

Department of Legislative Services
Maryland General Assembly
2005 Session

FISCAL AND POLICY NOTE

Senate Bill 84 (Chairman, Judicial Proceedings Committee)
(By Request – Departmental – Public Safety and Correctional Services)
Judicial Proceedings Health and Government Operations

**Correctional Services - State Use Industries - Employment Readiness and
Transitional Services**

This departmental bill allows the Department of Public Safety and Correctional Services (DPSCS) to transfer revenue from State Use Industries' (SUI) revolving special fund to provide financial assistance, up to \$250,000 in a fiscal year, to the Division of Correction (DOC) to establish and operate employment readiness training programs and transitional services to rehabilitate inmates currently or previously employed by SUI.

Fiscal Summary

State Effect: SUI special funds of \$250,000 annually could be transferred to DOC.

Local Effect: None.

Small Business Effect: DPSCS has determined that this bill has minimal or no impact on small business (attached). Legislative Services concurs with this assessment.

Analysis

Current Law: DPSCS must include the budget for SUI in the department's budget. SUI may have a revolving fund containing an amount that the Treasurer approves. For each of fiscal 2006 through 2009, the first \$1 million in the revolving fund in excess of the amount required to operate SUI must be transferred to a special fund to be used by the Maryland State Department of Education (MSDE) for the operation of educational programs in correctional institutions. Money from the revolving fund must supplement

and may not supplant funding for the operation of educational programs in correctional institutions. The revolving fund may be used for general operating expenses and the purchase of capital assets.

The revolving fund is not subject to the reversion provision of the State Finance and Procurement Article. SUI must submit an annual statement to the Comptroller and the Treasurer that provides an accurate and detailed accounting of all receipts and disbursements from the revolving fund. General fund money may be appropriated to SUI to be used for the direct expenses of training inmates.

Background: SUI provides work and job training for inmates incarcerated in DOC funded by the sales revenue from the goods it produces and the services it supplies to local, State, and federal agencies. These goods and services are also available for purchase by charitable, civic, educational, fraternal, or religious organizations. SUI's cost is at or below the prevailing average market price.

The Budget Reconciliation and Financing Acts (BRFA) of 2002 and 2003 transferred \$2 million in each of fiscal 2002, 2003, 2004, and 2005 from SUI to the general fund. With the transfer for fiscal 2005, the ending fiscal 2005 fund balance for SUI is projected to be \$4.5 million. SUI advises that the fund balance is difficult to estimate as revenues in fiscal 2003 were unusually high and year-to-date attainment for fiscal 2004 is considerably lower than the same time last year. SUI further advises that revenues for fiscal 2004 and 2005 could be 20% lower than projected. In addition, the 2004 BRFA provides for the annual transfer of \$1.0 million in fiscal 2006 through 2009 to MSDE for correctional education. These funds are intended to supplement rather than supplant the general fund appropriation for correctional education.

HB 887 of 2004, a departmental bill, would have allowed SUI's revolving fund to be used to provide funds to DOC to improve the employability of DOC inmates on their release. The bill had a hearing before the Health and Government Operations Committee and had no further action taken on it.

As of January 25, 2005, the balance in SUI's revolving fund was \$9,040,038.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Public Safety and Correctional Services,
Department of Legislative Services

Fiscal Note History: First Reader - January 27, 2005
n/jr

Analysis by: Guy G. Cherry

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