

Department of Legislative Services
 Maryland General Assembly
 2024 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 1017

(Senator A. Washington)

Judicial Proceedings

**Correctional Services - Maryland Correctional Enterprises - Formerly
 Incarcerated Individuals**

This bill (1) expands the purpose and duties of Maryland Correctional Enterprises (MCE) to include connecting incarcerated individuals before parole or mandatory supervision with job opportunities, as specified; (2) requires the Commissioner of Correction and the Chief Executive Officer of MCE to develop a plan for each MCE participant to be employed within 60 days of release on parole or mandatory supervision and to enter into a memorandum of understanding (MOU) with the local workforce development board (LWDB) for each county and other applicable government agencies, as specified; (3) requires the MCE Management Council to review the success of MCE in connecting formerly incarcerated individuals with full-time employment opportunities after release; (4) requires the Division of Parole and Probation (DPP), by December 31, 2025 and each December 31 thereafter, to report specified information to the General Assembly; and (5) authorizes an appointing authority in the State Personnel Management System (SPMS) to select a formerly incarcerated individual for a position on a noncompetitive basis under specified circumstances.

Fiscal Summary

State Effect: General fund expenditures increase by \$122,700 in FY 2025; future years are annualized, adjusted for inflation, and reflect ongoing costs. Revenues are not affected.

(in dollars)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	122,700	142,700	149,100	155,700	162,500
Net Effect	(\$122,700)	(\$142,700)	(\$149,100)	(\$155,700)	(\$162,500)

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

Local Effect: Local government expenditures and revenues are not materially affected.

Small Business Effect: Minimal.

Analysis

Bill Summary:

Occupational Experience Programs: Programs established by the Commissioner of Correction and the Chief Executive Officer must include a plan for each participating incarcerated individual to be employed within 60 days of the individual's release on parole or mandatory supervision through consultation with (1) the LWDB of the county where the incarcerated individual will reside when released from the Division of Correction (DOC); (2) the Executive Director of the Maryland Longitudinal Data System Center (MLDSC); (3) the Secretary of Labor; and (4) the director of DPP.

Local Workforce Development Boards: The Commissioner and Chief Executive Officer must enter into an MOU with LWDB for each county and other applicable government agencies. The MOU must provide for (1) a process by which incarcerated individuals who have participated in MCE programming are connected with employment opportunities before release; (2) a plan for sharing information about the availability of relevant employment opportunities for formerly incarcerated individuals within State agencies; and (3) a plan for following up with formerly incarcerated individuals who have participated in MCE after the individual is released on parole or mandatory supervision.

Required Report: By December 31, 2025, and annually thereafter, DPP must report to the General Assembly on the number of formerly incarcerated individuals on parole or mandatory supervision disaggregated by race, age, and sex, who participated in MCE programming before parole or mandatory supervision and indicate whether, within the preceding year, the individual (1) was released from DOC; (2) has obtained employment with the State; (3) has obtained any other full-time employment; or (4) has been rearrested.

Appointing Authority: If an appointing authority in the Executive Branch chooses to select a formerly incarcerated individual for a vacant position on a noncompetitive basis, the appointing authority may interview any formerly incarcerated individual who has expressed an interest in applying for the position and satisfies the following requirements: (1) the formerly incarcerated individual provides documentation of previous employment by MCE and has obtained a degree, a certification, or training relevant to the position; (2) the appointing authority determines that the formerly incarcerated individual is qualified to perform the duties and responsibilities of the position; (3) the appointing authority notifies the Secretary of Budget and Management in writing that the position is to be filled by a formerly incarcerated individual on a noncompetitive basis; and (4) the incarcerated individual does not hold a permanent appointment or have mandatory reinstatement rights to a permanent appointment. An appointing authority is not required to select a formerly incarcerated individual for a vacant position or prohibited from filling a vacant position in accordance with the bill's requirements.

Current Law:

Maryland Correctional Enterprises: MCE provides work and job training for incarcerated individuals in State correctional facilities. MCE produces goods and supplies services at a cost that does not exceed the prevailing average market price. These goods and services are used by local, State, and federal agencies, and State agencies and State-aided entities must purchase goods and services that are available from MCE instead of conducting a competitive procurement. MCE is a self-supporting, nonbudgeted entity that covers its costs of operation with sales revenue.

Management Council: The MCE Management Council is responsible for advising MCE on its specific proposals to establish new industries and improve the quality and quantity of job training programs and recommending the establishment and maintenance of industrial plants and service centers, as specified. In addition, the council must:

- review the operation of MCE programs to determine (1) whether there is undue competition with private enterprise and recommend necessary adjustments to prevent undue competition and (2) whether there is any negative impact on workers in the State, including wage depression or job displacement;
- review the standards for goods and services and the pricing schedules as recommended by the Chief Executive Officer of MCE;
- review the occupational health and safety record of programs and other working conditions of incarcerated individuals in MCE programs;
- review the success of MCE in (1) meeting the employability development needs of incarcerated individuals and (2) coordinating work programs with other rehabilitative programs;
- solicit and review information pertaining to concerns of participating incarcerated individuals;
- recommend changes as necessary to meet the goals and objectives of MCE;
- solicit ideas, proposals, and suggestions from business representatives, nonprofit organizations, government entities, and members of the public as to how MCE could enhance the work experience of incarcerated individuals and increase the ability of incarcerated individuals to obtain gainful employment after release;
- review and recommend opportunities with private sector employers to expand the Prison Industries Enhancement Program;
- review and identify ways to improve the business practices of MCE in its sales, marketing, inventory, warehousing, and product line operations;
- monitor customer satisfaction with price, quality, delivery, and after delivery service; and

- review and comment on MCE operating and capital budgets, including cash forecasts.

Council members may not receive compensation but are entitled to reimbursement for expenses, as specified.

Appointing Authority in the State Personnel Management System: In general, appointment of candidates for vacant positions in SPMS is done on a competitive basis. An appointing authority in SPMS may select candidates for a vacant position (1) from an existing list of eligible candidates; (2) if the appointing authority decides to recruit for the position, by recruitment; (3) from a special list of eligible candidates whom the Division of Rehabilitation Services of the Department of Education certifies as being physically capable and adequately trained to qualify for the position; (4) from a list of contractual employees performing the same or similar duties of the position; or (5) a disabled veteran on a noncompetitive basis, as specified. In general, qualified candidates are rated as best qualified, better qualified, and qualified.

With specified exceptions, an appointing authority must make an appointment from among the candidates in a rating category on a list of eligible candidates as follows: (1) if there are at least five candidates rated best qualified, from that rating category; (2) if there are fewer than five candidates rated best qualified, from the candidates in the best qualified and better qualified categories; and (3) if there are fewer than five candidates rated best qualified and better qualified, from candidates in best qualified, better qualified, and qualified categories. A candidate who is an eligible veteran, as specified, must be identified as an eligible veteran on the list of eligible candidates.

In making a selection, the appointing authority may interview any of the candidates in the rating category from which the selection will be made. When interviews are conducted, the appointing authority must interview at least three candidates. The appointing authority must certify to the Secretary of Budget and Management that the hiring process was conducted in accordance with the selection plan and applicable statutes.

Local Workforce Development Boards: LWDBs are mandated under the federal Workforce Innovation and Opportunity Act (WIOA), with local employers making up a majority of the members of each board. Maryland has 13 regional LWDBs serving all 24 counties, including Baltimore City. Primarily through more than 30 American Job Centers located throughout the State, LWDBs offer basic career services (*e.g.*, job search assistance); individualized career services (*e.g.*, training in interviewing skills); and referrals to more industry specific training (*e.g.*, apprenticeships or technical classroom training). Priority is given to people with barriers to employment, as defined by WIOA. Some services target youth, returning citizens, and veterans.

State Expenditures: Although MCE is a nonbudgeted agency that funds its operations with revenues from its business operations, it advises that current revenues are not sufficient to support additional case management staff and still maintain existing levels of service for MCE participants. Therefore, general funds are needed to implement the bill. Accordingly, general fund expenditures increase by \$122,699 in fiscal 2025, which accounts for the bill’s October 1, 2024, effective date. This estimate reflects the cost of hiring two correctional case managers to assist with the development and implementation of plans to assist individuals released on parole or mandatory supervision who were employed by MCE, as required by the bill. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Positions	2.0
Salaries and Fringe Benefits	\$108,187
Operating Expenses	<u>14,512</u>
Total FY 2025 State Expenditures	\$122,699

Future year expenditures reflect full salaries with annual increases and employee turnover as well as annual increases in ongoing operating expenses.

The Department of Public Safety and Correctional Services (DPSCS) advises that MCE needs eight reentry navigators, one administrative officer, and two additional correctional case managers to implement the bill. The Department of Legislative Services (DLS) acknowledges that the bill expands the work of MCE; however, DLS disagrees with the magnitude of the additional staffing estimated by DPSCS and advises that the bill requires that MCE programs include a plan for each participating incarcerated individual to be employed within 60 days of the individuals release *in consultation* with other entities, including LWDBs and the Director of DPP. In consultation with others, the plan can likely be developed and implemented with the two additional correctional case managers estimated above. Should overtime or additional personnel costs emerge in the future, DPSCS can request additional resources through the annual budget process.

MLDSC, the Maryland Department of Labor, and the Maryland Department of Transportation can handle the bill’s requirements with existing budgeted resources.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: None.

Information Source(s): Baltimore, Charles, and Garrett counties; Maryland Longitudinal Data System Center; Department of Budget and Management; Maryland Department of Labor; Department of Public Safety and Correctional Services; Maryland Department of Transportation; Department of Legislative Services

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Analysis by: Shirleen M. E. Pilgrim

Direct Inquiries to:
(410) 946-5510
(301) 970-5510