
Kenya Campbell  
Ethan Cohen  
Stephen Courtien  
Lance Davis  
Robert Gifford  
Karen Gooden  
Vincent Iweanoge  
Raymond Jackson  
Christina Johnson  
Michael Knapp  
Chih-Hsiang Li  
Angela A. McCullough  
Justin Meighan  
Dan Morhaim  
Elizabeth Moss  
Stephen Neal  
Saman Qadeer Ahmad  
Dawn Rhodes  
Imran Siddiqui  
Gurcharan Singh  
Dee Dee Strum  
Jonathan Studdard  
Jayson Williams  
Dr. Drena Valentine  
Floyd Wilson

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**Local Government Committee**

Michael Sanderson (chair)  
Theresa Kuhns (chair)  
Gabe Albornoz  
Jud Ashman  
Chuck Bean  
Celina Benitez  
Gavin Buckley  
John Hartline  
Josh Hastings  
Bill Henry  
Jeannine James  
Julian E. Jones, Jr.  
Donna Kahoe  
Emily Keller  
Mike Kelly  
Byron Macfarlane  
Laurie Marchini  
Denise Mitchell  
Marverly Nettles  
Todd Nock  
Michael O'Connor  
Gregory Pecoraro  
Christiana Rigby

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**Public Engagement Committee**

Al Delia (chair)  
Doncella Wilson (chair)  
Lauren Gutierrez (chair)  
Dannielle Glaros (chair)  
Jameel Aalim-Johnson  
Bruce Adams  
Abena Affum-McAllister  
Nancy Andrew  
Laura Bacon  
Arthur Pavan Bezwada  
Carmen Camacho  
Nancy Carr  
Elizabeth Chung  
Karen Czapanskiy  
Frances Draper  
Theresa Mitchell Dudley  
Charlene Dukes  
Mike Dunn  
Heather Iliff  
Francesca Jean Baptiste  
Annette Karanja  
Deogratias Kawunde  
Samay Kindra  
Howard Libit  
Kendra Lindsey  
Tammira Lucas  
Jerry Mclaurin  
Dr. Gina Merritt, MBA  
Robin Murphy  
Julia Nichols  
John Pare  
Ashiah Parker  
Lupi Quinteros-Grady  
Grace Rivera Oven  
Chuck Short  
Cynthia Terry  
Giuliana Valencia-Banks  
Jennifer Walsh  
Dorothy Wilson

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This report is for all the Marylanders who dedicated their time and effort during the 2022 campaign and all those who believe in the promise of a state government that works to ensure every individual can reach their full potential.

