



Report of the Senate President's
Advisory Workgroup on
Equity and Inclusion

Annapolis, Maryland
January 2021

Report of the Senate President's Advisory Workgroup on Equity and Inclusion

**Department of Legislative Services
Office of Policy Analysis
Annapolis, Maryland**

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THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

January 8, 2021

The Honorable Bill Ferguson
President of the Senate
H-107 State House
100 State Circle
Annapolis, Maryland 21401

Dear President Ferguson:

I am extremely honored to submit the final report of the Senate President's Advisory Workgroup on Equity and Inclusion. I have tremendous appreciation of your foresight to convene this group to address issues of equity and inclusion.

During 2020, our country faced a reckoning after the murders of George Floyd, Breonna Taylor, Ahmaud Arbery, and other Black and Brown individuals. At the same time, the COVID-19 pandemic exacerbated and highlighted our country's longstanding racial and socioeconomic inequities. Calls for change emphasized the need for us to address not only our systems of public safety, criminal justice, and health care, but also deeper issues of systemic and institutional racism that are apparent across our society.

When the workgroup convened last summer, we recognized very early on that issues of equity and inclusion would not be able to be fully addressed in the time that we had to complete our recommendations. The root causes of inequities in our society are deeply embedded and require significant changes to ensure that everyone can live healthy, safe, and productive lives. Nevertheless, we committed to putting in the work to make meaningful suggestions, both legislative and otherwise, to impact several critical areas of equity and inclusion that will benefit our communities.

As you requested, the workgroup largely focused on the areas of environmental justice, health disparities, and wealth and economic opportunity. In the pages that follow, you will find recommendations based on hours of meetings, research, analysis of prior legislation and task forces, deliberations, conversations, and some difficult decisions by workgroup members.

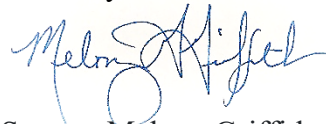
I want to thank each of the members – Senators Elfreth, Eckardt, Ellis, Kelley, Patterson, and West – along with their staff, who all gave a tremendous commitment to this work. Each spent hours reading, researching, and engaging in difficult and emotionally charged, but productive

The Honorable Bill Ferguson
January 8, 2021

conversations. I especially want to thank our phenomenal staff, Sally Robb, Lisa Ann Tang, and Jake Weissmann, along with staff from my office, Cameron Spruill and Francine Jackson, who gave their time and talent toward the committee's work. I also must acknowledge the wonderful staff of the Department of Legislative Services who contributed and helped finalize the report. It is our hope that our recommendations will influence the State moving forward, including through legislation that will be considered during the upcoming 2021 session, and contribute to a more inclusive and equitable Maryland for all of our citizens.

Chairing this workgroup has been one of the greatest honors and highlights of my time serving in the General Assembly. I remain grateful for your leadership in prioritizing legislation and actions to ensure that our State is an equitable and inclusive place for all Marylanders.

Sincerely,

A handwritten signature in blue ink that reads "Melony Griffith". The signature is fluid and cursive, with the first name "Melony" written in a larger, more prominent script than the last name "Griffith".

Senator Melony Griffith
President Pro Tempore
Chair, Senate President's Advisory
Workgroup on Equity and Inclusion

MG:SMR/km

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Senate President’s Advisory Workgroup on
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Executive Summary

This report describes the recommendations of the Senate President's Advisory Workgroup on Equity and Inclusion. The workgroup has made specific recommendations, many of which will be introduced as legislation during the 2021 session of the General Assembly, as well as recommendations for nonstatutory steps to increase equity and inclusion in Maryland.

In August 2020, the President of the Senate appointed a Senate workgroup to address environmental justice, health care disparities, and wealth and economic opportunity for minority Marylanders. Understanding that there have been several previous efforts in these areas, the workgroup began by reviewing the work of previous task forces, commissions, and legislation introduced in prior legislative sessions. Over the course of the workgroup's 10 meetings, it conducted additional research in several areas and had thoughtful discussions regarding ways to decrease inequities in Maryland. The workgroup makes the following recommendations, acknowledging that these recommendations are one step in eliminating environmental, health, and wealth disparities and that issues of equity and inclusion require long-term, complex solutions.

Environmental Justice

Recommendation 1: Revise the Commission on Environmental Justice and Sustainable Communities' (CEJSC) mission to include: (1) advising State

government agencies on environmental justice and related community issues; (2) assessing the adequacy of State and local government laws to address issues regarding environmental justice and sustainable communities; (3) reviewing and analyzing the impact of current State laws and policies on the issue of environmental justice and sustainable communities using data sets and mapping tools; (4) after seeking input from and hosting meetings in communities impacted by environmental justice issues, creating a list of supplemental environmental projects that may be used to address environmental justice issues; (5) making recommendations to the Governor and Maryland General Assembly on policies that would address the inequities in environmental impacts in the State; and (6) coordinating with the Children's Environmental Health and Protection Advisory Council and the Maryland Commission on Climate Change on recommendations related to environmental justice and sustainable communities. In addition, require members of CEJSC to: (1) when a member is newly appointed, receive an orientation from the Department of the Environment on environmental justice in the State and the previous work of CEJSC; (2) elect the chair from among CEJSC's members; and (3) meet at least six times a year, including at least once in both a rural and an urban location in the State.

Recommendation 2: Revise CEJSC membership to: (1) require the Governor to appoint 6 of the 20 members;

(2) include, as one of the Governor’s appointees, at least 1 member who is a representative of an academic institution with an environmental justice institute or similar program; (3) require that the President of the Senate and the Speaker of the House of Delegates appoint 6 of the 20 members, including 3 members from communities impacted by environmental justice issues, 1 member from a business organization, 1 member from an environmental organization, and 1 health expert on environmental justice; (4) include 2 members representing local government, 1 appointed by the Maryland Association of Counties and 1 appointed by the Maryland Municipal League; and (5) to ensure representation across the State, require that CEJSC appointees should represent the race, gender, ethnic, and geographic diversity of the State, to the extent practicable.

Recommendation 3: Require State entities involved in environmental permitting or other decisions with environmental justice implications to use accurate environmental justice-related data from government entities or other reliable sources to inform their decision making.

Recommendation 4: Require the Maryland Department of the Environment (MDE) to: (1) work with the University of Maryland’s Community Engagement, Environmental Justice, and Health (CEEJH) Laboratory to incorporate the use of environmental justice data into its daily operations; and (2) if the data MDE is using is no longer available, assume responsibility for the collection and dissemination of Maryland environmental justice data.

Recommendation 5: Require MDE to create and regularly update a bank of supplemental environmental projects (SEPs) with environmental justice benefits that potential violators of environmental laws can choose to perform.

Recommendation 6: In determining whether a specific SEP is appropriate for a defendant to carry out, ensure that the scope and cost of the SEP is commensurate to the scope and cost of the environmental violation that occurred.

Recommendation 7: Similar to Senate Bill 1067/House Bill 1540 of 2020, require MDE, in consultation with the Maryland Department of Health (MDH), the Maryland State Department of Education (MSDE), the Department of Housing and Community Development (DHCD), and the Department of General Services (DGS), to create a pilot program that establishes uniform standards for mold assessment and remediation for two jurisdictions by June 1, 2023.

Recommendation 8: To ensure that youth exposure to lead continues to decrease, amend the definition of “elevated level of lead” in § 6-1501 of the Environment Article to align with the U.S. Environmental Protection Agency’s recommendation that schools take action to remediate any drinking water outlet with a concentration of lead that exceeds 5 ppb.

Health Disparities

Recommendation 1: Encourage the Maryland Office of Minority Health and Health Disparities to pursue additional

analysis of data to pinpoint health care disparities in the State. In addition, require the director of the office to meet with representatives from the Maryland Health Care Commission (MHCC) and the Maryland Department of Health (MDH) at least once each calendar year to: (1) examine the collection of health data that includes race and ethnicity information in the State; and (2) identify any changes for improving the health data that includes race and ethnicity information to which the office has access.

Recommendation 2: Require the office to prepare an updated plan to eliminate minority health disparities to best reflect the State's current goals and implementation activities by the end of calendar 2021.

Recommendation 3: Require MHCC to prepare a revised health care disparities policy report card by the end of calendar 2021.

Recommendation 4: Extend Medicaid coverage for pregnant women until 12 months postpartum and provide care coordination and health literacy education for individuals as they transition from Medicaid coverage.

Recommendation 5: Establish a standing Maternal and Child Health Committee in MDH to develop a Blueprint for MCH and a shared accountability framework that will provide a roadmap to achieving outcome goals. Further, require the committee to develop an action plan, implement strategies, and define and monitor outcomes to improve MCH and eliminate racial/ethnic and socioeconomic disparities.

Recommendation 6: Tailor financing and payment models to the MCH population, including the establishment of a Maternal and Child Health Payment Advisory Subcommittee of the Maternal and Child Health Committee, and ensure the subcommittee advises MDH and the Health Services and Cost Review Commission (HSCRC) on care delivery models and payment methodologies across the care delivery system that ensure quality and outcomes for the MCH population.

Recommendation 7: Ensure that all pregnant women receive comprehensive prenatal care by increasing awareness of and access to resources for all women, including establishing an emergency program that covers prenatal care for undocumented immigrants.

Recommendation 8: Assess the current policy landscape regarding certified nurse midwife privileges in Maryland hospitals and develop recommendations in partnership with major stakeholders (including the Maryland Hospital Association, the Maryland Chapter of the American College of Obstetricians and Gynecologists, the Maryland State Medical Society (MedChi), the Maryland Chapter of the American College of Nurse-Midwives, the Maryland Board of Physicians, and the Maryland Board of Nursing).

Recommendation 9: Establish a Medicaid Doula Pilot Program in two counties that would require Medicaid to cover some doula services; ensure that participating doulas are enrolled as Medicaid providers; monitor doulas and mothers for the duration of the pilot; and analyze relevant metrics to determine if

the State should scale the program further. In addition, authorize MDH to determine the county or counties in which the pilot program will launch based on available county-level MCH data.

Recommendation 10: Take actions to increase the number of minority physicians, nurse practitioners, physician assistants, certified nurse midwives, and other health care providers, including (1) increasing access to scholarships and the Maryland Loan Assistance Repayment Program for medical school and certified registered nurse practitioner programs, to reduce the financial barriers for aspiring providers and (2) considering increasing the number of graduate medical education slots in Maryland, with a particular focus on incentivizing graduates to train and practice in rural areas.

Recommendation 11: To further support reduction of implicit bias in providers, require the Cultural and Linguistic Health Care Professional Competency Program, in coordination with the Office of Minority Health and Health Disparities, to identify and approve implicit bias training programs for additional individuals licensed and certified under the Health Occupations Article.

Recommendation 12: To continue the benefits of health enterprise zones (HEZs), reestablish the five HEZs permanently. Should funding be available, consider establishing additional HEZs in areas with demonstrated disparities in healthcare.

Wealth and Economic Opportunity

Recommendation 1: Recognizing the work of the State on the eMaryland Marketplace, encourage continued implementation of the electronic procurement portal, in order to serve as a centralized point of access for small businesses and minority business enterprises (MBEs).

Recommendation 2: For emergency procurements, use MBEs to meet MBE procurement goals as much as is reasonably possible, considering the emergency circumstances.

Recommendation 3: Strengthen support programming in the Governor's Office of Small, Minority and Women Business Affairs for MBEs by establishing a mentoring program in which larger and more established MBEs mentor smaller and younger MBEs.

Recommendation 4: To encourage procurement bids by women and minority-owned firms, provide a bid incentive for bids submitted by joint ventures of MBEs. In addition, explore strategies for giving preference to joint ventures of MBEs that submit proposals when competitive sealed proposals or other procurement methods are used in which price is not the only factor considered.

Recommendation 5: Expand the current MBE program to include capital grant projects in which the State grant is at least \$500,000.

Recommendation 6: Investigate methods to encourage the growth and expansion in the number of MBEs that provide tangible goods and commodities.

Recommendation 7: Improve transparency around waivers from MBE requirements by requiring the Office of State Procurement to provide a summary of reasons for each waiver granted each year.

Recommendation 8: Establish an MBE compliance officer position within the Office of State Procurement to oversee the enforcement of MBE goals and issue an annual report that compares each agency's closeout MBE participation with its initially promised participation.

Recommendation 9: Require the Office of State Procurement to establish regulations that allow minority, women-owned businesses to report their dual ownership status in the MBE procurement contracts.

Recommendation 10: Encourage the federal delegation for Maryland to prioritize enhancing support of and opportunities for minority-owned businesses, including those that interact with the Small Business Administration.

Recommendation 11: To streamline the MBE certification process, honor the federal MBE certification for Maryland businesses but retain the State certification process for business entities that do not engage in federal procurement or do not qualify under the federal MBE requirements.

Recommendation 12: To ensure that the concerns and perspectives of minorities are

included in procurement-related recommendations, designate three positions on the Procurement Improvement Council for minority business owners in the State.

Recommendation 13: In order to expand the pool of prospective homebuyers, require the Maryland Mortgage Program (MMP) to consider factors such as student loan debt, in addition to household income, when determining eligibility for MMP.

Recommendation 14: Expand MMP to include refinancing options for its homebuyers.

Recommendation 15: Increase the MMP down payment assistance minimum to \$10,000 and allow, as needed, that assistance to be used for closing costs.

Recommendation 16: Expand DHCD's outreach to real estate agents about (1) incentives that are available for home buying and selling in targeted revitalization areas and (2) ways to support minority wealth through homeownership.

Recommendation 17: Expand "Employer Assisted Housing" programs through DHCD engagement with corporations, anchor institutions, local governments, and nonprofit entities.

Recommendation 18: Examine whether the State needs additional resources to support financial education and public access to homeownership incentives.

Recommendation 19: To ensure that Maryland's minority and women-owned

businesses can enter the sports or events betting market and benefit from Maryland's future sports or events betting economy, require any entity seeking a sports or events betting license to meet the State MBE participation goals or enter into a joint venture with a majority minority business. Additionally, reduce license fees for a joint venture with a minority business to 50% of the amount of the regular license fee.

Recommendation 20: Require the Commissioner of Financial Regulation to conduct an analysis of the banking environment in Maryland. Further, ensure the analysis includes data on the number of banks and financial institutions by jurisdiction, identifies banking deserts in the State, and considers strategies to ensure residents of targeted jurisdictions have access to financial services.

Recommendation 21: Modernize the Maryland Industrial Development Financing Authority (MIDFA) to increase its utilization and leverage its ability to assist the State's women and minority-owned businesses. In addition, market the Department of Commerce's credit insurance services to community banks and financial institutions, including those that make loans to historically disadvantaged firms and firms located in rural areas, and consider incentivizing the use of the credit insurance program.

Recommendation 22: Create a pilot program under the Maryland Innovation Initiative (MII) for public four-year comprehensive universities to provide funding for technology validation, entrepreneurial activity, and an incentive

for industry engagement with the universities.

Recommendation 23: To meet demands of program participants, increase the number of TEDCO representatives serving rural regions of Maryland. Additionally, to the extent funding is available, increase support for the Rural Business Innovation Initiative (RBII) Seed Fund.

Recommendation 24: Administer a larger Builder Fund for economically disadvantaged-owned firms with a minimum \$100,000 investment in each recipient firm.

Recommendation 25: Create an Inclusion Fund (IF) within TEDCO to fund economically disadvantaged firms that have fallen below 51% economic-disadvantage ownership at time of application, but have at least 30% economically disadvantaged ownership.

Recommendation 26: Acknowledging the importance of higher education in wealth and earning potential, particularly the State's four HBCUs, require investment in and full funding of the State's HBCUs to enhance wealth and economic opportunities for minorities.

Recommendation 27: Provide education, workforce, and skills training while an individual is incarcerated to prepare the individual for release and successful employment. Additionally, investigate, establish, and enhance programs that support the workforce skills of these individuals after release.

Chapter 1. Environmental Justice

Overview of Environmental Justice

Maryland law defines “environmental justice” as “equal protection from environmental and public health hazards for all people regardless of race, income, culture, and social status.” The concept of environmental justice grows out of an acknowledgment that low-income communities and communities of color have disproportionately borne the brunt of environmental hazards in the past. Often, these communities house a disproportionate number of polluting facilities, placing residents at higher risk for health problems linked to environmental exposures. Further, these communities often lack sufficient resources and capacity to meaningfully participate in environmental decision-making processes. Long-term underinvestment in these communities also makes them more vulnerable to emerging environmental hazards, such as flooding and extreme heat events, linked to climate change.

History of Environmental Justice Efforts in Maryland

The State’s efforts to address environmental justice concerns stretch back to 1997, when the General Assembly passed legislation establishing the Maryland Advisory Council on Environmental Justice. The council released a report in 1999, recommending a number of changes to State environmental decision-making processes. Notably, the council recommended the establishment of a Commission on Environmental Justice and Sustainable Communities (CEJSC), appointed by the Governor, to provide guidance on environmental justice and community-related issues. This recommendation was first implemented by executive order (in 2001) and later codified by [Chapter 460 of 2003](#).

Since its establishment, the commission has done important work to promote environmental justice. From 2003 through 2005, the commission provided input on demolition protocols developed for the East Baltimore Revitalization Project. In 2009, the commission sponsored a symposium, Environment, Justice, and Health in the Planning Process: Strategies for Maryland, which brought together people from diverse constituencies to discuss the linkages between zoning, land use, public health, and environmental justice. In more recent years, the commission has compiled case studies to highlight and provide examples of environmental justice issues in various areas of the State.

State agencies have also taken steps to better incorporate environmental justice considerations into their operations. For example, in 2006, Maryland became one of the first states to receive funding under a federal program administered by the Centers for Disease Control and Prevention (CDC) for the creation of a program to document the links between environmental hazards and health outcomes. [The Maryland Environmental Public Health Tracking Program](#),

which is jointly operated by the Maryland Department of Health (MDH) and the Maryland Department of the Environment (MDE), is not explicitly aimed at addressing environmental justice concerns. However, it has produced important tools and resources for addressing those concerns.

Despite these strides, environmental justice issues persist throughout the State. Environmental justice advocates have raised questions about the mission and composition of CEJSC, arguing that the commission is not doing enough to address the needs of environmental justice communities. Ensuring the meaningful participation of diverse stakeholders in State and local decision-making processes around things like environmental permitting and land use remains a challenge; and Black, Latinx, and low-income individuals continue to face disproportionate levels of exposure to environmental hazards in their homes, communities, and places of work.

Environmental Justice Recommendations

Commission on Environmental Justice and Sustainable Communities Reform

Established in 2001, the [Commission on Environmental Justice and Sustainable Communities](#) is the State entity charged with, among other things, analyzing the impact of State policies on environmental justice and sustainable communities. CEJSC must also make recommendations to the Governor that address issues, concerns, or problems related to environmental justice, including prioritizing areas of the State that need immediate attention. Further, CEJSC must coordinate with the Children's Environmental Health and Protection Advisory Council on recommendations related to environmental justice and sustainable communities.

Recommendation 1: Revise CEJSC's mission to include: (1) advising State government agencies on environmental justice and related community issues; (2) assessing the adequacy of State and local government laws to address issues regarding environmental justice and sustainable communities; (3) reviewing and analyzing the impact of current State laws and policies on the issue of environmental justice and sustainable communities using data sets and mapping tools; (4) after seeking input from and hosting meetings in communities impacted by environmental justice issues, creating a list of supplemental environmental projects that may be used to address environmental justice issues; (5) making recommendations to the Governor and Maryland General Assembly on policies that would address the inequities in environmental impacts in the State; and (6) coordinating with the Children's Environmental Health and Protection Advisory Council and the Maryland Commission on Climate Change on recommendations related to environmental justice and sustainable communities. In addition, require members of CEJSC to: (1) when a member is newly appointed, receive an orientation from the Department of the Environment on environmental justice in the State and the previous work of CEJSC; (2) elect the chair from among CEJSC's

members; and (3) meet at least six times a year, including at least once in both a rural and an urban location in the State.

The need for a dedicated group to focus on Maryland's most vulnerable communities is critical. CEJSC is required to report its findings and recommendations each year. In the past, there have been instances in which CEJSC has not included any specific recommendations or assessments about environmental justice in Maryland in its annual report. For example, after its annual report for 2012, CEJSC's annual report no longer included a section dedicated to recommendations. Additionally, by statute CEJSC meets at the discretion of the chairman and CEJSC only met two times in 2020. The recent activities of CEJSC reflect the need to update CEJSC's charge, ensure that this charge is focused and manageable, and ensure that members are knowledgeable about and engaged in environmental justice issues in the State. The workgroup does not recommend that CEJSC continue to develop criteria to assess whether communities in the State may be experiencing environmental justice issues, as several other entities in the State have already developed this criteria and have the necessary technical expertise required.

Recommendation 2: Revise CEJSC membership to: (1) require the Governor to appoint 6 of the 20 members; (2) include, as one of the Governor's appointees, at least 1 member who is a representative of an academic institution with an environmental justice institute or similar program; (3) require that the President of the Senate and the Speaker of the House of Delegates appoint 6 of the 20 members, including 3 members from communities impacted by environmental justice issues, 1 member from a business organization, 1 member from an environmental organization, and 1 health expert on environmental justice; (4) include 2 members representing local government, 1 appointed by the Maryland Association of Counties and 1 appointed by the Maryland Municipal League; and (5) ensure representation across the State, require that CEJSC appointees should represent the race, gender, ethnic, and geographic diversity of the State, to the extent practicable.

Evident and noted in environmental justice best practices is the need for representation of communities on environmental justice boards and commissions. Representatives from different communities across the State is also imperative. Under current law, CEJSC has 20 members, with no explicit requirement that any of the members be from environmental justice communities. The State legislature, which is made up of representatives of Marylanders across the State, should also appoint members to CEJSC.

Data-informed Decision Making

Collection of data regarding environmental justice issues is critical. Legislators cannot address or implement reforms without fully understanding the scope and nuances of environmental justice issues. A variety of entities collect environmental justice data and have developed mapping tools for public access, including the [U.S. Environmental Protection Agency \(EPA\)](#), the [University of Maryland's Community Engagement, Environmental Justice, and Health \(CEEJH\) Laboratory](#), and the [Eastern Shore Regional GIS Cooperative](#).

Recommendation 3: Require State entities involved in environmental permitting or other decisions with environmental justice implications to use accurate environmental justice-related data from government entities or other reliable sources to inform their decision making.

Although organizations collect and monitor environmental justice metrics in Maryland, State agencies are not required to use those data sets in their decision making. In particular, CEJSC should use the Maryland Environmental Justice Screen Tool, provided by CEEJH, before making any assessments or recommendations required under statute.

Recommendation 4: Require the Maryland Department of the Environment (MDE) to: (1) work with CEEJH to incorporate the use of environmental justice data into its daily operations; and (2) if the data MDE is using is no longer available, assume responsibility for the collection and dissemination of Maryland environmental justice data.

CEEJH collects data for and maintains an environmental justice mapping tool, called the Maryland Environmental Justice Screen Tool, or MD EJSCREEN. The tool allows a user to view census tract-level data on various environmental justice factors across the State, including exposure, environmental effects, sensitive populations, socioeconomic factors, climate and health, and an EJ Score (Environmental Justice Index) based on these factors. CEEJH has also worked with the Department of Natural Resources (DNR) and the University of Maryland Center for Geospatial Information Science to develop a Park Equity Mapper, which allows users to investigate the proximity and accessibility of park space for various populations. DNR and local governments have already begun using the tool to inform decisions about acquisition and development of park land through Maryland's Program Open Space.

Supplemental Environmental Projects

When institutions, businesses, or individuals take actions that violate environmental laws, they typically face an enforcement action resulting in a penalty or fine. In [fiscal 2019](#), MDE took 9,914 enforcement actions, resulting in \$5,573,586 in administrative or civil penalties paid. While levying penalties may deter environmental violations, it does not directly address the harm caused to the environment, which is frequently disproportionately shouldered by communities with racial and ethnic minorities and low-income communities.

To address violations of environmental law, institutions, businesses, or individuals can choose to engage in a Supplemental Environmental Project (SEP). [As defined by the EPA](#), a SEP is an environmentally beneficial project that a defendant subject to an enforcement action voluntarily agrees to undertake as part of a settlement of the action but which the defendant is not otherwise legally required to perform. [SEPs can range](#) from performing on-the-ground work (e.g. planting tree canopies in the neighborhood where an environmental violation occurred) to funding environmental projects (e.g. providing funding for asthma treatment and education programs).

Recommendation 5: Require MDE to create and regularly update a bank of SEPs with environmental justice benefits that potential violators of environmental laws can choose to perform.

The department entered into [three SEPs during fiscal 2019 with a total value of \\$3,552,500](#) (fiscal 2018 had five SEPs with a value of \$6,101,000). The creation and ongoing maintenance of a bank of SEPs will facilitate more of these environmentally beneficial projects being undertaken by violators of environmental law. In creating and maintaining this bank, the department should seek the input of communities most impacted by environmental justice issues.

Recommendation 6: In determining whether a specific SEP is appropriate for a defendant to carry out, ensure that the scope and cost of the SEP is commensurate to the scope and cost of the environmental violation that occurred.

EPA encourages the use of SEPs because SEPs (1) add value to enforcement settlements, as SEP dollars are spent directly on environmental projects; (2) require violators to go above and beyond technical compliance with minimum legal standards and thereby reach a higher level of environmental stewardship; and (3) are intended to achieve improvements to the environment that could not be accomplished with traditional penalties. Traditional penalties serve to punish current violations and deter future violations. SEPs accomplish those traditional purposes and provide a form of community service that improves the environment where the violation occurred. To achieve these ends, however, SEPs must be commensurate to the scope and cost of the violation.

Standards for Mold Assessment and Remediation

During the 2020 session, [Senate Bill 1067/House Bill 1540](#) was introduced to address the issue of mold in buildings, which can cause asthma development and symptoms, allergies, and other respiratory illnesses. Mold and other air pollutants [disproportionately impact](#) low-income, minority, and disenfranchised communities, resulting in disproportionately higher incidence, prevalence, and hospitalization rates for asthma.

Recommendation 7: Similar to Senate Bill 1067/House Bill 1540 of 2020, require MDE, in consultation with the Maryland Department of Health (MDH), the Maryland State Department of Education (MSDE), the Department of Housing and Community Development (DHCD), and the Department of General Services (DGS), to create a pilot program that establishes uniform standards for mold assessment and remediation for two jurisdictions by June 1, 2023.

The pilot program would involve establishing research-based uniform standards for mold assessment and remediation in two jurisdictions, to be determined by MDE in consultation with MDH, MSDE, DHCD, and DGS. The program would use these standards to conduct limited mold assessments in specified buildings.

Elevated Levels of Lead

Reducing exposure to lead has been critical to ensuring the health and development of all Marylanders. The [Centers for Disease Control and Prevention](#) notes that short-term exposure to lead can cause abdominal pain, fatigue, and memory loss, with long-term overexposure causing more serious conditions such as anemia, high blood pressure, and kidney and brain damage. Additionally, children tend to show signs of lead toxicity at lower levels than adults. Even low amounts of lead exposure for children has been shown to cause neurological effects and intellectual disability.

The legislature has passed several measures in the last 10 years to prevent the serious developmental and health challenges caused by lead poisoning. Chapter 386 of 2017 required MDE, in consultation with MSDE, DGS, and Maryland Occupational Safety and Health within the Maryland Department of Labor, to adopt regulations to require periodic testing for the presence of lead in each drinking water outlet located in a public or nonpublic school building. Chapter 386 also established reporting requirements, which were amended pursuant to Chapter 557 of 2019, to require additional reporting for samples that indicate a concentration of lead above 5 parts per billion (ppb) but less than the standard for an elevated level of lead (currently defined in MDE regulations to mean a lead concentration in drinking water that exceeds 20 ppb).

Recommendation 8: To ensure that youth exposure to lead continues to decrease, amend the definition of “elevated level of lead” in § 6-1501 of the Environment Article to align with the U.S. Environmental Protection Agency’s recommendation that schools take action to remediate any drinking water outlet with a concentration of lead that exceeds 5 ppb.

Both [CDC](#) and the [American Academy of Pediatrics](#) agree that there is no safe level of lead exposure in children. [EPA](#) has set the Maximum Contaminant Level Goal for lead in drinking water at zero because lead is toxic and can be harmful to health even at low exposure levels. While EPA published guidance in 2006 recommending that school districts take action if lead levels from water fountains and outlets in schools exceeded 20 ppb, [updated guidance](#) in October 2018 eliminated the 20 ppb standard. Instead, updated language affirmed that there is no safe level of lead but suggested in technical guidance that school districts should take action for any outlet that tests above 5 ppb. The workgroup believes that Maryland law should reflect this guidance.

Other Considerations

The workgroup had robust discussions on a range of issues in addition to the topics described above. Although the workgroup does not have specific recommendations regarding these issues, the workgroup would like to share the following acknowledgements and considerations.

Climate Justice

“Climate justice” is a term that acknowledges climate change can have differing social, economic, public health, and other adverse impacts on disadvantaged populations. Climate justice begins with recognizing that key groups bear disproportionate climate change impacts, and that these impacts can exacerbate inequitable social conditions. Also important to the concept of climate justice is the understanding that programs aimed at promoting clean energy and reducing greenhouse gas emissions may have adverse economic consequences for certain populations, such as individuals employed in fossil fuel industries, if they are not coupled with appropriate financial assistance, job training/retraining programs, and similar initiatives.

The [2020 Annual Report of the Maryland Commission on Climate Change](#) highlights the need to incorporate climate justice principles into the State’s work on climate change. According to the report, climate justice principles may include:

- Supporting the right to economic development and employment opportunities;
- Sharing benefits and burdens equitably;
- Ensuring decisions are participatory, transparent, and accountable;
- Supporting education for climate stewardship; and
- Using effective partnerships.

The workgroup acknowledges the opportunities created by the State’s clean energy and greenhouse gas reduction initiatives and affirms the need to incorporate environmental justice considerations into these initiatives so that they redress rather than exacerbate racial and socioeconomic inequality.

Fenceline Communities

Across the country, polluting industries are disproportionately located in low-income communities, particularly those with majority Black and Latinx populations. A [2018 study](#) by scientists with EPA’s National Center for Environmental Assessment determined that people living in poverty are exposed to fine particulate matter (an air pollutant and known carcinogen) at a rate 1.35 times higher than the overall population. Black individuals, specifically, had 1.54 times higher burden than did the overall population. Similar trends have been documented for a range of other pollutants. The communities that host polluting industries are sometimes referred to as “fenceline communities” because of their close proximity to industrial facilities and their emissions.

Of particular concern to many Maryland citizens is the high proportion of waste-related facilities located in majority Black communities. For example, the majority Black neighborhood of Curtis Bay in Baltimore City is home to both the Wheelabrator trash incinerator and the Quarantine Road Landfill. Although the precise health impact of these facilities is disputed, it is likely significant.

The workgroup acknowledges that polluting industries, including trash incinerators, landfills, and other waste-related facilities, are disproportionately located in low-income, Black, and Latinx communities and notes the need to examine State and local procedures and policies to ensure that they do not perpetuate inequitable land use decisions.

Urban Tree Coverage

Urban tree cover has been linked to improved physical health, cognitive abilities, and the ability to cope with stress. However, underserved urban communities composed of majority low-income, Black, and Latinx populations, typically have significantly fewer trees than other communities

Underserved urban communities will face the most immediate and severe impacts of climate change. Urban forests can help to moderate temperature and microclimate, reduce storm water runoff, and minimize soil erosion, improving climate resiliency while simultaneously improving the water quality in local tributaries and the Chesapeake Bay. Increasingly dangerous heat waves are most deadly in neighborhoods without tree cover. Tree plantings in developed areas help confront the localized effects of climate change by reducing the heat island effect. Trees also reduce building energy use, offset carbon dioxide emissions, and improve air quality.

The workgroup encourages further investigation into programs and policies that promote green infrastructure in underserved urban communities.

Chapter 2. Health Disparities

Overview of Health Disparities

Racial and ethnic minorities are more likely to experience poor health outcomes as a consequence of their social determinants of health, including access to health care, education, employment, economic stability, housing, public safety, and neighborhood and environmental factors, which are deeply impacted by systemic racism. A broad body of research has quantified the existence of health disparities between Black, Hispanic, and Native American individuals and their White counterparts, including a greater risk of heart disease, stroke, infant mortality, maternal mortality, lower birth weight, obesity, hypertension, type 2 diabetes, cancers, respiratory diseases, and autoimmune diseases. The COVID-19 pandemic, which has disproportionately affected racial and ethnic minority groups – specifically Black and Latinx communities, has further exacerbated these health disparities.

The U.S. Centers for Disease Control and Prevention (CDC) has noted that achieving health equity, eliminating health disparities, and improving health in the United States are [overarching goals](#) to improve and protect our nation’s health. Although the United States has made progress in these areas over the past few decades, it is clear that significant racial and ethnic health disparities persist. Furthermore, it must be understood that racial and ethnic health disparities are caused by racism, and not race, for which there is no biological basis. The American Public Health Association, National Association of County and City Health Officials, and the American Academy of Pediatrics have declared racism a public health crisis, insofar as racism is a driving force in the social determinants of health, creates barriers to health equity, and needs to be urgently addressed. At least 3 states, 70 cities, and 36 counties (including Anne Arundel and Montgomery counties) have joined in affirming this declaration and are committed to addressing the myriad ways racism persists in public health and health care.

Health Disparities in Maryland

Data consistently shows ongoing and in some cases growing health disparities in Maryland, including the impact of COVID-19, maternal and infant mortality, incidence of HIV, age-adjusted mortality from cancer and heart disease, and emergency room (ER) visits for substance use, asthma, diabetes, and hypertension. For example:

- While Black individuals comprise 29.8% of the Maryland population, they represent 41% of COVID-19 deaths as of December 14, 2020.
- Maryland’s maternal mortality rate for Black women is 3.7 times that of White women and the racial disparity has widened in recent years.

- Maryland's infant mortality rate for all races/ethnicities has remained level, but remains highest (10.2 per 1,000 in 2018) among the Black non-Hispanic population, nearly 2.5 times higher than the rate for the White non-Hispanic population.
- The incidence of HIV for all races/ethnicities has generally declined in Maryland; although the incidence among the Black non-Hispanic population (49.0 per 100,000) remains 2.4 times that of the total population.
- The age-adjusted mortality rate from cancer and heart disease remains significantly higher for the Black non-Hispanic population.
- In 2017, ER visits for the Black non-Hispanic population were 50% higher than all races/ethnicities and twice the rate for the White non-Hispanic population for substance use disorder; nearly twice that of all races/ethnicities and 3.3 times that of the White non-Hispanic population for asthma-related ER visits; 86% higher than all races/ethnicities and more than twice that of the White non-Hispanic population for diabetes-related ER visits; and 89% higher than all races/ethnicities and more than twice that of the White non-Hispanic population for hypertension-related ER visits.

Maryland Office of Minority Health and Health Disparities

A central effort to address health disparities in Maryland was the establishment of the Maryland Office of Minority Health and Health Disparities (office) in the Maryland Department of Health (MDH) in 2004. The purpose of the office is to address social determinants of health and eliminate health disparities by leveraging resources, providing health equity consultation, impacting external communications, guiding policy decisions, and influencing strategic direction on behalf of the Secretary of Health. The office provides grants and technical assistance to community-based organizations, collects data on race and ethnicity, and targets programs and initiatives to three health conditions that disproportionately impact minorities in Maryland: infant mortality, asthma, and diabetes/prediabetes. The office's Minority Outreach and Technical Assistance Program provides grant funding for activities such as coordination and navigation of health care services, access to community-based health education, linkage to health insurance enrollment and social services, and self-management support through home visiting. The office also sponsors a health equity internship program, funds environmental health education and outreach activities, provides health equity technical assistance for State and community leadership teams and frontline staff, and hosts an annual statewide health equity conference. In 2006 and 2010, the office prepared a Maryland Plan to Eliminate Minority Health Disparities.

Other Major Efforts to Address Health Disparities Since 2004

In January 2010, the Maryland Health Care Commission and the office produced a *Health Care Disparities Policy Report Card*. The report card examined racial and ethnic distribution of

Maryland physicians compared to the Maryland population and found that Black/African-American, Hispanic/Latino, and American Indians/Native Americans were underrepresented in the physician workforce. The report card found that these groups were also underrepresented in graduating classes from Maryland medical schools.

Significant legislative efforts to address health disparities have focused on workforce development for health care providers, including convening a Workgroup on Cultural Competency and Workforce Development for Mental Health Professionals; establishing a Cultural and Linguistic Health Care Provider Competency Program; facilitating the workforce development, training, and certification of community health workers; requiring health occupations boards to report on efforts to educate regulated individuals regarding reducing and eliminating racial and ethnic disparities, improving health literacy, improving cultural and linguistic competency, and achieving racial and ethnic health equity; and requiring evidence-based implicit bias training for perinatal health care professionals.

In recent years, legislative initiatives regarding health disparities have focused on maternal and child health, including requiring a study on the mortality rates of African American infants and infants in rural areas, requiring MDH to establish a Maternal Mortality Stakeholder Group to examine issues resulting in disparities in maternal deaths, and requiring the Maternal Mortality Review Program to make recommendations to reduce disparities in the maternal mortality rate (including recommendations related to social determinants of health) and to include information on racial disparities in its annual report.

Health Disparities Recommendations

In 1966, during the second convention of the Medical Committee for Human Rights, the Reverend Dr. Martin Luther King Jr. said, “Of all the forms of inequality, injustice in health is the most shocking and the most inhuman because it often results in physical death.” The workgroup affirms this sentiment and supports measures targeted at eliminating disparities in health.

Data Analysis and Collection

Understanding and addressing health care disparities hinges on access to data. In recent years, other states’ offices of minority health have developed online data sets and mapping tools to drive their plans to address disparities in health. Notably, the Virginia Department of Health’s Office of Health Equity developed the [Virginia Health Opportunity Index](#), an online mapping tool of the social determinants of health.

Recommendation 1: Encourage the Maryland Office of Minority Health and Health Disparities to pursue additional analysis of data to pinpoint health care disparities in the State. In addition, require the director of the office to meet with representatives from the Maryland Health Care Commission (MHCC) and the Maryland Department of Health (MDH) at least once each calendar year to: (1) examine the collection of health data that

includes race and ethnicity information in the State; and (2) identify any changes for improving the health data that includes race and ethnicity information to which the office has access.

In collecting the data, the office should either develop its own data tool to drive its decision making, or partner with local institutions who are already engaged in this work to use their data sets and mapping tools. Further, the office should respond to a request for health data that includes race and ethnicity information within 30 days of receipt of the request.

Health Care Disparities Plans and Report Cards

In [2006](#) and [2010](#), the office prepared a *Maryland Plan to Eliminate Minority Health Disparities*. Another plan has not been prepared since 2010. That same year, MHCC prepared a [Health Care Disparities Policy Report Card](#) that described health disparities by racial/ethnic group in Maryland, as well as provided State-level data on the number of uninsured and physician population by racial/ethnic group.

Recommendation 2: Require the office to prepare an updated plan to eliminate minority health disparities to best reflect the State's current goals and implementation activities by the end of calendar 2021.

Recommendation 3: Require MHCC to prepare a revised health care disparities policy report card by the end of calendar 2021.

In preparing the report card, MHCC should consult health data sets that include race and ethnicity information that the State and local institutions have collected. Among other things, the new report card should include information on the participation of minorities in medical residency programs in Maryland, as the diversity of residency programs is critical to building a diverse cohort of health care providers in the State. The report card should compare the findings of the 2010 report card to identify trends in the uninsured and the physician population by racial/ethnic group.

Maternal and Child Health

Maternal and child health (MCH) is an urgent need in the United States and in Maryland. Nationally, maternal mortality continues to be a crisis, one that [disproportionately affects Black and American Indian/Alaska Native women](#). According to the CDC, Maryland's 2013 to 2017 maternal mortality rate of 24.8 maternal deaths per 100,000 live births ranks 22nd among states. The maternal mortality rate for African American mothers is almost four times that of White mothers. For infant and neonatal mortality, Maryland ranks 35th and 39th among states, respectively, significantly higher than the national rate.

In 2019, the General Assembly established the Task Force on Maryland Maternal and Child Health to investigate the health of Maryland's mothers and children and to make recommendations

on how MDH and the General Assembly can enact policies to support MCH. The task force submitted its [final report](#) in August 2020. The report makes several recommendations that the workgroup affirms below. A more detailed description of the recommendations can be found in the task force's final report.

Medicaid covers individuals, including pregnant women, with incomes up to 138% of federal poverty guidelines (FPG). Pregnant women with incomes between 138% and 264% FPG may also qualify for Medicaid based on their pregnancy. In Maryland, as in most states, current law provides Medicaid coverage to pregnant women for 60 days postpartum. States can extend postpartum coverage beyond 60 days through the use of state-only funds or through a federal Section 1115 waiver.

Recommendation 4: Extend Medicaid coverage for pregnant women until 12 months postpartum and provide care coordination and health literacy education for individuals as they transition from Medicaid coverage.

Extending Medicaid coverage for pregnant women to 12 months postpartum helps women access care to address health concerns well after their pregnancy ends, including care for diabetes or high blood pressure, treatment for a substance use disorder, or behavioral or other mental health services. This extension of coverage is supported by leading medical organizations including the [American College of Obstetricians and Gynecologists](#) and the [American Medical Association](#). Postpartum health coverage is essential as life-threatening conditions during and after pregnancy are distressingly common, and people with low incomes are disproportionately likely to face these conditions, according to the [Medicaid and Children's Health Insurance Program Payment and Access Commission \(MACPAC\)](#). Postpartum coverage is especially important for Black women, who are [somewhat likelier](#) to experience life-threatening pregnancy complications in the late postpartum period (between six weeks and one year after childbirth) than White women.

Recommendation 5: Establish a standing Maternal and Child Health Committee in MDH to develop a Blueprint for MCH and a shared accountability framework that will provide a roadmap to achieving outcome goals. Further, require the committee to develop an action plan, implement strategies, and define and monitor outcomes to improve MCH and eliminate racial/ethnic and socioeconomic disparities.

Having this standing committee will ensure that there is centralized, consistent, and proactive monitoring of MCH efforts statewide. Specifically, the action plan should include strategies to support the mental, emotional, and behavioral development of pregnant or postpartum women, infants, children, and youth. The committee should prioritize community-based services and programs when developing its action plan and strategies. Furthermore, the committee should define, collect, and track process and outcome metrics throughout the care delivery system for the MCH population to improve data utilization, data quality, and population health management, and to monitor progress toward high-priority outcomes relevant to MCH. Finally, the committee should update the Blueprint for MCH every five years and provide an annual report to the Governor and the General Assembly.

As noted by the Task Force on Maryland Maternal and Child Health, delivery system and payment reforms to date have largely focused on high-cost adults. While the return on investment in child health initiatives often have a longer time horizon and accrue across multiple sectors, the payoff to families and society is high.

Recommendation 6: Tailor financing and payment models to the MCH population, including the establishment of a Maternal and Child Health Payment Advisory Subcommittee of the Maternal and Child Health Committee, and ensure the subcommittee advises MDH and the Health Services and Cost Review Commission (HSCRC) on care delivery models and payment methodologies across the care delivery system that ensure quality and outcomes for the MCH population.

Prenatal care (PNC) is a crucial part of pregnancy to ensure the health of mothers and infants. Early and adequate PNC can help patients identify and manage acute and chronic conditions, often preventing devastating and costly health outcomes. In 2018, [7.3% of women in Maryland who gave birth received late \(third trimester\) or no PNC](#). Furthermore, Hispanic and non-Hispanic Black women were twice as likely to receive late or no PNC as non-Hispanic White women. Many of these mothers were likely unaware of the PNC options available to them.

Recommendation 7: Ensure that all pregnant women receive comprehensive prenatal care by increasing awareness of and access to resources for all women, including establishing an emergency program that covers prenatal care for undocumented immigrants.

MDH should partner with local health departments and hospitals, federally qualified health centers, and the MCH provider community to increase awareness of PNC programs and clinicians.

Research on certified nurse midwives (CNM) has demonstrated that integrating CNMs into health care systems [reduces racial health disparities](#), [saves costs](#), and [is associated with better health outcomes for mothers and infants](#). While CNMs are partially integrated in some hospital systems in Maryland, they are underutilized in other hospitals due to policies restricting their ability to practice.

Recommendation 8: Assess the current policy landscape regarding CNM privileges in Maryland hospitals and develop recommendations in partnership with major stakeholders (including the Maryland Hospital Association, the Maryland Chapter of the American College of Obstetricians and Gynecologists, the Maryland State Medical Society (MedChi), the Maryland Chapter of the American College of Nurse-Midwives, the Maryland Board of Physicians, and the Maryland Board of Nursing).

The recommended policies would provide a framework for adoption by Maryland hospitals and monitoring of outcomes.

During the 2020 session, the General Assembly considered [Senate Bill 110 – Maryland](#)

[Medical Assistance Program – Doulas](#). The bill would have required Medicaid to provide certified doula services, including childbirth education and support services and emotional and physical support during pregnancy, labor, birth, and postpartum. Research indicates that support from a doula is associated with [lower cesarean births](#), [fewer obstetrical interventions](#), fewer complications, decreased use of pain medication, [shorter labors](#), and higher scores for newborns on the Appearance, Pulse, Grimace, Activity, and Respiration – APGAR – test. However, hiring doulas can be expensive (an average of \$700 to \$1,500 per session) and the most recent data from 2013 shows that only [6% of women who gave birth employed a doula](#). Furthermore, this cost barrier has [disproportionate effects on women](#) who are already at higher risks for poor birth outcomes. A 2014 study found that Black and low-income women were almost twice as likely as White, privately insured women to report wanting but not having doula care.

Recommendation 9: Establish a Medicaid Doula Pilot Program in two counties that would require Medicaid to cover some doula services; ensure that participating doulas are enrolled as Medicaid providers; monitor doulas and mothers for the duration of the pilot; and analyze relevant metrics to determine if the State should scale the program further. In addition, authorize MDH to determine the county or counties in which the pilot program will launch based on available county-level MCH data.

States including [Minnesota](#), [New Jersey](#), [New York](#), and [Oregon](#) have piloted or launched programs providing Medicaid coverage of doula services. Specifically, the [New York State Doula Pilot Program](#) provides a strong model for Maryland. New York launched its pilot in Erie and Kings counties, two counties with some of the highest maternal and infant mortality rates and the largest number of Medicaid births in New York state. The program reimburses participating doulas for up to four prenatal visits, support during labor and delivery, and up to four postpartum visits. Program effectiveness is determined through monitoring breastfeeding rates and adherence to postpartum visits, and administering surveys to participating doulas and mothers.

Workforce Development

Historically in the United States, the racial and ethnic makeup of the health care provider field has not mirrored the general population. According to U.S. census data, the U.S. population is projected to become majority-minority in 2045, yet only about [9% of current physicians](#) identify as Black or African American, Native American or Alaska Native, or Hispanic or Latino. In the nursing field, Latinos, African Americans, Native Americans, and Native Alaskans compose only [7.6% of the workforce](#).

It is evident that having a health care provider workforce that is racially and ethnically diverse benefits patients. A broad body of research reviewed in a [2020 article](#) demonstrates that when physicians and patients share the same race or ethnicity, [time spent together](#), [medication adherence](#), [shared decision-making](#), [wait times for treatment](#), [cholesterol screening](#), patient understanding of [cancer risk](#), and [patient perceptions of treatment decisions](#) all improve. [Implicit bias](#) from the physician is decreased as well. Increasing the diversity of the physician workforce is key in [building trust](#) between physicians and their patients.

In addition to challenges in the diversity of the health care workforce, there are geographic challenges in the distribution of health care workers. The federal Health Resources and Services Administration (HRSA) has developed a [tool](#) that displays data on the geographic, population, and facility Health Professional Shortage Area designations throughout the United States. Three out of five of these designations are in rural regions. HRSA has also funded an initiative to develop rural residency programs nationwide to increase the number of providers in rural areas. As noted by the Association of American Medical Colleges, 20% of the U.S. population lives in rural communities, but only 11% of physicians practice in those areas.

Recommendation 10: Take actions to increase the number of minority physicians, nurse practitioners, physician assistants, certified nurse midwives, and other health care providers, including (1) increasing access to scholarships and the Maryland Loan Assistance Repayment Program for medical school and certified registered nurse practitioner programs, to reduce the financial barriers for aspiring providers and (2) considering increasing the number of graduate medical education slots in Maryland, with a particular focus on incentivizing graduates to train and practice in rural areas.

“Implicit bias” is a bias in judgment that results from subtle cognitive processes, including the following prejudices and stereotypes that often operate at a level below conscious awareness and without intentional control: (1) prejudicial negative feelings or beliefs about a group that an individual holds without being aware of the feelings or beliefs; and (2) unconscious attributions of particular qualities to a member of a specific social group that are influenced by experience and based on learned associations between various qualities and social categories, including race and gender. [Implicit bias in physicians and health care providers](#) is one of many factors contributing to health disparities. Since implicit bias is often unconscious and can be challenging to pinpoint, implicit bias training is a necessary component of training for health care providers to best serve all patients equitably.

[Chapter 337 of 2020](#) required the Cultural and Linguistic Health Care Professional Competency Program in MDH to establish and provide an evidence-based implicit bias training program for health care professionals involved in perinatal care of patients.

Recommendation 11: To further support reduction of implicit bias in providers, require the Cultural and Linguistic Health Care Professional Competency Program, in coordination with the Office of Minority Health and Health Disparities, to identify and approve implicit bias training programs for additional individuals licensed and certified under the Health Occupations Article.

The program should only approve training programs recognized by a health occupations board or accredited by the Accreditation Council for Continuing Medical Education. In addition, the program should provide a list of approved training programs on request.

Health Enterprise Zones

In 2013, Maryland launched the Health Enterprise Zone Initiative to reduce health disparities among racial and ethnic minority populations and among geographic areas, improve health care access and health outcomes in underserved communities, and reduce health care costs and hospital admissions and readmissions. Jointly administered by the Maryland Community Health Resources Commission and MDH, the initiative was a four-year pilot program with an annual budget of \$4 million. To receive designation as a health enterprise zone (HEZ), community coalitions identified contiguous geographic areas with measurable and documented economic disadvantage and poor health outcomes and proposed a plan for targeted investments in community health. Five HEZs were designated: Annapolis/Morris Blum, Capitol Heights, Caroline and Dorchester counties, Greater Lexington Park, and West Baltimore. These HEZs were designed to improve health care outcomes and prevent unnecessary hospitalizations in underserved communities by recruiting primary care physicians and other health workers to improve health care access and promote healthier behaviors. The establishment of the HEZs were associated with large reductions in inpatient hospitalizations resulting in net cost savings that far outweighed the State cost to implement the initiative, according to a study published in [Health Affairs](#).

Recommendation 12: To continue the benefits of HEZs, reestablish the five HEZs permanently. Should funding be available, consider establishing additional HEZs in areas with demonstrated disparities in healthcare.

Over its four-year implementation, Maryland's HEZ Initiative added 99 full-time equivalent jobs, awarded nearly \$327,000 in income tax credits to health care practitioners, provided loan repayment assistance awards, and served more than 195,000 patients. The initiative has also been modeled by other states, including Virginia.

Other Considerations

Funding

In order to effect change in health disparities, the State likely will need to outlay significant funding. However, the workgroup believes that the recommended policy initiatives will result in long-term cost savings through the establishment of healthier minority individuals and communities.

Telehealth and Broadband Access

In recent years, "telehealth" has gained popularity as a mode of delivery of health care services. Telehealth means the use of interactive audio, video, or other telecommunications or electronic technology by a licensed health care provider to deliver a health care service at a location other than the location of the patient. Telehealth does not include an audio-only telephone conversation, electronic mail message, or facsimile transmission between a health care provider and a patient.

Telehealth relies on the ability of providers to connect to patients using the Internet. Unfortunately, recent estimates indicate that over 320,000 rural Marylanders do not have broadband access, hindering those residents in a number of ways, including their ability to use telehealth. As providers, patients, and insurers have adopted temporary and emergency telehealth policies as a result of the COVID-19 pandemic, permanent policies related to telehealth are likely to be implemented.

The workgroup acknowledges that telehealth can expand access to care and has many potential benefits, but encourages the State to consider the impact of the delivery of health care services through telehealth on racial and ethnic disparities when developing telehealth policy. The workgroup also encourages support of efforts that expand broadband access in Maryland.

Chapter 3. Wealth and Economic Opportunity

Overview of Wealth and Economic Opportunity

Racial disparities in achieving wealth are increasingly being recognized as barriers to building long-term financial health and intergenerational wealth creation. To address these disparities in wealth, states have developed programs centered on business opportunities via full participation in winning contract awards and access to capital to grow businesses, home ownership opportunities, and other programs related to wealth and economic opportunity.

Disparities in Wealth and Economic Opportunity

In 2018, NERA Economic Consulting provided a [report](#) to the Maryland Department of Transportation (MDOT) specifically relating to Maryland’s Minority Business Enterprise (MBE) Program that “found both statistical and anecdotal evidence consistent with the presence of business discrimination against M/WBEs¹ in the State’s relevant market area.” The report evaluated numerous information. Key among the findings of the study are the following:

- The average annual wages among African Americans in the Maryland geographic market were 37% lower than nonminority males otherwise similar in terms of geographic location, industry, age, and education. Large, adverse, and statistically significant wage disparities were also observed for Hispanics (29.5% lower), Asians (25.1% lower), Native Americans (36.9% lower), persons reporting two or more races (29.8% lower), and nonminority women (32.8% lower).
- Annual earnings for African American business owners in the Maryland geographic market were 41.8% lower than earnings for nonminority male business owners who were otherwise similar in terms of geographic location, industry, age, and education. Large, adverse, and statistically significant wage disparities were also observed for Hispanics (23.4% lower), Asians (8.1% lower), Native Americans (43.8% lower), persons reporting two or more races (37.1% lower), and nonminority women (39.1% lower).
- The self-employment (business ownership) rate was 5.57% among African Americans and 8.69% among Hispanics. Compared with self-employment rates for nonminority males, these rates were 51.8% lower for African Americans and 24.8% lower for Hispanics.

¹ Minority and Women Owned Businesses Enterprises

- Business formation rates for African Americans were 2.4 percentage points lower than for comparable nonminority males. Large, adverse, and statistically significant reductions in business formation were also observed for Hispanics (1.4 percentage points lower), Native Americans (2.8 percentage points lower), persons reporting two or more races (1.4 percentage points lower), and nonminority women (1.2 percentage points lower).
- Although 19.5% of all firms in the market area are owned by African Americans, these firms earned less than 4.1% of all sales and receipts. Hispanic-owned firms are 8.4% of all firms in the market area, yet they earned only 3.0% of all sales and receipts. Asian-owned firms are 10.0% of all firms in the market area but earned only 8.3% of sales and receipts. Native American-owned firms are 0.1% of all firms in the market area but earned only 0.02% of sales and receipts. Women-owned firms are 39.2% of all firms in the market area, but these firms earned only 13.9% of sales and receipts
- African Americans and Hispanics do face greater challenges than nonminority counterparts in getting credit and getting favorable loan terms.

A [report](#) completed by the Government Alliance on Race and Equity, which is a national network of government working to achieve racial equity and advance opportunities for all, identified the following structural barriers to participation:

- On average, people of color are less likely to grow up in a household where someone owned a business, resulting in less intuitive knowledge about how to run a business and how the government contracting process works.
- Generally, people of color are less likely to own a business and, if they do, their businesses are smaller on average. This means a lower rate of availability for government contracts, per population compared to White-owned businesses.
- People of color tend to have fewer assets and more debt than White people, meaning that minority business owners generally have less in savings and other assets that can be used to finance the business, especially when cash-flow is needed for a government project.
- Minority business owners tend to have fewer connections to and established relationships with prime contractors, making it less likely they will be asked to become a subcontractor.
- Depending on the place, minority businesses may find high levels of discrimination in the private market place, making it hard to diversify their markets outside the governmental realm and making it especially difficult to expand beyond government contracting programs, especially important for jurisdictions that have time or size restrictions to their programs.

Research indicating disparities in wealth and economic opportunities continue to emerge, demonstrating the need for targeted initiatives and programs to reduce these disparities.

Wealth and Economic Opportunity Recommendations

State Law Regarding Minority Business Enterprises

In 1978, Maryland's General Assembly established the MBE Program to encourage women and minority-owned firms to participate in the State procurement process. Current MBE law requires agencies to make every effort to achieve an overall minimum goal of 29% of the total dollar value of their procurement contracts directly or indirectly from certified MBE firms. Achievement of the goal is calculated as a percentage of total MBE awards over total statewide spending among the participating agencies and departments.

The Governor's Office of Small, Minority, and Women Business Affairs (GOSBA) has oversight of the MBE Program, which applies to 70 State agencies and departments. The Office of Minority Business Enterprise within MDOT, however, serves as the State's official MBE certification unit. In fiscal 2019, Maryland's MBE achievement was 17.9% of contract awards, with payments to MBEs totaling \$1.3 billion.

Expand Access to the State MBE Program

eMaryland Marketplace

For MBEs to participate in procurement and contracting opportunities, they must have consistent access to these opportunities and information regarding the program. The State recently upgraded eMaryland Marketplace, the online procurement portal where agencies post procurement opportunities, and the new system is being implemented in phases.

Recommendation 1: Recognizing the work of the State on the eMaryland Marketplace, encourage continued implementation of the electronic procurement portal, in order to serve as a centralized point of access for small businesses and MBEs.

The rebranded eMaryland Marketplace Advantage should help "level the playing field" by saving businesses, including minority-owned businesses, time and resources that might be spent searching for opportunities by individual State agencies.

Emergency Procurements

Emergency procurements are used to promptly execute contracts in response to emergency situations that could not have been reasonably foreseen. Emergency procurements represent a small percentage of the total amount of State procurements but can increase rapidly during a state of emergency or other emerging situation. Because of their urgent nature, the policies and

procedures governing emergency procurements are separate from those for nonemergency procurements. Participation of women and minority-owned businesses in emergency procurements can be a tool to facilitate the profitability of these firms.

Recommendation 2: For emergency procurements, use MBEs to meet MBE procurement goals as much as is reasonably possible, considering the emergency circumstances.

Mentoring Programs

Women and minorities often cite the importance of mentoring programs in their professional growth and development. Mentoring programs, especially for entrepreneurs or new business owners, can provide support and guidance on navigating business expansion and growth. They can also help guide firm owners through processes in which they are unfamiliar.

Recommendation 3: Strengthen support programming in the Governor's Office of Small, Minority and Women Business Affairs for MBEs by establishing a mentoring program in which larger and more established MBEs mentor smaller and younger MBEs.

To encourage mentors to participate in the mentoring program, the following benefits should be considered to be given to mentors:

- special recognition through the GOSBA website, newsletter and participation updates;
- certificate of participation from GOSBA;
- opportunity to present highlights of mentor and protégé relationships at a yearly appreciation event; and
- increased networking and educational opportunities.

GOSBA should present an annual award that recognizes the jurisdiction that offers the strongest support programming for MBEs as well as consider creating a technical assistance program similar to the New York Technical Assistance Program, in which firms receive one-on-one assistance on submitting the most competitive bids and proposals for procurement opportunities. This support also should include assistance for nonminority prime contractors, targeted at explaining obligations prime contractors have.

Incentives for Participation in Government Procurement

Incentivizing firms to participate in government procurement can allow a local, State, or federal government to have broader participation in procurement processes. One tool to incentivize a firm to participate in a procurement process is a bid incentive, also known as a price preference. A bid incentive is an amount deducted, for bid evaluation purposes only, from the contract base bid in order to calculate the bid price to be used to evaluate the bid on a competitively bid contract. The City of Chicago has a number of [incentives](#) available to encourage certain performance or partnerships. Encouraging joint ventures of MBEs may allow some smaller women and minority-owned firms to operate as a prime contractor and increase the State's overall MBE goal achievement.

Recommendation 4: To encourage procurement bids by women and minority-owned firms, provide a bid incentive for bids submitted by joint ventures of MBEs. In addition, explore strategies for giving preference to joint ventures of MBEs that submit proposals when competitive sealed proposals or other procurement methods are used in which price is not the only factor considered.

Capital Grant Programs and Tangible Goods Procurements

Current law does not subject capital projects by non-State entities that receive State capital grants to MBE participation requirements. The State spends more than \$129 million each year on these types of projects. Procurements for tangible goods, although often subject to the State MBE program, are not often awarded to women or minority-owned firms. The following recommendation will ensure that State dollars are being leveraged to build minority wealth.

Recommendation 5: Expand the current MBE program to include capital grant projects in which the State grant is at least \$500,000.

Recommendation 6: Investigate methods to encourage the growth and expansion in the number of MBEs that provide tangible goods and commodities.

Increase Accountability for Implementing the MBE Program

In order for the MBE program to fulfill its purpose of ensuring that socially and economically disadvantaged business owners are included in Maryland's procurement and contracting opportunities, there must be accountability at every step of the procurement and contracting process.

Improve Transparency of Waivers

If bidders or offerors are seeking a waiver from a contract's MBE requirement, they are required to submit a detailed report including their efforts made to select portions of the work proposed to be performed by MBEs and their outreach efforts to MBEs. Not later than July 31 of

each year, each procurement agency must submit directly to the Board of Public Works and the GOSBA an annual report of waivers requested and waivers granted.

Recommendation 7: Improve transparency around waivers from MBE requirements by requiring the Office of State Procurement to provide a summary of reasons for each waiver granted each year.

This summary will provide the information necessary to understand the circumstances surrounding the decision to grant a waiver of MBE requirements. In addition, it will assist in identifying any potential commonalities among waivers.

Recommendation 8: Establish an MBE compliance officer position within the Office of State Procurement to oversee the enforcement of MBE goals and issue an annual report that compares each agency's closeout MBE participation with its initially promised participation.

Miscellaneous MBE Program Recommendations

Designation of Minority and Women-owned Status

Currently, businesses that are both minority and women-owned must choose for each procurement bid whether or not they would like to be designated as a minority-owned or women-owned business; there is no option to be designated as both. This limitation hinders the accuracy of State MBE data and forces businesses to make a choice that is not reflective of the ownership of the business.

Recommendation 9: Require the Office of State Procurement to establish regulations that allow minority, women-owned businesses to report their dual ownership status in the MBE procurement contracts.

Federal Government Relationship

The federal Small Business Administration oversees minority-owned business support. Support at the federal level is critical as it can facilitate the growth of minority businesses through resources and support services.

Recommendation 10: Encourage the federal delegation for Maryland to prioritize enhancing support of and opportunities for minority-owned businesses, including those that interact with the Small Business Administration.

Businesses who apply and qualify as a federal MBE must also apply and qualify separately under Maryland's MBE program. This can be burdensome to businesses and deter them from participating in the State procurement process.

Recommendation 11: To streamline the MBE certification process, honor the federal MBE certification for Maryland businesses but retain the State certification process for business entities that do not engage in federal procurement or do not qualify under the federal MBE requirements.

Procurement Improvement Council

The Procurement Improvement Council provides a forum for discussion of procurement issues and problems. The council is charged with:

- ensuring the use of the most advanced methods, techniques, policies, procedures and forms for procurement and contract management;
- communicating with State units on procurement matters as well as emphasizing current developments and advances in procurement methods and management;
- discussing specific emerging procurement issues and problems;
- reviewing existing procurement regulations to determine if they meet the purpose and intent of law, especially the fostering of broad-based competition;
- if revising and restructuring would result in the regulation being easier to understand and use, making recommendations on regulations; and
- advising the General Assembly on legislation to enhance the efficiency and transparency of State procurement.

Currently, the 12 members consist of the State Treasurer, the Secretary of the Governor's Office of Small, Minority, and Women Business Affairs, the Secretary of Transportation, the Secretary of Budget and Management, the Secretary of Information Technology, the Secretary of General Services, the Chancellor of the University System, the Procurement Advisor, the Director of the Governor's Office of Performance Improvement, 1 local government member, and 2 public members. There is no representation on the council for minority communities.

Recommendation 12: To ensure that the concerns and perspectives of minorities are included in procurement-related recommendations, designate three positions on the Procurement Improvement Council for minority business owners in the State.

State Programs That Facilitate Homeownership

Homeownership is a key component of building generational wealth, as home equity can enable financing of education and entrepreneurial business opportunities. It can also serve as a

safety net for families when they are experiencing financial hardship and as a multigenerational asset, where adult children can reside in the family home and save money to buy their own homes or start their own business ventures. Further, multigenerational homes can save extraordinary costs in child care, as family members can assist with young children while other adult members are working.

According to a [July 2020 article](#) on inequality in homeownership in *Liberty Street Economics*, a publication of the Federal Reserve Bank of New York, the homeownership rate is 40.6% for Black households and 46.6% for Hispanic households. This is strikingly lower than the 73.1 % homeownership for White households. As the article notes, “for the median home-owning American household, home equity is their most important asset. This is especially true for Black and Hispanic households: although they have lower rates of homeownership and lower net worth than white households overall, among households that own their primary residence, home equity is a larger part of their net worth than it is for white households that own their primary residence.”

The Maryland Mortgage Program

The Maryland Mortgage Program (MMP), administered by the Department of Housing and Community Development (DHCD), provides 30-year, fixed-interest rate mortgages to eligible homebuyers purchasing in Maryland. MMP offers a variety of programs, including a program for first-time homebuyers and a program for homebuyers with eligible student debt, through the over 130 mortgage lenders with which it partners. Eligibility for MMP is determined by combined household income and household size, and varies throughout the State depending on whether a homebuyer is looking to purchase in a “targeted” or “nontargeted” area. As of August 2020, household income limits in Maryland range from \$104,500 up to \$176,400, depending on location.

The eligibility criteria for MMP does not consider several factors that can indicate an individual may need assistance purchasing a home. For example, two first-generation college graduates could be employed as public school teachers and exceed the two person household income limit of \$110,033 in Carroll County but still be unable to purchase a home without assistance.

Recommendation 13: In order to expand the pool of prospective homebuyers, require MMP to consider factors such as student loan debt, in addition to household income, when determining eligibility for MMP.

When economic downturns occur, individuals struggling to pay their mortgages may seek assistance. Refinancing is one of the tools that lenders offer to homeowners to prevent evictions and facilitate continued home ownership. MMP, however, does not currently include refinancing loan products, despite MMP participants potentially being more likely to need assistance during a recession and more likely to benefit from lower interest rates.

Recommendation 14: Expand MMP to include refinancing options for its homebuyers.

MMP recently modified its down payment assistance program from offering \$5,000 in down payment assistance to now offering a percentage of the home price, typically 3% or 4%. The amount of down payment assistance has a minimum of \$5,000 to ensure that lower priced houses are not negatively impacted by this change. Although this is a significant step towards helping individuals achieve home ownership, it may still leave a significant down payment portion for the borrower to pay. In addition, it does not cover closing costs, which average between \$13,000 and \$15,000 in Maryland.

Recommendation 15: Increase the MMP down payment assistance minimum to \$10,000 and allow, as needed, that assistance to be used for closing costs.

Real estate agents are often key conduits for homebuyers, providing valuable information about specific neighborhoods and properties, the homebuying process and paperwork, and programs such as MMP. Thus, it is crucial that agents are aware of all the local, State, and federal opportunities that can help their clients in purchasing a home.

Recommendation 16: Expand DHCD’s outreach to real estate agents about (1) incentives that are available for home buying and selling in targeted revitalization areas and (2) ways to support minority wealth through homeownership.

“Employer Assisted Housing” programs are any housing program involving partial financing or assistance by an employer, such as dollar for dollar matched programs. These programs can benefit both prospective homebuyers and their employers, who have a vested interest in making sure their workers can afford quality homes close to the workplace, which can help them attract and retain valuable employees.

Recommendation 17: Expand “Employer Assisted Housing” programs through DHCD engagement with corporations, anchor institutions, local governments, and nonprofit entities.

Financial education is foundational to wealth building and sound financial decisions. It includes not only information about homebuying and homeownership, but also information about financial principles such as credit, banking, and budgeting. A strong financial education, especially for youth, can prepare individuals to make informed financial decisions.

Recommendation 18: Examine whether the State needs additional resources to support financial education and public access to homeownership incentives.

Other Wealth and Economic Opportunity Recommendations

Sports and Events Betting Licenses

In Maryland, legalized sports and events betting is considered an expansion of commercial gaming. Chapter 5 of the 2007 special session amended the Maryland Constitution so that after November 15, 2008, the General Assembly may only authorize additional forms or an expansion of commercial gaming if approved through a referendum by a majority of the voters in a general election. In 2020, Chapter 492 authorized sports and events betting generally, subject to voter referendum, and Maryland voters approved the question in the November 2020 general election. However, before sports and events betting operations can begin, the General Assembly must pass implementation legislation, including the criteria for eligible applications for a licensee and specifications of the permissible forms, means of conduct, and premises of wagering.

Recommendation 19: To ensure that Maryland's minority and women-owned businesses can enter the sports or events betting market and benefit from Maryland's future sports or events betting economy, require any entity seeking a sports or events betting license to meet the State MBE participation goals or enter into a joint venture with a majority minority business. Additionally, reduce license fees for a joint venture with a minority business to 50% of the amount of the regular license fee.

Bank Deserts

Financial institutions offer residents in surrounding areas the ability to access loans, establish deposit accounts, and avoid high transaction fees for check cashing and other services. According to a [study](#) published in the *Journal of Financial Economics*, "early life exposure to local financial institutions increases household financial inclusion and leads to long-term improvements in consumer credit outcomes." Individuals with access to financial institutions can more easily establish credit and save for emergencies.

Since the 2008 recession, many bank branches nationwide have shut their doors, with [6,008 banks](#) closing between 2008 and 2016, over 6% of branches nationally. On the state level, Maryland had the third highest proportional losses, with 246 bank branches closing, representing a 13.8% loss. Nationally, [22%](#) of adults are underbanked or unbanked, with lower income individuals or those in racial or ethnic minority groups being more likely to fall into this category. Closure of financial institutions' branches can have serious effects on the surrounding communities, exacerbating the number of underbanked or unbanked individuals.

The loss of banks has created an increasing amount of bank deserts nationwide, a problem for which researchers and agencies have offered solutions. However, a more thorough understanding of the banking landscape in Maryland is necessary to determine precise recommendations and potential legislative actions.

Recommendation 20: Require the Commissioner of Financial Regulation to conduct an analysis of the banking environment in Maryland. Further, ensure the analysis includes data on the number of banks and financial institutions by jurisdiction, identifies banking deserts in the State, and considers strategies to ensure residents of targeted jurisdictions have access to financial services.

Maryland Industrial Development Financing Authority

The Maryland Industrial Development Financing Authority (MIDFA), created in 1965, is the State's largest and most established financing program. It facilitates capital access by issuing private activity revenue bonds for small and midsize companies and can provide credit insurance in the form of a deficiency guarantee to reduce lenders' risk. MIDFA can be used in designated priority areas for land acquisition, building acquisition, construction costs, machinery and equipment, furniture and fixtures, leasehold improvements, certain eligible "soft costs," energy-related projects, and working capital.

Recommendation 21: Modernize MIDFA to increase its utilization and leverage its ability to assist the State's women and minority-owned businesses. In addition, market the Department of Commerce's credit insurance services to community banks and financial institutions, including those that make loans to historically disadvantaged firms and firms located in rural areas, and consider incentivizing the use of the credit insurance program.

Maryland's Disadvantaged Technology Businesses

Access to capital remains a challenge for entrepreneurs, especially those who are economically or socially disadvantaged. Regardless of race or ethnicity, entrepreneurs [report](#) that they rely on three primary sources of startup capital: (1) personal and family savings; (2) business loans from banks; and (3) personal credit cards. Compared to other race or ethnicity groups, Black entrepreneurs rely the most on personal credit cards to fund new companies or acquire existing ones.

Numerous reports indicate limitations on the ability of minority businesses to obtain bank loans, financing, or access to capital. According to a 2020 Federal Reserve [report](#), 46% of White-owned businesses have obtained loans in the past, compared with just 23% of Black-owned firms. A Center for Responsible Lending report shows that over 90% of small minority-owned firms did not receive funds through the federal Paycheck Protection Program, a response to the economic downturn caused by COVID-19, indicating the difficulty in minority firms accessing financial support programs. Further, Black-owned firm application rates for new funding are 10 percentage points higher than White-owned firms, but their approval rates are 19 percentage points lower. Success of minority businesses depends on the ability to access equitable financial systems and capital.

The State has three primary entities that provide minority business investment assistance – the Maryland Small Business Development Financing Authority (MSBFA), the Small, Minority,

and Women-owned Business Account (SMWOBA), and the Maryland Technology Development Corporation (TEDCO). MSBFA offers four types of programs for enhancing the capacity of businesses owned by the socially or economically disadvantaged to be more competitive. The authority's highly valued programs guarantee private borrowings when the eligible business has secured a government contract, provide guarantees for working capital and for surety bonds, and make equity investments in small businesses. SMWOBA provides funds to one of eight approved fund managers in the State that then provides investment capital and loans to small, minority, and women-owned businesses in the State.

TEDCO is an independent entity established by the Maryland General Assembly in 1998 to facilitate the creation of technology companies and encourage collaboration between these emerging businesses and federal and State research laboratories. TEDCO also aims to promote new research activity and investments that lead to business development in Maryland. To achieve its goals, TEDCO provides nonequity investments to early stage technology businesses, and it funds development and patenting of new technologies at research universities.

Maryland Innovation Initiative

The Maryland Innovation Initiative (MII), created by Chapter 450 of 2012, is designed to combine the technology transfer expertise of TEDCO and the expertise of the State's research universities to create opportunities for commercialization. It is meant to encourage a foundation from which startup companies may be formed from university research. Current partners are the following Maryland academic research institutions: (1) The Johns Hopkins University; (2) Morgan State University; (3) University of Maryland, Baltimore; (4) University of Maryland, Baltimore County; and (5) University of Maryland, College Park. The program only includes the State's research institutions, which does not recognize the entrepreneurial activities that happen at other anchor institutions throughout Maryland. This prevents entrepreneurs, including women and minority-owned entrepreneurs at Maryland's other higher education institutions from receiving support.

Recommendation 22: Create a pilot program under MII for public four-year comprehensive universities to provide funding for technology validation, entrepreneurial activity, and an incentive for industry engagement with the universities.

The pilot program should start with two universities, taking into consideration the location of the universities in the State. Upon successful demonstration of the pilot, the program could be expanded to other nonresearch institutions in the State.

Rural Business Innovation Initiative

The Rural Business Innovation Initiative (RBII), a TEDCO program, assists start-up and small technology-based businesses in the rural areas of Maryland to advance the company to a higher level of success. The program offers professional ongoing mentoring and targeted funding via a seed fund. A key component of the program is mentoring, provided by TEDCO

representatives. TEDCO's resources only fund three to four companies each year. Of note is that the State does not provide dedicated funding for RBII. Increased funding would allow RBII mentors to assist a greater number of rural companies.

Recommendation 23: To meet demands of program participants, increase the number of TEDCO representatives serving rural regions of Maryland. Additionally, to the extent funding is available, increase support for the RBII Seed Fund.

The Builder Fund

TEDCO supports the Builder Fund, a pre-seed fund that invests in and provides executive support to Maryland-based technology companies run by entrepreneurs who demonstrate economic disadvantage. The Builder Fund invests with the goal of helping companies reach meaningful milestones and becoming attractive investments to larger institutional investors. TEDCO's available resources for the fund, however, do not meet current demand and are not funding at levels that can meaningfully impact capital needs. The current State funding of \$1 million is inadequate to meaningfully address the issue of access to capital for economically disadvantaged businesses.

Recommendation 24: Administer a larger Builder Fund for economically disadvantaged-owned firms with a minimum \$100,000 investment in each recipient firm.

Inclusion Fund

As businesses raise capital, they often have to exchange stakes in equity for the capital investment. In this process, businesses owned by individuals with social and economic disadvantages can fall beneath the initial ownership requirement to be classified as a social and economic disadvantaged business.

Recommendation 25: Create an Inclusion Fund (IF) within TEDCO to fund economically disadvantaged firms that have fallen below 51% economic-disadvantage ownership at time of application, but have at least 30% economically disadvantaged ownership.

To be eligible for IF, a firm would still have to be minority-led. This program will allow companies to raise non-State capital while still supporting them with State funds.

Investment in Higher Education

In Maryland, there are four universities that are historically black colleges or universities (HBCUs): Morgan State University, University of Maryland Eastern Shore, Bowie State University, and Coppin State University. Combined, the enrollment at these institutions account for approximately 12%, or nearly 17,000 students, of total Maryland public institution enrollment. According to a study by the [United Negro College Fund](#) using 2014 data, Maryland's HBCUs

produce lifetime earnings of \$95 billion. Further, Maryland's HBCUs contribute significantly to the State's workforce.

Recommendation 26: Acknowledging the importance of higher education in wealth and earning potential, particularly the State's four HBCUs, require investment in and full funding of the State's HBCUs to enhance wealth and economic opportunities for minorities.

Impact of Disparities in Incarceration Rates

In Maryland, Blacks make up less than one-third of the State's population but account for over 70% of the incarcerated individuals in the State. The workgroup discussed this alarming disparity and the lasting ramifications that incarceration has on an individuals' abilities to support themselves after release and build generational wealth. The issue of racial disparities in the justice system has always been of great concern and the subject of studies, workgroups, and legislation to make it easier for released individuals who have paid their debt to society for crimes committed to become employed upon release. The issue was again the subject of considerable public discourse during 2020 such that a legislative study group has been established to make recommendations for systemic change. The workgroup looked at the issue through the specific lens of wealth and economic opportunity.

Recommendation 27: Provide education, workforce, and skills training while an individual is incarcerated to prepare the individual for release and successful employment. Additionally, investigate, establish, and enhance programs that support the workforce skills of these individuals after release.