



THE SENATE OF MARYLAND  
ANNAPOLIS, MARYLAND 21401

February 17, 2021

**Minority Business Enterprises – Calculation of Participation Rates – Exemption for Procurements From Maryland Correctional Enterprises – Repeal**

Dear Chairman Pinsky and Member of the Education, Health, and Environmental Committee,

It is my pleasure to introduce Senate Bill 635, Minority Business Enterprises – Calculation of Participation Rates – Exemption for Procurements From Maryland Correctional Enterprises – Repeal. The Minority Business Enterprise Program (MBE) was created to help provide equitable opportunities for minorities in business after years of being discriminated against. The MBE procurement spending requirements for state agencies was instituted with the same goal in mind, but the progress has been hindered by an exemption provided to agencies when they spend with Maryland Correctional Enterprise( MCE).

The bill seeks to repeal an exemption that allows a procurement agency to exclude from its total annual procurements the annual dollar value of its contracts with Maryland Correctional Enterprise when calculating compliance with the certified Minority Business Enterprise goals. If we truly would like to create equity in opportunity and see our minority businesses thrive, it is time that we close this loophole.

In the fiscal year of 2020, MCE's total sales were over \$55 million dollars. 99% of these sales were to State agencies. Additionally, inmates in Maryland make between \$0.17 - \$1.16 an hour while completing these contracts for MCE. This bill has the intended effect of decreasing the demand for this type of reprehensible labor. Moreover, this is a considerable amount of revenue that our minority businesses could have benefited from. As we make efforts to help out many minority businesses that have been hurt by the COVID-19 pandemic, this is a way that we can provide more opportunities for them to work with the state.

**SB 635** will alter the procedure for calculating the minimum dollar amount paid to MBE organizations. Only procurement contracts from Blind Industries and Services of Maryland and the Employment Work Program will be deducted from the total dollar value of procurement

contracts for the purpose of calculating the MBE minimum goal. MCE procurement contracts will instead be included in the MBE minimum goal calculations.

This bill is a step forward to leveling the playing field for all. Thus, I request a favorable report on **SB 635**.

Respectfully,

A handwritten signature in blue ink, appearing to read "Antonio L. Hayes", is written in a cursive style.

Senator Antonio L. Hayes  
40<sup>th</sup> Legislative District - MD