

Department of Legislative Services
 Maryland General Assembly
 2024 Session

FISCAL AND POLICY NOTE
 First Reader

House Bill 488
 Judiciary

(Delegate Ruff, *et al.*)

Qualifying Nonprofit Organizations - Training and Reentry Services - Funding

This bill requires the Governor, for fiscal 2026 through 2028, to include each year in the annual budget bill an appropriation of \$1.0 million to be used solely as an operating grant to qualifying nonprofit organizations for the purpose of providing training to formerly incarcerated individuals in automotive repair. The Governor’s Office of Crime Prevention, Youth, and Victim Services (GOCPYVS) must administer the grant funds in accordance with existing provisions related to GOCPYVS grant programs. A qualifying nonprofit organization that receives a grant pursuant to the bill must submit, for each fiscal year, specified information to the Executive Director of GOCPYVS. **The bill takes effect July 1, 2024, and terminates June 30, 2028.**

Fiscal Summary

State Effect: General fund expenditures increase by \$14,100 in FY 2025 for administrative costs; future year expenditures reflect the bill’s mandated appropriation (through FY 2028) and ongoing administrative costs (through the first quarter of FY 2029). Revenues are not affected. **This bill establishes a mandated appropriation for FY 2026 through 2028.**

(in dollars)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	14,100	1,029,100	1,030,400	1,031,700	8,300
Net Effect	(\$14,100)	(\$1,029,100)	(\$1,030,400)	(\$1,031,700)	(\$8,300)

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

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: An eligible qualifying nonprofit organization that receives a grant under the bill must submit, for each fiscal year, the following information to the Executive Director of GOCPYVS: (1) proof of the expenditure of the grant funds and the purposes for which the funds were expended; (2) the total number of incarcerated and formerly incarcerated individuals who received services; and (3) any related outcome-based performance measures.

A nonprofit organization that receives funding under the bill must also comply with any data sharing and reporting requirements established by GOCPYVS as a condition of receiving funding.

“Qualifying nonprofit organization” means an organization that (1) provides training and reentry assistance for incarcerated and formerly incarcerated individuals; (2) provides training for at least 50 incarcerated or formerly incarcerated individuals per year in automotive repair; (3) is able to provide an automotive repair certificate from a nationally recognized automotive repair organization to eligible participants; and (4) demonstrates a minimum of a 50% employment placement rate for eligible participants in a paid automotive repair job.

Current Law:

Workforce Development and Adult Learning

The Maryland Department of Labor’s (MDL) Division of Workforce Development and Adult Learning (DWDAL) oversees Correctional Education throughout Maryland’s State correctional facilities. DWDAL’s Office of Correctional Education provides career training opportunities “behind the fence.” Offerings vary by institution but include training in automotive skills, barbering, construction, and welding. All occupational courses lead to a portable, industry-recognized credential that contributes to an inmate’s employability after release. In addition to occupational programming, the Office of Correctional Education oversees academic and transitional courses throughout Maryland’s prisons. Academic programming includes GED preparation ahead of earning a Maryland high school diploma and English as a second language courses. Prior to release, inmates may complete transitional courses to ease their reentrance to society. These offerings include classes in parenting, employment readiness, financial literacy, and life skills.

Chapter 485 of 2022, the Maryland New Start Act of 2022, established the New Start Grant Program in MDL to award grants to at least five eligible organizations to create or support existing entrepreneurship development programs that assist specified formerly imprisoned individuals or specified individuals approved for release by a correctional facility. The Act

also authorized the Department of Commerce, in collaboration with the Governor's Office of Small, Minority, and Women Business Affairs, to administer a microloan program to award collateral-free loans to these formerly or currently imprisoned individuals. The Governor must include an appropriation of at least \$300,000 to the Maryland New Start Microloan Fund and at least \$200,000 for the Maryland New Start Grant Program in the annual budget bill through fiscal 2028.

MDL provides services to returning citizens through the Re-entry Navigator initiative. Re-entry Navigators are a team of employment specialists located within the American Job Centers across the state of Maryland who connect justice-involved job seekers with businesses by planning with pre-release individuals and supporting post-release job seekers. The navigators also continually establish a network of employer contacts who are interested in hiring their clients. More information on the Re-entry Navigator Program can be found on MDL's [website](#).

Performance Incentive Grant Fund

The Performance Incentive Grant Fund (PIGF) within GOCPYVS is intended to make use of the savings from the implementation of Chapter 515 of 2016, the Justice Reinvestment Act, to provide grants for specified programs and services, including, among other things, reentry programming and services, behavioral health treatment, resources, and services, and training and education. Nonprofit organizations, among other entities, are eligible to apply for grant funds.

Existing Requirements for the Governor's Office of Crime Prevention, Youth, and Victim Service Grant Programs

A local government or nonprofit entity that receives funding under Subtitle 10, Title 4 of the Public Safety Article (Miscellaneous Grant Programs) may use the funding only in accordance with Subtitle 10 and must comply with any data sharing and reporting requirements established by GOCPYVS under § 4-1009 of the Public Safety Article.

Pursuant to § 4-1009, the Executive Director of GOCPYVS must establish outcome-based performance measures to track the performance of any activity or program supported by funds received under Subtitle 10. By October 1 each year, GOCPYVS must place on its website in an easily accessible location a filterable data display showing all such data collected for the previous year.

State Expenditures:

Mandated Appropriation to Support Operating Grants

General fund expenditures increase by \$1.0 million annually in fiscal 2026 through 2028 due to the bill’s mandated appropriation. Specifically, the bill requires the Governor to include in the annual budget bill an appropriation of \$1.0 million to be used solely as an operating grant to qualifying nonprofit organizations for the purpose of providing training to formerly incarcerated individuals in automotive repair.

Governor’s Office of Crime Prevention, Youth, and Victim Services – Administrative Expenditures

Because the bill specifies that the mandated funding may *solely* be used as an operating grant to qualifying nonprofit organizations, additional general funds are needed to cover any administrative costs incurred by GOCPYVS under the bill.

Although GOCPYVS advises that it needs two full-time regular positions and one part-time contractual position to implement the bill, the Department of Legislative Services (DLS) disagrees. While DLS acknowledges that GOCPYVS may well be understaffed, the additional workload resulting from this bill alone does not justify hiring that many staff. GOCPYVS already administers similar grant programs. In fact, GOCPYVS advises that in fiscal 2024, PIGF obligated approximately \$16.2 million to 49 grantees, and that about half of the fiscal 2024 allocation was awarded to 21 programs prioritizing reentry programming and services. Accordingly, while the bill provides additional grant funding for a specific purpose, it likely does not result in a significant increase in the number or type of grant applications received – or the number of grants awarded – by GOCPYVS each year. Furthermore, the added responsibilities incurred as a result of this legislation are not permanent.

Accordingly, general fund administrative expenditures increase by \$14,121 in fiscal 2025. This estimate reflects the cost of hiring one part-time contractual grants specialist to administer the grant funds. It includes a salary, fringe benefits, one-time start-up costs, and ongoing operating expenses. Even though the bill’s mandated appropriation does not begin until fiscal 2026, this analysis assumes that the part-time contractual grants specialist is hired in April 2025 to handle any administrative work that must be completed before any grant awards can be made.

Contractual Position	0.5
Salary and Fringe Benefits	\$7,539
Operating Expenses	<u>6,582</u>
Total FY 2025 Administrative Expenditures	\$14,121

Future year administrative expenditures, which total \$29,128 in fiscal 2026, \$30,390 in fiscal 2027, \$31,710 in fiscal 2028, and \$8,271 in fiscal 2029, reflect a full salary with annual increases and employee turnover as well as annual increases in ongoing operating expenses. Although the mandated appropriation ends in fiscal 2028, this analysis assumes that the part-time contractual grants specialist remains on board through the first quarter of fiscal 2029 in order to close out the grant funds and handle any remaining administrative duties.

This estimate does not include any health insurance costs that could be incurred for specified contractual employees under the State's implementation of the federal Patient Protection and Affordable Care Act.

Additional Information

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

Designated Cross File: SB 181 (Senator McCray) - Budget and Taxation.

Information Source(s): Governor's Office of Crime Prevention, Youth, and Victim Services; Department of Legislative Services

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