



Department of Public Safety and Correctional Services

Maryland Correctional Enterprises

7275 WATERLOO ROAD • JESSUP, MARYLAND 20794 • www.mce.md.gov
(410) 540-5400 • FAX (410) 540-5570 • TTY USERS (800) 735-2258

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MARYLAND CORRECTIONAL
ENTERPRISES

STEPHEN SANDERS
CHIEF EXECUTIVE OFFICER

BILLS: Senate Bill 0336 – State and Local Procurement – Payment Practices

DATE: January 28, 2021

POSITION: Letter of Information

The passage of Senate Bill 0336 will negatively affect fiscal expenditures for Maryland Correctional Enterprises (MCE) with the need to hire additional staff and provide the required workspace and equipment for those new hires.

Maryland Correctional Enterprises is the prison industry arm of 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.

Maryland Correctional Enterprises operates is much the same way as any other business not just within the prison business units, but also within the office. The current process of receiving and paying invoices can be done within the allotted 30 day time frame, or 20 working days with no Holidays. This is challenging, but currently possible with the two Fiscal Specialists within the Accounts Payable Department. Should the time frame for payment be reduced to 15 days, as SB 0336 proposes, it would reduce the actual time to pay bills to 10 working days, without Holidays.

For the process of bill payment by Accounts Payable, certain considerations must be taken when evaluating the processing time. Once an invoice is received, it must be reviewed to ensure:

- it's compliance with the referenced contract;
- payment amount is accurate as is the service listed on the invoice;
- payee information is complete and accurate;
- finally transmission to the Comptroller's Office for payment.

Once the payment request is sent to the Comptroller's Office in Annapolis, there is another set of reviews that take place to confirm information is accurate and proper payment is issued. Maryland Correctional Enterprises does not operate on the same system the state uses. There is no active link to the State's ADPICS and FMIS systems, making data transfer different than that of other state agencies.

The above oversight of payments would be required to be completed at the same volume, but in half the time currently allowed. The reduction in time, as proposed in

SB0336, without an increase in staffing at Maryland Correctional Enterprises would not only place an undue burden on the current staff to process faster but would ultimately lead to a risk of mistakes.

To ensure that staff can handle an increased pace of processing, there would need to be three Fiscal Technicians added to the Accounts Payable team. In addition to the increase in the expense by adding the salary of three PIN positions there would also be the immediate expenditure of adding space to the office to accommodate the increased staff, purchase of work areas and all office technology equipment. The total amount that this would increase expenses at Maryland Correctional Enterprises would be \$124,222 the first year and increase to \$175,625 by year three placing a financial burden on Maryland Correctional Enterprises. As a self-funded agency, this would create a significant financial burden.

If you have any questions or need additional information please do not hesitate to contact Catherine Kahl – (410)260-6070 Catherine.Kahl@Maryland.gov.