

Department of Legislative Services  
 Maryland General Assembly  
 2023 Session

FISCAL AND POLICY NOTE  
 First Reader

House Bill 1022 (Delegate Young, *et al.*)  
 Judiciary and Appropriations

Labor and Employment - Postconviction Work Readiness Program

This bill establishes the Postconviction Work Readiness Program in the Maryland Department of Labor (MDL) to assist individuals who have been convicted of a felony with obtaining and retaining employment. The program must provide specified services to participants. The program must be established in at least four counties, and participants must have been convicted of a felony. The governor must include an appropriation of at least \$4.0 million in the annual budget bill beginning in fiscal 2025. By October 1, 2025, MDL must report to the General Assembly on the effectiveness of the program. **The bill takes effect July 1, 2023.**

Fiscal Summary

**State Effect:** General fund expenditures increase by \$89,200 in FY 2024 for start-up staffing costs, and by \$4.0 million beginning in FY 2025 to implement the program, reflecting the bill’s mandated appropriation, as discussed below. **This bill establishes a mandated appropriation beginning in FY 2025.**

| (in dollars)   | FY 2024    | FY 2025       | FY 2026       | FY 2027       | FY 2028       |
|----------------|------------|---------------|---------------|---------------|---------------|
| Revenues       | \$0        | \$0           | \$0           | \$0           | \$0           |
| GF Expenditure | 89,200     | 4,000,000     | 4,000,000     | 4,000,000     | 4,000,000     |
| Net Effect     | (\$89,200) | (\$4,000,000) | (\$4,000,000) | (\$4,000,000) | (\$4,000,000) |

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

**Local Effect:** Minimal. To the extent the program reduces recidivism, the number of incarcerated individuals in local detention centers may decrease.

**Small Business Effect:** Potential meaningful. Participating employers may have access to a larger pool of skilled labor to help fill vacancies.

## Analysis

**Bill Summary:** The program must encourage and recruit employers to hire participants, provide job training services and job placement services, and implement a data management system to track participants and gather information on outcomes. MDL regulations for the program must include (1) criteria for selection of participants, employers, and service providers; (2) limits on the maximum number of program participants; (3) the amount of the stipend for program participants; and (4) performance goals for the program.

### **Current Law:**

#### *Collateral Consequences of a Criminal Conviction – Licensing and Employment*

A large number of statutes authorize the refusal, suspension, or revocation of a professional license for individuals who have been convicted of felonies. In addition to felony convictions, these statutes usually authorize adverse licensing decisions for individuals whose convictions fall under particular categories of crimes, such as a sex offense, a violent offense, or a drug offense, that is relevant to the field of employment.

Additionally, statutorily required and optional background checks may also act as collateral sanctions of conviction. Evidence of a felony conviction discovered during a background check of a job applicant may lead to the denial of a position that would have been offered had the conviction been for a misdemeanor.

#### *Maryland Department of Labor Programs to Support Ex-offenders*

Chapter 315 of 2015 required MDL, in consultation with the Department of Public Safety and Correctional Services and the Maryland Small Business Development Financing Authority, to establish a pilot program for small business development by ex-offenders, subject to the availability of funds. The program was to assist individuals exiting the correctional system by providing training in how to establish small businesses and funding to establish small businesses. However, funding was never made available for the pilot program, so the program terminated on December 31, 2020, without ever being launched.

MDL's Division of Workforce Development and Adult Learning (DWDAL) oversees Correctional Education throughout Maryland's State correctional facilities. DWDAL's Office of Correctional Education provides 25 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 158 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.

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](#).

**State Expenditures:** General fund expenditures increase by \$4.0 million beginning fiscal 2025 to support the creation and operation of the Postconviction Work Readiness Program.

MDL advises that, to administer the program effectively across multiple geographically diverse counties, the agency requires four new administrators and one part-time program manager to oversee the implementation of the program beginning in fiscal 2025. However, the Department of Legislative Services advises that, given the bill's July 1, 2023 effective date, MDL will likely face additional start-up expenditures in fiscal 2024 before the bill's mandated funding in fiscal 2025 can allow the launch of a full program.

Therefore, general fund staffing expenditures increase by 89,212 in fiscal 2024, which accounts for a 90-day start-up delay from the bill's July 1, 2023 effective date. This estimate reflects the cost of hiring one program manager beginning October 1, 2023, to perform any administrative work necessary to prepare the launch of a full program in fiscal 2025 when the bill's mandated funding begins. It includes a salary, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Once mandated funding begins in fiscal 2025, the program likely requires additional support from program administrators in geographically diverse counties and general fund

staffing expenditures increase by \$450,838 in fiscal 2025 to reflect the continuation of the program manager position and the hiring of three new regional program administrators. MDL further advises that the program will require the use of a data tracking system to effectively administer the program. Specifically, MDL anticipates utilizing the Maryland Workforce Exchange (MWE), which acts as the State’s primary workforce database for federally funded Workforce Innovation and Opportunity Act programs. MDL estimates the cost to contract for needed modifications to the database at \$36,000 annually with an initial fee of \$15,000 the first year of use, in fiscal 2025.

|  | <u><b>FY 2024</b></u> | <u><b>FY 2025</b></u> |
|--|-----------------------|-----------------------|
| New Positions                          | 1                     | 3                     |
| Total Salaries and Fringe Benefits     | \$81,803              | \$375,714             |
| MWE Contracting Costs                  | -                     | 51,000                |
| Operating Expenses                     | <u>7,409</u>          | <u>24,124</u>         |
| <b>Total MDL Staffing Expenditures</b> | <b>\$89,212</b>       | <b>\$450,838</b>      |

Future year expenditures reflect full salaries with annual increases and employee turnover as well as annual increases in ongoing operating expenses.

For fiscal 2025 and beyond, any staffing and contracting expenditures are assumed to be covered by the bill’s mandated appropriation. Any funding in excess of MDL’s staffing costs are assumed to be exhausted by program costs, including the cost of promotion, job training, job placement services, and stipends for participants.

**Additional Comments:** This analysis assumes MDL can provide stipends to program participants via regional organizations with existing resources. To the extent MDL must build its own systems to deliver stipends directly to program participants, MDL will incur significant additional costs. However, any such cost is likely absorbable using the bill’s mandated appropriation beginning in fiscal 2025.

### **Additional Information**

**Prior Introductions:** Similar legislation has not been introduced within the last three years.

**Designated Cross File:** None.

**Information Source(s):** Department of Budget and Management; Maryland Department of Labor; Department of Public Safety and Correctional Services; Department of Legislative Services

**Fiscal Note History:** First Reader - March 2, 2023  
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