

MD Catholic Conference_FAV_SB0941.pdf

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Position: FAV



MARYLAND
CATHOLIC
CONFERENCE

March 21st, 2023

SB 941

Correctional Services - Inmates - Labor, Job Training, and Educational Courses

Senate judicial Proceedings Committee

Position: Favorable

The Maryland Catholic Conference is the public policy representative of the three (arch)dioceses serving Maryland, which together encompass over one million Marylanders. Statewide, their parishes, schools, hospitals, and numerous charities combine to form our state's second largest social service provider network, behind only our state government.

Senate Bill 941 establishes a minimum hourly compensation rate for inmate labor in Maryland Correctional Enterprises of \$5; requiring the Division of Correction to offer job training and educational courses to certain inmates; requiring the Department of Public Safety and Correctional Services to report annually on or before March 1 on the job training and educational courses offered by the Division; and requiring the Maryland Department of Labor to evaluate the job training and educational courses offered by the Division on an ongoing basis.

Maryland's Catholic bishops issued a statement on the Dignity of Work, in which they noted the Church's historic commitment to the right of all people to fair compensation for their labor. As early as the late 19th century, Pope Leo XIII claimed this principle was, "*a dictate of natural justice more imperious and ancient than any bargain between man and man.*"

Additionally, the Conference firmly supports restorative justice practices. The United States Conference of Catholic Bishops has stated that "*People must be held accountable for their actions, but justice and restoration must be the object of punishment which must have a constructive and reformative purpose*" (*Restorative Justice: Healing and Transformation of Persons, Families and Communities*, USCCB, 2015).

Senate Bill 941 is a restorative justice measure, and the Church maintains that systems of incarceration should always be centered on *restorative* justice. When inmates are incentivized with a just wage, to obtain an education, or further their academic credentials, their chances to

break free from their often-challenging circumstances and live productive lives post-release are exponentially enhanced. For these reasons, we urge a favorable report on Senate Bill 941.

The Conference appreciates your consideration and, for these reasons, respectfully requests a **favorable** report on Senate Bill 941.

Testimony SB941 Correctional Services Inmates- Lab

Uploaded by: Senator Benson

Position: FAV

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Legislative District 24
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Budget and Taxation Committee
Education, Business and
Administration Subcommittee

Pensions Subcommittee
Chair, Rules Committee

Joint Committees

Audit and Evaluation Committee

Children, Youth, and Families

Ending Homelessness

Fair Practices and
State Personnel Oversight

Joint Committee on Pensions

THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

Testimony of Senator Joanne C. Benson

SB941: Correctional Services- Inmates- Labor, Job Training, and Educational Courses

Good afternoon Chair Smith, Vice Chair Waldstreicher and members of The Judicial Proceedings Committee. I am here to present SB941 Correctional Services- Inmates- Labor, Job Training, and Educational Courses

The United States of America has the highest incarceration rate in the world. The jail system currently serves more as a form of punishment for wrongdoing than as a tool for rehabilitation, which has been shown to raise the recidivism rate in America. Recidivism is vastly lower in other countries with the same crime rate as the United States and that is due to their focus on prison reform which encompasses inmate labor wages, job training, educational courses along with many others. The average hourly rate of income for inmates in the United States is fifty-two cents per hour. Picture working for hours in harsh conditions and still not being able to afford the bare minimum essentials such as toothpaste, body wash, lotion and not to mention food. This bill will enforce better working conditions and wages for inmates, higher quality job training, and exceptional educational courses to afford inmates the opportunity to be contributing members of society upon release.

This legislation prohibits the compensation rate for inmate labor in Maryland Correctional Enterprises from being less than the minimum wage under the federal Fair Labor Standards Act. It will require the Division of Correction to offer subject to safety and security concerns, job training, and educational course to all inmates. It is essential that inmates re-enter society with skills, knowledge, and understanding of how our economy functions to be able to contribute and lessen the chances of going back to jail.

Thus, I respectfully urge the committee to issue a favorable report for SB941.

SB0941 Letter of Information 3.20.2023.pdf

Uploaded by: Christine Cunningham

Position: INFO



Department of Public Safety and Correctional Services

Maryland Correctional Enterprises

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STATE OF MARYLAND

WES MOORE
GOVERNOR

BILL: Senate Bill 0941 (Cross-filed with HB1057) – Correctional Services - Inmates
- Labor, Job Training, and Educational Courses

ARUNA MILLER
LT. GOVERNOR

DATE: March 20, 2023

CAROLYN J. SCRUGGS
SECRETARY

LETTER OF INFORMATION:

CHRISTINA LENTZ
ACTING
DEPUTY SECRETARY
ADMINISTRATION

MCE strives to teach real-world, marketable, hard and soft skills to incarcerated persons (IPs) across that state of Maryland. The passage of SB0941 would have a tremendous impact on the operations of MCE and the Department of Public Safety and Correctional Services. In order to maintain equal or expanded programming, MCE would require additional, significant contributions from the state's general fund as allowed in subsection (c) of the Maryland Correctional Services Code § 3-507:

ANNIE D. HARVEY
ACTING
DEPUTY SECRETARY
OPERATIONS

VACANT
ASSISTANT SECRETARY

“...General Fund money may be appropriated to Maryland Correctional Enterprises to be used for the direct expenses of training inmates”.

MARYLAND
CORRECTIONAL
ENTERPRISES

STEPHEN SANDERS
CHIEF EXECUTIVE
OFFICER

With the implementation of SB0941 MCE's expenditures for IP stipends would increase from \$1.8 million in FY'22 to \$7.8 million for 1200 program participants in the first fiscal year this bill would be implemented. This would undoubtedly cause the bankruptcy of MCE and the layoff and/or relocation of almost 200 dedicated MCE civilian staff. As more program participants are added to our program the annual expenditures will increase by \$1 million for every 100 participants. In future years, in alignment with the anticipated goals of MCE, expenditures for IP stipends would exceed \$15 million annually.

Passage of this bill would eliminate our ability to maintain a self-supporting status. Should the General Fund not be able to sustain the payment of stipends, MCE would face a decline in our operations which would directly result in decreased IP programming. In turn, this would place a further strain on the supervision duties of state facilities. It can be assumed that a reduction in the MCE participants would cause an increased need for staff in the institutions resulting in increased IP idleness and additional incarceration costs for the DPSCS. **Without significant contributions from the general fund**, in excess of the current budget, passage of this bill would result in a complete deterioration of the rehabilitation and reentry program for the incarcerated individuals in the State of Maryland. This would be detrimental to every community in Maryland, as 95% of incarcerated individuals will be returning home at some point. Also, consideration should also be given to those within the community who are making this same rate after deducting living expenses, including taxes. **Those who are incarcerated would have discretionary income far greater than the discretionary income of most Marylanders. IPs do not receive deductions from stipends unless they are court mandated.**

Appendix A

Assuming that MCE would be required to maintain production, our revenues would continue on the current trajectory. However, our funding capabilities would be diminished. MCE's self-supporting status would be non-existent and we would require General Fund contributions in excess of \$7.8 million dollars in FY'24 and potentially nearing \$15 million in future years. Should MCE be forced to downsize our training participants, we would see a decline in our revenues based on participant availability. MCE strives to increase business opportunities in order to maximize our ability to provide training to our incarcerated participants.

Revenues generated by MCE are utilized to acquire the raw materials, equipment, machinery, and other resources necessary to continue to offer additional opportunities for incarcerated individuals. **A Financial Summary of MCE is included in Appendix A found on the following page of this letter.** This provides a detailed view of MCE's expense allocation and demonstrates our inability to supplement the costs of this bill solely through Special Funds.

Assuming the hourly rate for training would increase to \$5.00, MCE would now pay over \$7.8 million in IP stipends in FY'24. This is compared to \$1.8 million for participant stipends in FY'22. MCE would be unable to provide payment for these additional required "wages" and would consequently become a bankrupt state agency.

Assuming MCE continues to provide programming to 1,200 participants as planned, we anticipate an increase and continued annual expense exceeding \$7.8 million in participant stipends in FY'24 should SB0941 pass.

A decline in the functionality of MCE negatively impacts the state as a whole. According to the National Correctional Industries Association (NCIA) studies continue to show that involvement in a correctional industries program has a positive effect on lowering states' recidivism rates. It can be assumed that a reduction in MCE's operations would negatively impact the recidivism rate in Maryland. As our work progresses, it has become evident that training and education have become vital to a person's success upon release. In conjunction with the Justice Reinvestment Act, DPSCS has been tasked with implementing additional training and vocational programs within the institutions; MCE does this at no cost to the taxpayer. Passage of this bill has the potential to negatively impact the level of programming leading to damaging effects for citizens and the formerly incarcerated alike without significant financial support from the General Fund.. Higher recidivism rates result in more victims of crime, as well as increased public safety and incarceration costs on both state and local levels at an unknown rate.

If you have any questions or need additional information please do not hesitate to contact Jennifer Beskid at jennifer.beskid@maryland.gov or 443-240-8696.

Appendix A

Maryland Correctional Enterprises						
Financial Summary						
Fiscal Years 2018 - 2022						

	2018	2019	2020	2021	2022	Total
Revenues (in Millions)	\$ 55.00	\$ 52.50	\$ 55.80	\$ 50.20	\$ 51.00	\$ 264.50
Expenses (% of Revenues)	93.0%	97.9%	99.9%	98.6%	96.7%	97.2%
Inventory Used	49.0%	53.0%	56.5%	53.8%	56.8%	53.8%
Stipend paid to Incarcerated Persons	3.9%	4.4%	4.1%	2.6%	3.2%	3.6%
Shop Civilian Labor	12.6%	12.3%	12.3%	13.2%	12.0%	12.5%
Other Manufacturing Costs	9.4%	9.2%	8.2%	10.6%	5.8%	8.6%
Sales, Admin, Marketing Costs	11.8%	12.5%	12.3%	12.8%	12.3%	12.3%
Warehousing Costs	6.3%	6.5%	6.5%	5.6%	6.6%	6.3%
Profit (in Millions)	\$ 3.80	\$ 1.10	\$ 0.08	\$ 0.68	\$ 1.60	\$ 7.26
Profit %	7.0%	2.1%	0.1%	1.4%	3.3%	2.8%

Capital Investments (In Millions)	2018	2019	2020	2021	2022	Total
Buildings/Improvements	\$ 2.90	\$ 0.30	\$ 0.10	\$ -	\$ -	\$ 3.30
Machinery & Equipment	\$ 0.50	\$ 0.60	\$ 0.70	\$ 0.90	\$ 0.70	\$ 3.40
Vehicles	\$ 0.40	\$ -	\$ 0.20	\$ -	\$ 0.30	\$ 0.90
Total Capital Investments	\$ 3.80	\$ 0.90	\$ 1.00	\$ 0.90	\$ 1.00	\$ 7.60

The chart shows sales for the past 5 fiscal years, the % of of expenses related to those sales, and the profit for each fiscal year. In addition, the chart show the re-investment of profits in capital assets.

MCE has a profit goal of 3% each fiscal year, is a self-supporting agency by law, and receives no General Funds.

The percentage of Inventory Used represents the amount of materials consumed to produce revenues.
Wood, metals, meats, spices, paper, fabrics, inks

Stipend paid to Incarcerated Persons is the percentage of sales paid to workers.
The amount includes both base pay and incentive pay
The average stipend is over \$150 per month and should be viewed as "discretionary income".
Discretionary income = gross income of an average citizen, less taxes & monthly expenses.
For example: A citizen earning \$18 per hour in Maryland averages \$115 a month in discretionary income.

Shop civilian labor is the percentage of sales used to compensate staff working inside the prisons.
The civilian workforce is entitled to salary, paid time off, pension, and health insurance.

Other manufacturing costs is the percentage of sales used for :
Contractual Services, Safety Supplies, Utilities, Production Supplies
Security, Depreciation, Equipment Repairs

The percentage of sales used for Selling, Administration, and Marketing used for:
Information Technology, Finance, Design, Sales Team, and Management)

Warehousing Costs is the percentage of sales used for:
Salaries for Warehouse Staff and Drivers, Communications, Buliding Lease with DGS
Depreciation, Fuel, Vehicle Maintenance & Repairs, Insurance