

SB635 Testimony.pdf

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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".

Senator Antonio L. Hayes
40th Legislative District - MD

HB0635 Opposition Letter.pdf

Uploaded by: Cunningham, Christine

Position: UNF



Department of Public Safety and Correctional Services

Maryland Correctional Enterprises

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STEPHEN SANDERS
CHIEF EXECUTIVE OFFICER

BILLS: SB 635 – Minority Business Enterprises – Calculation of Participation Rates – Exemption for Procurements from Maryland Correctional Enterprises - Repeal

DATE: February 12, 2021

POSITION: **Oppose**

The passage of Senate Bill 635 would unilaterally impact the ability of Maryland Correctional Enterprises (MCE) from achieving its mission but would also impact the minority populations currently incarcerated within the Maryland Correctional System.

Maryland Correctional Enterprises is the prison industry arm of the Division of Correction within the Department of Public Safety and Correctional Services (DPSCS). The mission of MCE focuses on providing structured employment and training activities to enhance offender rehabilitation. In conjunction with our mission, MCE is responsible for maintaining compliance with the following mandates:

- Is financially self-supporting, generates revenue for its operations and capital investments
- Provides meaningful work experiences for inmates that are intended to allow inmates to improve work habits, attitudes, and skills for the purpose of improving the employability of the inmates upon release
- Seeks to develop industries that provide full-time work experience or rehabilitation programs for all eligible inmates, and
- Operates correctional industries in an environment that resembles as closely as possible the environment of private sector business operations

Approximately, 70% of those incarcerated within the Maryland Correctional System, and ultimately trained by MCE, are minorities. With a reduction in sales, there would also be a reduction in funding to support our operation. Conservatively, MCE may face a reduction of 10% in sales and revenue (\$5,000,000). In turn this reduction in operations would result in a required reduction of program participants to match the reduction in production needs.

Studies across the nation continue to show that involvement in a correctional industry program has a positive effect on reducing states' recidivism rates. MCE products and services maintain a "value added" component through manufacturing, assembly, warehousing, various services, clerical / computer skills, etc. As our work progresses, it has become evident that training and education in these areas have become vital to inmates' successes upon release. Higher recidivism rates result in decreased public safety and incarceration costs on both state and local levels. As stated previously, MCE participation reflects that of the Correctional System population with at least 70% being minorities.

In addition to the impact to MCE, the passage of SB 635 would also result in additional procurement complications and difficulties for state agencies. If agencies could no longer exclude MCE purchases from their MBE goal, agencies would need to adjust goals to

accommodate for the new purchase amount. This has the potential to limit vendor eligibility on outside procurements.

We respectfully request that you give Senate Bill 635 an **unfavorable** vote. If you have any questions or need additional information, please do not hesitate to contact Catherine Kahl or Rachel Sessa at 410-260-6074.