



GOVERNOR'S OFFICE OF  
SMALL, MINORITY & WOMEN  
BUSINESS AFFAIRS

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*Governor Wes Moore*

*Lt. Governor Aruna Miller*

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DATE: March 6, 2023

BILL NUMBER: HB 743

COMMITTEE: Senate Budget and Taxation Committee

BILL TITLE: Minority Business Enterprises - Calculation of Participation Rates - Procurements from Maryland Correctional Enterprises

GOSBA POSITION: **Letter of Information**

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The Governor's Office of Small, Minority and Women Business Affairs (GOSBA) thanks the Committee for the opportunity to provide written testimony for House Bill 743 (HB 743). HB 743 require a state procurement unit to include the dollar value of its contracts with Maryland Correctional Enterprises (MCE) in the total dollar value of its procurements for the purpose of calculating the unit's Minority Business Enterprise (MBE) Program participation rate.

As drafted, HB 743 includes the dollar value of MCE contracts in the total dollar value of all awards, thus increasing the denominator used to calculate each agency's (and the State's) performance relative to the MBE goal. Units are required to use MCE, Blind Industry of Services of Maryland and The Employee Works Program as preferred providers within the state's procurement process in order of priority. However, the proposed legislation excludes the Blind Industries and Services of Maryland and The Employee Works Program from the provisions of the bill. This gives them a position of first right of refusal. As such, there is no open competition for services offered by MCE. Furthermore, these contracts are not evaluated for MBE inclusion during the procurement process.

In the 2013 legislative session, House Bill 48 (HB48) removed nonprofit organizations from the MBE Program expressly for the purpose of insuring that only small, for-profit businesses can perform in the MBE arena. As a result, awards to MCE, among others, are exempt from the calculation of total dollar value of all awards for the purpose of calculating MBE participation rates.

The bill has no effect on MCE sales as the procurement units will continue purchasing applicable goods and services as mandated.

The bill has no effect on the numerator (value of MBE awards). As a result, it lowers each agency's (and the State's) performance relative to the MBE goal.

GOSBA respectfully submits this Letter of Information for HB 743.

Sincerely,

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