

**Department of Legislative Services**

Maryland General Assembly  
2004 Session

**FISCAL AND POLICY NOTE**  
**Revised**

House Bill 957

(Delegate Barve, *et al.*)

Health and Government Operations

Education, Health, and Environmental Affairs

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**Procurement - Preferences - Rehabilitation and Employment Program**

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This bill formally establishes a Rehabilitation and Employment Program (REP) in the Department of General Services (DGS), renames sheltered workshops to REP providers, alters the membership of the Pricing and Selection Committee, and codifies the current administrative responsibilities of the coordinating entity of REP providers.

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**Fiscal Summary**

**State Effect:** The bill would not materially affect State government operations.

**Local Effect:** None.

**Small Business Effect:** None.

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**Analysis**

**Bill Summary:** The coordinating entity (currently Maryland Works, Inc.) is required to: (1) identify potential contracts for supplies and services eligible for procurement; (2) establish procedures for the selection of REP providers to perform under potentially eligible contracts for preference procurements; (3) establish procedures for remediation or noncompliance with State or REP policies; (4) provide training, technical assistance, and other needs to the REP providers; (5) conduct cost analyses and market research for submission and review by the Pricing and Selection Committee for REP; (6) provide staff support for the committee; and (7) serve as monitoring agent to ensure high quality standards are met and maintained by the program and its REP providers.

The Pricing and Selection Committee for REP is renamed the Pricing and Selection Committee for the Rehabilitation and Employment Program. Additional committee responsibilities provided in the bill are maintaining a current list of REP providers, reviewing and revising the list periodically, and making the list generally available to State procurement officials.

The bill specifies that the State or State aided or controlled entities are required to procure from preferred vendors in the order in which the vendors are listed in Section 14-103 of the State Finance and Procurement Article. The bill removes certification as a sheltered workshop by the U.S. Department of Labor from the definition of REP providers.

The bill removes two members of Maryland Works, Inc. from the Pricing and Selection Committee and adds: (1) the assistant superintendent for the Division of Vocational Rehabilitation within the Maryland State Department of Education (MSDE) or a designee; (2) the Secretary of Labor, Licensing, and Regulation or a designee; and (3) the executive director of the Governor's Office for Individuals with Disabilities, or its successor entity, or a designee. The Secretaries of Transportation, General Services, and Public Safety and Correctional Services, or their designees and the President of Blind Industries and Services of Maryland or a designee are maintained as board members.

**Current Law:** The Secretary of General Services is required to designate Maryland Works, Inc., or another appropriate coordinating entity, to facilitate the distribution of procurement contracts for supplies and services among sheltered workshops. State agencies and State aided or controlled entities are required, if the preferred provider carries the supplies or provides the services, to purchase supplies and services from: (1) State Use Industries in the Department of Public Safety and Correctional Services; (2) the Blind Industries and Services of Maryland; and (3) sheltered workshops.

Sheltered workshops are defined as entities that (1) are organized under the laws of the U.S.; (2) are certified as a sheltered workshop by the Wage and Hour Division of the U.S. Department of Labor; (3) are accredited by the Division of Rehabilitation Services of MSDE; (4) are operated in the interest of individuals who have a mental or physical disability, including blindness, that constitutes a substantial handicap to employment and prevents the individual from engaging in normal competitive employment; and (5) does not inure net income wholly or partly to the benefit of any shareholder or other individual.

The existing Price and Selection Committee is required to establish procedures to govern the program and ensure that the State procures from sheltered workshops where appropriate. The committee also has the authority to set prices for the sheltered workshops.

**Background:** Maryland Works, Inc. is a membership association whose members promote workforce development. Members include workforce professionals and nonprofit community service organizations that provide human services for approximately 20,000 individuals.

**State Fiscal Effect:** DGS estimates an indeterminate increase in expenditures due to the Price and Selection Committee gaining more authority over the prices that REP providers charge. DGS further advises that the provisions of this bill would permit expanded authority for Maryland Works, Inc. to increase prices and gain profit from the REP. MSDE estimates no impact. MSDE notes that the bill essentially reflects a name change and clarifies responsibilities related to the REP. MSDE advises that the provisions of this bill will not impact how the Division of Rehabilitation Programs will evaluate REP providers.

The Department of Legislative Services does not concur with the DGS estimate of increased costs due to this bill. This bill codifies existing practices, renames sheltered workshops, and makes other technical changes to the State's existing rehabilitation and employment programs for State procurement.

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## Additional Information

**Prior Introductions:** None.

**Cross File:** SB 498 (Senators Middleton and Ruben) – Education, Health, and Environmental Affairs.

**Information Source(s):** Department of General Services, Board of Public Works, Maryland Department of Transportation, Department of Budget and Management, Maryland State Department of Education, Department of Legislative Services

**Fiscal Note History:** First Reader - February 25, 2004  
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