

**Department of Legislative Services**  
Maryland General Assembly  
2010 Session

## FISCAL AND POLICY NOTE

Senate Bill 954 (Senator Exum)  
Education, Health, and Environmental Affairs

State Units - Contracts - Reporting Requirements - Reports

This bill requires State procurement units that contract with community-based residential programs, residential child care programs (RCCPs), or group homes to collect data and report annually on whether the contractor: (1) is certified as a minority-owned, woman-owned, or disability-owned business in accordance with the State's minority business enterprise (MBE) program; and (2) has had its license suspended or revoked within the last 10 years. Annual reports by affected procurement units must be submitted to the Governor's Office of Minority Affairs.

## Fiscal Summary

**State Effect:** To the extent that they contract with, rather than license, RCCPs, the Department of Human Resources (DHR), Department of Juvenile Services (DJS), and the Developmental Disabilities Administration (DDA) can carry out the bill's requirements with existing resources. No effect on revenues.

**Local Effect:** None.

### **Small Business Effect:** Minimal.

## Analysis

**Current Law:** The State's MBE program establishes a goal that at least 25% of the total dollar value of each agency's procurement contracts be awarded to MBEs, including 7% to African American-owned businesses and 10% to woman-owned businesses. There are no penalties for agencies that fail to reach these targets. Instead, agencies are required to use race-neutral strategies to encourage greater MBE participation in State procurements.

An MBE is a legal entity, other than a joint venture, that is:

- organized to engage in commercial transactions;
- at least 51% owned and controlled by one or more individuals who are socially and economically disadvantaged; and
- managed by, and the daily business operations of which are controlled by, one or more of the socially and economically disadvantaged individuals who own it.

MBEs include not-for-profit entities organized to promote the interests of physically or mentally disabled individuals.

The MBE program is scheduled to terminate July 1, 2012.

Chapters 222 and 223 of 2009 allow a woman-owned business that is owned by a member of a racial or ethnic minority group to be certified as both a woman-owned business and as a business owned by a member of a recognized racial or ethnic minority group under the State's minority business enterprise (MBE) program. However, a firm certified as a not-for-profit entity under the MBE program may not be certified in any other category.

**Background:** RCCPs, often referred to as group homes, represent one form of out-of-home placements. They offer homelike settings that provide structure and 24-hour supervision, basic care, social work, and health care services. RCCPs include (1) facilities for children with developmental disabilities; (2) child care homes; (3) child care institutions; (4) therapeutic group homes; and (5) group homes. The majority of children in RCCPs are in regular group homes. RCCPs include facilities licensed by the Department of Health and Mental Hygiene (DHMH) including DDA, DHR, and DJS.

Approximately 5,200 individuals with developmental disabilities receive services from community-based residential providers. As noted above, DDA advises that it does not directly contract with group homes or alternative living unit providers. Instead, DDA policies require that providers be licensed and comply with local, State, and federal regulations. Compliance with licensing requirements is monitored by DHMH's Office of Health Care Quality. Individuals with developmental disabilities select qualified providers, who are then reimbursed by DDA according to a standard-rate payment system for the services they provide to each individual.

**State Fiscal Effect:** Legislative Services notes that the vast majority of RCCPs licensed or contracted by the State are nonprofit entities. To the extent that they are certified

under the MBE program, they likely are certified as nonprofit entities, not as woman-, minority-, or disability-owned enterprises. Therefore, the bill is expected to have minimal application to RCCPs.

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## **Additional Information**

**Prior Introductions:** None.

**Cross File:** HB 867 (Delegates Robinson and Glenn) - Health and Government Operations.

**Information Source(s):** Caroline and Montgomery counties, Board of Public Works, Department of Budget and Management, Governor's Office, Department of General Services, Department of Health and Mental Hygiene, Maryland Department of Transportation, University System of Maryland, Department of Legislative Services

**Fiscal Note History:** First Reader - March 9, 2010  
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