

Department of Legislative Services
Maryland General Assembly
2024 Session

FISCAL AND POLICY NOTE
Third Reader

Senate Bill 486

(Senators Hayes and M. Washington)

Judicial Proceedings

Judiciary

Correctional Services – Maryland Correctional Enterprises Management
Council – Report

This bill requires the Maryland Correctional Enterprises (MCE) Management Council to (1) research the number of private entities that offer goods and services that are also available from MCE and the average prevailing market prices for those same goods and services; (2) compare the cost of goods and services available from MCE and the cost of the same goods and services from private enterprises; (3) review and comment on the potential benefits of the State soliciting private enterprises to provide the goods and services provided by MCE; and (4) by July 1, 2026, report to the General Assembly on its research and findings. **The bill terminates September 30, 2026.**

Fiscal Summary

State Effect: The MCE Management Council can complete the required report with existing budgeted resources. Revenues are not affected.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law:

Maryland Correctional Enterprises: MCE provides work and job training for incarcerated individuals 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.

Management Council: The MCE Management Council is responsible for advising MCE on its specific proposals to establish new industries and improve the quality and quantity of job training programs and recommending the establishment and maintenance of industrial plants and service centers, as specified. In addition, the council must:

- review the operation of MCE programs to determine (1) whether there is undue competition with private enterprise and recommend necessary adjustments to prevent undue competition and (2) whether there is any negative impact on workers in the State, including wage depression or job displacement;
- review the standards for goods and services and the pricing schedules as recommended by the Chief Executive Officer of MCE;
- review the occupational health and safety record of programs and other working conditions of incarcerated individuals in MCE programs;
- review the success of MCE in (1) meeting the employability development needs of incarcerated individuals and (2) coordinating work programs with other rehabilitative programs;
- solicit and review information pertaining to concerns of participating incarcerated individuals;
- recommend changes as necessary to meet the goals and objectives of MCE;
- solicit ideas, proposals, and suggestions from business representatives, nonprofit organizations, government entities, and members of the public as to how MCE could enhance the work experience of incarcerated individuals and increase the ability of incarcerated individuals to obtain gainful employment after release;
- review and recommend opportunities with private sector employers to expand the Prison Industries Enhancement Program;
- review and identify ways to improve the business practices of MCE in its sales, marketing, inventory, warehousing, and product line operations;
- monitor customer satisfaction with price, quality, delivery, and after delivery service; and
- review and comment on MCE operating and capital budgets, including cash forecasts.

Council members may not receive compensation but are entitled to reimbursement for expenses, as specified.

Pricing and Selection Committee for Preferred Providers: State procurement law defines a “preferred provider” to be a provider of supplies or services that is given preference in

specified provisions of current State procurement law. Chapter 313 of 2016 consolidated certain procurement preferences such that, currently, a State or State-aided or -controlled entity must buy supplies and services from MCE first, then from Blind Industries and Services of Maryland, then from the Employment Works Program if a community service provider or an individual with a disability-owned business provides the supplies or services, in that order of preference. Only if none of those entities produces or provides the desired supplies or services may a State agency issue a competitive procurement.

The Pricing and Selection Committee for Preferred Providers must review and verify the prevailing average market prices, as proposed by MCE, when changes are made to the pricing of existing goods and services provided by MCE and for new goods or services that MCE intends to make available. State agencies must purchase goods and services from MCE only if the sale price does not exceed the prevailing average market price determined by the committee. If MCE is unable to provide any of the goods or services under the contract, MCE must notify the contracting unit so that appropriate alternative action may be taken.

Additional Information

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

Designated Cross File: None.

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

Fiscal Note History: First Reader - February 9, 2024
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