

Department of Legislative Services
 Maryland General Assembly
 2019 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 1238
 Judiciary

(Delegate Turner, *et al.*)

Correctional Facilities - Employment - Ex-Offenders

This bill prohibits a State or local agency from entering into a procurement contract with a business that sells goods or services to a State, local, or federal correctional facility unless the business has (1) at least half of its workforce consist of ex-offenders and (2) developed a written workplace policy that makes reasonable accommodations for ex-offenders. It also requires the Department of Public Safety and Correctional Services (DPSCS) to contract with a business that provides specified resume development and storage services to inmates in State and local correctional facilities.

Fiscal Summary

State Effect: State procurement costs (all funds) likely increase substantially due to reduced competition for State procurements. General fund expenditures increase by \$445,500 in FY 2020 and \$594,000 annually thereafter to provide resume development and storage services to inmates. No effect on revenues.

(in dollars)	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	445,500	594,000	594,000	594,000	594,000
GF/SF/FF Exp.	-	-	-	-	-
Net Effect	(\$445,500)	(\$594,000)	(\$594,000)	(\$594,000)	(\$594,000)

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: Local procurement costs likely increase due to decreased competition for local procurement contracts, as discussed below. DPSCS is responsible for providing the resume services in local detention centers.

Small Business Effect: Potential meaningful.

Analysis

Bill Summary: DPSCS must contract with a business that provides information technology (IT) services to:

- allow inmates in State and local correctional facilities to electronically create and store resumes that can be used to find employment after the inmate is released; and
- establish a searchable computerized directory of employment resumes created by inmates that is accessible on the Internet.

In awarding the contract, DPSCS must give preference to a certified minority business enterprise. DPSCS must also adopt regulations requiring State and local correctional facilities to allow an inmate to create and store a resume using the IT services provided by the contract at a reasonable period of time before the inmate is released from confinement.

Current Law: There are no provisions in State law requiring State contractors to employ a minimum number of ex-offenders.

Background: The average daily population (ADP) in State-operated correctional facilities (including detention facilities in Baltimore City) was approximately 21,300 in fiscal 2018; in local detention centers, the ADP was approximately 7,300 in fiscal 2018.

State Expenditures:

Procurement Costs

The bill restricts the availability of bidders and offerors on State procurements, not just for DPSCS, but potentially for many other agencies. Any entity that sells goods or services to correctional facilities and does not have a workforce consisting of at least 50% ex-offenders is not eligible to bid on *any* State contract. Moreover, DPSCS has previously advised that, for safety reasons, its current rules prohibit most ex-offenders from entering correctional facilities, so even firms that meet the bill's 50% threshold may have difficulty securing and carrying out contracts with correctional facilities (and, thus, qualifying for other State procurements). Reduced competition for goods and services generally results in higher prices, so it is assumed that procurement costs (all funds) increase substantially for all State agencies, but any such increase cannot be reliably estimated.

Resume Services

Approximately 9,200 inmates are now being released from State-operated facilities each year. Although similar information is not available for local detention centers, this analysis assumes *at least* 100% turnover each year, since inmates are housed for shorter periods in

local detention centers. This yields a total of at least 16,500 inmates released each year from State and local correctional facilities who would be eligible for the resume services provided by the bill. This analysis assumes the number of inmates *released* each year is fairly constant in the out-years, regardless of whether the ADP in State and local correctional facilities continues its downward trend.

DPSCS advises that one company that provides the services required by the bill charges \$36 per person annually. Based on this estimate, general fund expenditures increase by \$445,500 in fiscal 2020, which accounts for the bill's October 1, 2019 effective date, and then by \$594,000 annually thereafter.

It is assumed that State and local correctional facilities can use existing IT equipment to provide the resume services, but to the extent that additional equipment must be purchased, expenditures increase on a one-time basis for start-up costs.

Local Expenditures: The bill places the same restriction on local procurement that it places on State procurement. Specifically, any entity that sells goods or services to correctional facilities and does not have a workforce consisting of at least 50% ex-offenders is not eligible to bid on *any local* contract. Thus, local procurement costs likely increase due to decreased competition for local procurement contracts from businesses that sell goods and services to correctional facilities and do not meet the 50% ex-offender threshold.

Small Business Effect: Small businesses that sell goods and services to State, local, and federal correctional institutions must employ ex-offenders as 50% of their workforce if they wish to participate in State and local procurement.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Harford, Montgomery, and Wicomico counties; Maryland Association of Counties; City of Havre de Grace; Maryland Municipal League; University System of Maryland; Department of Budget and Management; Department of General Services; Department of Public Safety and Correctional Services; Board of Public Works; Maryland Department of Transportation; Department of Legislative Services

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