

Department of Legislative Services
 Maryland General Assembly
 2020 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 1566 (Delegates Wilkins and Mosby)
 Health and Government Operations

Maryland Correctional Enterprises - Workgroup on Vocational Training and Placement

This bill requires the Commissioner of Correction and the Chief Executive Officer of Maryland Correctional Enterprises (MCE) to establish and convene a vocational training and placement workgroup by December 1, 2020. The purpose of the workgroup is to set specific goals and metrics for improving the rate of job placement of formerly incarcerated individuals in meaningful, sustainable employment and explore building partnerships with potential employers to attain gainful employment of formerly incarcerated individuals. The workgroup must study and make recommendations to MCE on training in skills to improve employability and outreach to businesses for placement. The workgroup must invite the participation of, and consult with, specified stakeholders. MCE must report annually by January 1 to the General Assembly on recommendations by the workgroup and progress made in achieving goals established by the workgroup.

Fiscal Summary

State Effect: Special fund expenditures for MCE increase by \$219,300 in FY 2021. Out-year expenditures reflect annualization and the elimination of one-time start-up costs. Revenues are not affected.

(in dollars)	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Revenues	\$0	\$0	\$0	\$0	\$0
SF Expenditure	219,300	130,000	131,700	134,100	136,700
Net Effect	(\$219,300)	(\$130,000)	(\$131,700)	(\$134,100)	(\$136,700)

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

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Current Law: The Commissioner of Correction and the Chief Executive Officer of MCE must develop programs to provide inmates with occupational experience to complement personnel development plans of the Maryland State Department of Education and other State government units serving inmates in State correctional facilities.

The Maryland Department of Labor (MDL) oversees and/or supports various programming related to inmates at Maryland's correctional institutions and returning citizens.

Chapter 726 of 2019 established an Apprenticeship Career Training Pilot Program for Formerly Incarcerated Individuals. As provided in the State budget, MDL must administer the pilot program and provide grants on a competitive basis to employers that employ formerly incarcerated apprentices who live in Baltimore City or Dorchester County and meet specified criteria. The grant is a maximum of \$1,000 for each qualified apprentice. The Governor must include at least \$100,000 annually in the State budget for fiscal 2021 through 2023 to provide grants to eligible employers and to cover administrative costs.

MDL administers the [Federal Bonding Program](#), which provides fidelity bonds to businesses that hire qualified high-risk applicants, including individuals with a history of arrest, conviction, or incarceration. Fidelity bonds insure the business against stealing by theft, forgery, larceny, or embezzlement.

The federal [Work Opportunity Tax Credit](#) provides an incentive to employers to hire targeted groups of hard-to-employ individuals, including qualified ex-felons. The credit is generally 40% of the first \$6,000 of qualified wages paid to each member of a targeted group during the first year of employment and 25% in the case of wages attributable to individuals meeting only specified minimum employment levels. The credit was extended through tax year 2020.

The MDL Division of Workforce Development and Adult Learning's [Office of Correctional Education](#) oversees academic, occupational, and transitional programming for inmates at Maryland's correctional institutions.

Background: MCE (formerly State Use Industries) provides work and job training for inmates incarcerated in State correctional facilities. MCE produces goods and supplies services at a cost that does not exceed the prevailing average market price. These goods and services are used by local, State, and federal agencies. These goods are also available for use by charitable, civic, educational, fraternal, or religious organizations. In fiscal 2019, MCE employed 1,516 inmates and generated revenues of \$52.5 million. MCE reports that staff vacancy rates have negatively affected inmate employment.

The Commissioner and the Chief Executive Officer of MCE must establish the compensation rate for inmate labor in MCE, taking into consideration other wage payments and incentives in other programs. Inmate wages are standard throughout State correctional facilities. The starting pay scale is based on skill category, with wages ranging from \$0.17 per hour for unskilled positions up to minimum wage rates per hour for MCE work release positions.

State Expenditures: The Department of Public Safety and Correctional Services (DPSCS) reports it does not have the resources to track and report on employment of formerly incarcerated individuals. Thus, special fund expenditures increase by \$219,312 in fiscal 2021, which accounts for the bill’s October 1, 2020 effective date. This estimate reflects the cost of hiring one data specialist to track and record employment outcomes of formerly incarcerated individuals and assist the workgroup. It includes a salary, fringe benefits, one-time start-up costs, and ongoing operating expenses. It also includes one-time database costs of approximately \$100,000 and annual software expenses of \$60,000. DPSCS notes the database would only track individuals who elect to self-report on their employment and individuals under the supervision of Parole and Probation.

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Salary and Fringe Benefits	\$53,946
Information Technology Expenses	160,000
Other Operating Expenses	<u>5,566</u>
Total FY 2021 State Expenditures	\$219,312

Future year expenditures reflect a full salary with annual increases and employee turnover and ongoing operating expenses.

Additional Information

Prior Introductions: None.

Designated Cross File: None.

Information Source(s): Maryland State Department of Education; Maryland Department of Labor; Department of Public Safety and Correctional Services; Department of Legislative Services

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