



THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

**Senate Bill 438: Minority Business Enterprises - Calculation of Participation Rates - Procurements
From Maryland Correctional Enterprises**

February 22, 2023

Dear Chairman Guzzone and Members of the Budget and Taxation Committee,

It is my pleasure to introduce Senate Bill 438: Minority Business Enterprises - Calculation of Participation Rates - Procurements From Maryland Correctional Enterprises. The Minority Business Enterprise Program (MBE) was created to help provide equitable opportunities for minorities in business after decades of discrimination and marginalization.

The MBE procurement spending requirements for state agencies was instituted with the same goal in mind, but the progress has been hindered by an exemption provided to agencies when they spend with Maryland Correctional Enterprise (MCE). Senate Bill 438 seeks to repeal an exemption that allows a procurement agency to exclude from its total annual procurements the annual dollar value of its contracts with MCE when calculating compliance with the certified MBE goals. If we truly would like to create equity in opportunity and see our minority businesses thrive, it is time that we close this loophole.

In the fiscal year of 2020, MCE's total sales were over \$55 million dollars. 99% of these sales were to State agencies. Additionally, inmates in Maryland make between \$0.17 - \$1.16 an hour while completing these contracts for MCE. This is a considerable amount of revenue that our minority businesses could have benefited from.

Senate Bill 438 will alter the procedure for calculating the minimum dollar amount paid to MBE organizations. Only procurement contracts from Blind Industries and Services of Maryland and the Employment Work Program will be deducted from the total dollar value of procurement contracts for the purpose of calculating the MBE minimum goal. MCE procurement contracts will instead be included in the MBE minimum goal calculations.

I strongly urge a favorable report on Senate Bill 438.

Respectfully,

A handwritten signature in blue ink, appearing to read "Antonio L. Hayes".

Senator Antonio L. Hayes
40th Legislative District - MD