



DEPARTMENT OF
GENERAL SERVICES
OFFICE OF STATE PROCUREMENT

OFFICIAL MEMORANDUM

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To: Maryland Procurement Staff
From: Wallace D. Sermons II, Chief Procurement Officer, Office of State Procurement (OSP)
Re: Implementation of the Procurement Reform Act
Date: September 30, 2025

The [Procurement Reform Act of 2025](#) (PRA) modernizes Maryland's procurement processes by improving efficiency, promoting equity, and boosting economic development for local businesses. Many of the PRA's changes go into effect on October 1, 2025. The purpose of this memorandum is to highlight key PRA revisions to the [State Finance and Procurement \(SFP\)](#) statute and other information regarding interim changes in policies and procedures.

We encourage you to share this information broadly within your agency, particularly with staff who are directly engaged in procurement activities, to ensure consistent awareness and implementation of these changes across the state's workforce.

Many of the resources referenced in this memo, including best practices, guidance, and updates to the Procurement Manual will reflect respective updates beginning Wednesday, October 1, 2025.

I. Highlights of the PRA Revisions

The following PRA-related revisions will go into effect on October 1, 2025:

- (1) SBR Designation Expansion. The PRA expands the mandatory Small Business Reserve (SBR) Program designation in *SFP § 14-502.1* to any procurement of \$1,000,000 or less with limited exceptions. See the revised [Best Practices for Small Business Reserve Implementation Guide](#) for additional guidance.
- (2) Updates to MBE and VSBE Programs. The PRA amends *SFP §§ 14-302 and 14-602* to provide certain flexibilities related to the Minority Business Enterprise (MBE) and Veteran-Owned Small Business Enterprise (VSBE) Programs:
 - (a) Correction of Deficiencies on MBE/VSBE Forms. The PRA revisions allow bidders/offerors to correct deficiencies in the MBE and VSBE forms. If a Procurement

Officer determines that a deficiency exists in an MBE or VSBE form, the Procurement Officer shall notify the bidder or offeror of the deficiency and require the bidder or offeror to submit an amended form correcting the deficiency within a reasonable time period. Updates to the MBE and VSBE forms and appendices will be made to reflect these PRA changes.

- (b) Modification of Participation Goals. Due to PRA revisions, Procurement Officers may modify MBE and VSBE participation goals. Modifications are possible both before and after contract execution, in certain circumstances. See Section 6.2.2 of the [Procurement Manual](#) for guidance on verifying MBE and VSBE participation goals.
- (3) Prompt Payment. For Small Business Reserve contracts, the PRA amends *SFP § 15-103* to establish that it is the state's policy to make payments within 15 days after payment becomes due and the unit has received a proper invoice. Refer to the [Accounting Policies and Procedures Manual](#) for more information.
- (4) Secondary Competition. In *SFP § 13-113*, the PRA optimizes the master contracting process by reducing the number of solicitations required in secondary competition for procurements at or below \$500,000 that are not designated as Small Business Reserve. Details on the revised secondary competition process will be available in Section 3.4.5 of the [Procurement Manual](#).
- (5) Oral Presentation Changes. PRA revisions to *SFP §§ 13-104 and 13-113* require oral presentations for competitive sealed proposals and master contracting when the award is anticipated to exceed \$2,000,000 for architectural and engineering services; \$10,000,000 for construction and construction-related services; and \$5,000,000 for other procurements. More details will be available in Section 6.5 of the [Procurement Manual](#).
- (6) Updates to Certain Thresholds. The PRA replaces specific dollar amounts in statute to instead cross-reference the small procurement threshold. Many of these changes will not have any immediate impact on October 1, 2025, but the dollar amounts for when bid or performance security is permitted, required, or prohibited for both construction and non-construction procurements will be revised (see PRA revisions to *SFP §§ 13-207, 13-216, and 17-103*).
- (7) Definitions of "Services" and "Supplies". In *SFP § 11-101*, the PRA clarifies that the definition of "services" includes information technology (IT) services and cybersecurity, and the definition of "supplies" includes IT hardware and software. For certain contracts for IT

hardware and software, this may result in a more expedited procurement process.

- (8) Definition of “Statewide Contract”. In *SFP § 11-101*, the PRA establishes a definition of “statewide contract,” establishing clear terminology for all procurement units and stakeholders.
- (9) MDOT/MDTA Jurisdiction Updates. PRA revisions to *SFP § 12-107* authorize jurisdiction over procurement to the Department of Transportation (MDOT) and the Maryland Transportation Authority (MDTA) for supplies and services for transportation-related activities. MDOT/MDTA may procure these supplies and services without Department of General Services (DGS) approval.
- (10) Transfer of Maryland Works. The PRA revises *SFP § 14-108* to relocate the Employment Works Program (“Maryland Works”) from DGS to the Governor’s Office of Small, Minority, and Women Business Affairs (GOSBA).
- (11) Veteran-Owned Small Business Reserve Program. In *SFP § 14.602.1*, the PRA establishes a veteran-owned business reserve program for the Maryland Military Department (MMD) and the Department of Veterans and Military Families (DVMF).

II. Revisions to Regulations, Policies, and Guidance

The OSP Policy Division is in the process of updating various policies and guidance to reflect the PRA revisions. In addition, the Board of Public Works (BPW) is developing necessary regulatory updates to the Code of Maryland Regulations (COMAR). We expect many policy and guidance documents referenced above to be updated effective October 1, 2025. However, there will be a delay in promulgating the COMAR revisions due to the timeline associated with regulatory updates. In the interim, there may be a temporary conflict between regulations and statute until COMAR is officially updated; during that time, the statute – including the PRA revisions – will take precedence. Additional edits may be made to policies and guidance after COMAR is formally updated.

III. Future PRA-Related Changes

There are additional tasks outlined in the PRA that will be implemented in 2026. Please stand by for future updates and new information as these other changes go into effect.

Thank you for your continued support and cooperation. Please contact the OSP Policy Division using this [Google Form](#) with any feedback or questions regarding the PRA or this memo.