



Wes Moore, Governor · Aruna Miller, Lt. Governor · Atif Chaudhry, Secretary

**Intergovernmental Cooperative Purchasing Agreement
Procurement Officer Determination
COMAR 21.05.09.04**

Per COMAR 21.05.09.02, as a Primary Procurement Unit, the Department of General Services (DGS) Office of State Procurement (OSP) may initially sponsor or participate in, renew, modify, or administer an Intergovernmental Cooperative Purchasing Agreement (ICPA) on its own behalf or on behalf of another agency when a determination is made under SFP §13-110 and COMAR 21.05.09.04.

In accordance with State Procurement Regulations COMAR 21.05.09.04, the DGS OSP Procurement Officer, on behalf of the Maryland Department of Transportation (MDOT), has determined that it is in the best interest of the State to procure a new contract with PayScale, Inc. for their compensation management software, PayScale Payfactors Professional, utilizing NASPO ValuePoint Cloud Solutions contract through the ICPA procurement method.

The NASPO ValuePoint Cloud Solutions contract is a multiple award contract that provides a variety of cloud solutions, including, Platform as a Service (PaaS), Infrastructure as a Service (IaaS) and Software as a Service (SaaS). It was awarded to thirty-three contractors after a public competitive procurement process that is compliant with Maryland statutes. Market research shows that PayScale's software includes proprietary technology and does not have any resellers; it is only available for public purchase under the SaaS category of the NASPO ValuePoint Cloud Solutions contract through Carahsoft Technology Corp.

To establish price reasonableness, the NASPO list price was compared to Carahsoft's NASPO ValuePoint contract pricing. Carahsoft's pricing shows that the State is receiving an approximate 59% discount off the implementation fee (\$7,350.00 versus \$3,000.00) in addition to an approximate 74% discount off the software licenses over a three-year term (\$372,645.00 versus \$94,800.00).

Since Carahsoft's prices were obtained through a competitive procurement conducted by NASPO, and the DGS OSP Procurement Officer has determined the price reasonableness of the contract rates, the reduction in administrative burdens on the State by not having to conduct a stand-alone competitive procurement is realized by this ICPA procurement. Additionally, this ICPA procurement will reduce the length of time for delivery of the solution to further reduce the administrative burden and will ensure transparency to the citizens of Maryland. The use of the ICPA method is not intended to evade the purposes set forth under COMAR 21.01.01.03 or State Finance and Procurement (SFP) § 13-110.

Based upon the analysis and market research conducted noted above for PayScale, Inc, I have determined that it is in the best interest of the State to participate in this intergovernmental cooperative purchasing agreement, that doing so will provide cost benefits to the State, promote administrative efficiencies, or promote intergovernmental cooperation, and is not intended as a means to evade the purposes set forth under COMAR 21.01.01.03.

Amanda Longacre

30/05/24

Amanda Longacre, Procurement Officer, DGS OSP / Date



[JAMIE TOMASZEWSKI \(May 30, 2024 15:57 EDT\)](#)

30/05/24

Jamie Tomaszewski, Acting Deputy Chief Procurement Officer / Date



31/05/24

Atif Chaudhry, Secretary, DGS / Date

Attachment

Procurement Officers Determination
Intergovernmental Cooperative Purchasing
NASPO Value Point – Cloud Solutions (2016-2026)
Payscale, Inc.

In accordance with State Procurement Regulations COMAR 21.05.09.04, the Maryland Department of Transportation (MDOT) Procurement Officer is seeking approval for participation in an Intergovernmental Cooperative Purchasing Agreement (ICPA) for the following contract item:

Contract Title: NASPO Value Point – Cloud Solutions (2016-2026) for Payscale, Inc.
Contractor: Carahsoft Technology Corporation
Term: Upon Award – Three years
Anticipated Cost: \$97,800

The Department of Information Technology (DoIT) does not currently have a Master Contract vehicle for Software as a Service. DoIT's Master Contract for software prohibits the purchase of software via a SaaS solution. MDOT is committed to moving to software solutions that do not require the use of mainframe hardware. Many Cooperative Purchasing organizations have Master Contracts for SaaS solutions, similar to DoIT's Master Contract for software.

NASPO ValuePoint is a cooperative purchasing program facilitating public procurement solicitations and agreements using a lead-state model. The NASPO Value Point – Cloud Solutions (2016-2026) contract; through the State of Utah, offers a variety of cloud solutions and offers the opportunity for developers to partner with existing resellers with master agreements. Master Agreements provide Participating Entities with access to technical capabilities that run on cloud environments and meet the National Institute of Standards and Technology Essential Characteristics.

Background:

The Maryland Department of Transportation (MDOT), Office of Human Resources (HR) requires a contract with Payscale, Inc to provide a robust data and cutting edge compensation management and predictive algorithms tool that will bring together the power of technology and data so that HR can quickly make competitive pay decisions and allows HR to access insights and multiple datasets in a way that allows users to visually share compensation data throughout MDOT, including implementation of the system, access to HR market analysis, Payfactors Professional and employee reported data.

The PayScale products include robust data and predictive algorithms and proprietary technology, all of which are protected trade secrets and none of which is available through any other product or vendor. The software being used is owned by Payscale, Inc. and, as such, can only be used by MDOT through a software license agreement. Payscale has no public resellers for these services but resells through Carahsoft Technology Corporation on the NASPO Value Point contract. No other company can sell the same software, data or algorithms and no other company's product is interchangeable with them to meet the needs of MDOT.

This contract would be inclusive of a one-time implementation fee and annual payments over a 3-year term, 07/01/2024 - 06/30/2027. It would increase the number of MDOT HR subscriptions from three, on the current HR application, to ten through PayScale. Although more expensive than Salary.com, or Economic Research Institute, Inc (the current system); Payscale provides a robust solution and defined market data information. Market data tools for hiring recruitments such as access to peer competitor locations, staff's ability to align with peer competitors and granular competitor data will dramatically improve MDOT's ability to recruit resources in the highly competitive local market.

Analysis:

On April 4, 2024, MDOT received a Quote from Carahsoft from the NASPO Value Point – Cloud Solutions (2016-2026) contract, Quote 44346741. The Payscale®, Payfactors Professional, Software as a Service (SaaS) bundles Payfactors Professional, HR Market Analysis – United States, and Employee Reported Data. As a State Government entity MDOT is entitled to the same pricing as any other using entity, the quote from Carahsoft included pricing for implementation and annual subscription fees. A price analysis was conducted comparing the contract list price, with the quote provided by Carahsoft.

NASPO Cloud Solutions contract has a list price of \$124,215.00 per year for Payfactors Professional. Carahsoft's quote is for \$31,600.00 per year plus a \$3,000.00 one-time implementation fee, for a total contract price of \$97,800.00, reflecting a saving of \$92,615.00 per year or \$277,845.00 for the base 3-year term of the contract. The NASPO list price for one-time implementation fee is \$7,350.00. Carahsoft's quote was for \$3,000.00, reflecting a one-time savings of \$4,350.00. Use of the NASPO contract would result in an overall savings of \$282,195.00 or 65.4% in savings over the NASPO list price. Based on the State's eligibility of lowest possible pricing under this contract, pricing is considered fair and reasonable.

Recommendation:

In accordance with COMAR 21.05.09.04, the Procurement Officer, has determined that the use of this procurement method will greatly reduce the time-period between purchase and delivery of the solution, will ensure expeditious transparency to the citizens of Maryland, reduce the administrative burden on the MDOT, and promote Intergovernmental cooperation. The use of the Intergovernmental Cooperative Procurement method is not intended to evade the purposes set forth under COMAR 21.01.01.03 or State Finance and Procurement, Section 13-110.

Pursuant to COMAR 21.05.09.04, I have determined that it is in the best interest of the State to participate in this Agreement with the State of Utah under the NASPO Value Point – Cloud Solutions (2016-2026) contract and therefore request your approval and will seek all other required approvals under COMAR 21.05.09.05.


Recommended by:



Joseph Palechek
Procurement Manager
Maryland Department of Transportation

5/1/2024
Date

APPROVED:



April Weimer (Designee)
Deputy Director of Procurement
Maryland Department of Transportation

5/01/2024
Date











DGS OSP ICPA POD for MDOT Payscale 05.30.24

Final Audit Report

2024-05-31

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