

Department of Legislative Services
 Maryland General Assembly
 2024 Session

FISCAL AND POLICY NOTE
 Third Reader - Revised

Senate Bill 181

(Senator McCray, *et al.*)

Budget and Taxation

Judiciary

Qualifying Nonprofit Organizations - Training and Reentry Services - Funding

This bill authorizes 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 and Policy (GOCPP) must administer the grant funds in accordance with existing provisions related to GOCPP 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 GOCPP. **The bill takes effect July 1, 2024, and terminates June 30, 2028.**

Fiscal Summary

State Effect: The FY 2025 budget includes \$500,000 in general funds for the purpose of providing an operating grant to Vehicles for Change Inc. contingent on the enactment of this bill or its cross file; general fund expenditures further increase by \$29,700 in FY 2025 for administrative costs. Although funding is discretionary in the out-years, future year expenditures reflect an estimated \$1.0 million appropriation (through FY 2028) for grants and ongoing administrative costs (through the first quarter of FY 2029). Revenues are not affected.

(in dollars)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	529,700	1,029,400	1,030,600	1,032,000	8,300
Net Effect	(\$529,700)	(\$1,029,400)	(\$1,030,600)	(\$1,032,000)	(\$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 GOCPP: (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 GOCPP 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 GOCPP 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 and Policy 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 GOCPP under § 4-1009 of the Public Safety Article.

Pursuant to § 4-1009, the Executive Director of GOCPP 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, GOCPP 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:

Appropriation to Support Operating Grants

The fiscal 2025 budget includes \$500,000 in general funds for GOCPP for the purpose of providing an operating grant to Vehicles for Change Inc. contingent on the enactment of this bill or its cross file. This bill effectuates that contingency. Although the bill does not mandate funding to support the operating grants in future years, the bill explicitly authorizes the Governor, for fiscal 2026 through 2028, 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. Although funding for such grants in the out-years is discretionary, consistent with the bill's intent, this analysis assumes that, in fiscal 2026 through 2028, \$1.0 million in general funds is provided to support the operating grants. Actual expenditures will vary with the amount of any discretionary funding included in the budget bill and ultimately passed by the General Assembly each year.

Governor's Office of Crime Prevention and Policy – Administrative Expenditures

This analysis assumes that additional general funds – beyond the \$500,000 included in the budget for the operating grant to Vehicles for Change, Inc., as discussed above – are needed to cover administrative costs incurred by GOCPP in fiscal 2025 under the bill. Further, the bill specifies that the authorized funding in fiscal 2026 through 2028 may *solely* be used as an operating grant to qualifying nonprofit organizations; therefore, it is assumed that additional general funds continue to be needed in future years to cover any administrative costs incurred by GOCPP under the bill.

For a grant program with a funding level of \$500,000 in fiscal 2025 and an assumed funding level of \$1.0 million annually through fiscal 2028, GOCPP advises that it needs two full-time regular positions and one part-time contractual position to implement the bill. However, the Department of Legislative Services (DLS) disagrees. While DLS acknowledges that GOCPP may well be understaffed, the additional workload resulting from this bill alone does not justify hiring that many staff. GOCPP already administers similar grant programs. In fact, GOCPP 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 authorizes 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 GOCPP each year. Furthermore, the added responsibilities incurred as a result of this legislation are not permanent.

Accordingly, general fund administrative expenditures increase by \$29,661 in fiscal 2025, which accounts for a 90-day start up delay. 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.

Contractual Position	0.5
Salary and Fringe Benefits	\$22,809
Operating Expenses	<u>6,852</u>
Total FY 2025 Administrative Expenditures	\$29,661

Future year administrative expenditures, which total \$29,371 in fiscal 2026, \$30,645 in fiscal 2027, \$31,975 in fiscal 2028, and \$8,340 in fiscal 2029, reflect a full salary with annual increases and employee turnover as well as annual increases in ongoing operating expenses. Although it is assumed that discretionary grant funding is not provided after 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: HB 488 (Delegate Ruff, *et al.*) - Judiciary.

Information Source(s): Governor’s Office of Crime Prevention and Policy; Department of Legislative Services

Fiscal Note History: rh/lgc
 First Reader - January 15, 2024
 Third Reader - March 16, 2024
 Revised - Amendment(s) - March 16, 2024
 Revised - Clarification - March 16, 2024
 Revised - Updated Information - April 29, 2024
 Revised - Budget Information - April 29, 2024

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