



Department of Public Safety and Correctional Services

Maryland Correctional Enterprises

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DIVISION OF CORRECTION

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MARYLAND CORRECTIONAL
ENTERPRISES

STEPHEN SANDERS
ACTING CHIEF EXECUTIVE
OFFICER

BILL: HB649 - State Finance and Procurement - Procedures

DATE: February 20, 2020

POSITION: Support with Amendments

As written, the passage of House Bill 649 will negatively affect the operations of Maryland Correctional Enterprises (MCE).

Maryland Correctional Enterprises is the prison industry arm of the Division of Correction within the Department of Public Safety and Correctional Services (DPSCS). The mission of MCE focuses on providing structured employment and training activities to enhance offender rehabilitation. In conjunction with our mission, MCE is responsible for maintaining compliance with the following mandates:

- Is financially self-supporting, generates revenue for its operations and capital investments
- Provides meaningful work experiences for inmates that are intended to allow inmates to improve work habits, attitudes, and skills for the purpose of improving the employability of the inmates upon release
- Seeks to develop industries that provide full-time work experience or rehabilitation programs for all eligible inmates, and
- Operates correctional industries in an environment that resembles as closely as possible the environment of private sector business operations

In FY 19 MCE generated in excess of \$52 million in revenues and employed over 1,500 inmates at fiscal year-end. The current MCE organization consists of 26 business units located at 10 state correctional facilities. MCE business units are located in Cumberland, Hagerstown, Sykesville, Jessup, and Westover. MCE utilizes maximum, medium, minimum, pre-release and work-release inmates.

MCE offers a wide array of products and services. Major product lines include meat products, furniture and furniture restoration, printing / signage, textiles, laundry services, and license plates. In order to accurately analyze each product annually as required by the passage of this bill, MCE would need to develop a Market Research Department, solely dedicated to this task. MCE anticipates that annual payroll will increase by over \$600,000 due to additional staffing needs. As MCE is a self-supporting state agency, additional expenses with low returns on investment negatively impact our ability to invest in other aspects of our programming and may be detrimental to our mandated, self-supporting status. MCE operates at full capacity; we do not have the office space or infrastructure to support an additional department.

As the Pricing Committee does not have background knowledge on the cost of MCE's products and services, cost analysis on specific products would be difficult to determine without a subject matter expert to provide analysis on the cost of items. Currently, the Committee is responsible for determining prices for goods and services offered by BISM; however, BISM is represented as a member of the Committee.

MCE and DPSCS worked with the Department of General Services (DGS) on equitable language for this legislation to eliminate any fiscal impact. However, the agreed upon language was not incorporated to the bill as drafted. If the agreed upon language stated below, is amended into the HB 649, it would not have a fiscal impact, and MCE would be supportive of the bill.

3-515.

(a) A unit of State government shall purchase from Maryland Correctional Enterprises any [goods] **SUPPLIES** or services that are available from Maryland Correctional Enterprises and that Maryland Correctional Enterprises can provide at a price not exceeding the prevailing average market price as determined by the [Department of General Services **MARYLAND CORRECTIONAL ENTERPRISES**] **PRICING AND SELECTION COMMITTEE FOR BLIND INDUSTRIES AND SERVICES OF MARYLAND, THE EMPLOYMENT WORKS PROGRAM AND MARYLAND CORRECTIONAL ENTERPRISES.**

(B) THE PRICING AND SELECTION COMMITTEE FOR BLIND INDUSTRIES AND SERVICES OF MARYLAND, THE EMPLOYMENT WORKS PROGRAM AND MARYLAND CORRECTIONAL ENTERPRISES SHALL REVIEW AND VERIFY THE AVERAGE PREVAILING MARKET PRICES, AS [DETERMINED] PROPOSED BY MARYLAND CORRECTIONAL ENTERPRISES:

- (1) WHEN CHANGES ARE MADE TO THE PRICING OF EXISTING SUPPLIES OR SERVICES THAT ARE AVAILABLE FROM MARYLAND CORRECTIONAL ENTERPRISES; AND**
- (2) OF NEW SUPPLIES OR SERVICES THAT MARYLAND CORRECTIONAL ENTERPRISES INTENDS TO MAKE AVAILABLE.[(b)]**

§ 14-104.

(a) In this section, "Committee" means the Pricing Committee for Blind Industries and Services of Maryland.

(b) There is a Pricing Committee for Blind Industries and Services of Maryland.

(c) The Committee consists of the following 4 members or their respective designees:

- (1) the Secretary of General Services;
 - (2) the Secretary of Public Safety and Correctional Services;
 - (3) the President of Blind Industries and Services of Maryland; and
 - (4) a member of the Executive Board of the National Federation of the Blind of Maryland appointed by that Executive Board.
- (5) THE CHIEF EXECUTIVE OFFICER OF MARYLAND CORRECTIONAL ENTERPRISES OR A DESIGNEE.**

If you have any questions or need additional information please do not hesitate to contact Catherine Kahl or Rachel Sessa at 410-260-6074.