

SB194_USM_FAV.pdf

Uploaded by: Andy Clark

Position: FAV



BUDGET AND TAXATION COMMITTEE
Senate Bill 194
State Procurement - Maryland Correctional Enterprises - Waiver
January 18, 2024
Favorable

Chair Guzzone, Vice Chair Rosapepe and members of the committee, thank you for the opportunity to offer testimony in support of Senate Bill 194.

The University System of Maryland (USM) is comprised of twelve distinguished institutions, and three regional centers. We award eight out of every ten bachelor's degrees in the State. Each of University USM's 12 institutions has a distinct and unique approach to the mission of educating students and promoting the economic, intellectual, and cultural growth of its surrounding community. These institutions are located throughout the state, from Western Maryland to the Eastern Shore, with the flagship campus in the Washington suburbs. The USM includes three Historically Black Institutions, comprehensive institutions and research universities, and the country's largest public online institution.

The relationship between the USM and Maryland Correctional Enterprises (MCE) has been long and productive in duration. Senate Bill 194 requires the Department of General Services (DGS) to grant waivers from statutory requirements for certain state entities to purchase supplies or services first from MCE. This legislation expands the current waiver process to address cost and timing issues and provides more flexibility to state agencies required to utilize MCE goods and services.

The USM is required to determine whether an item, such as furniture, offered by MCE is comparable to products offered by private vendors. As with other state agencies required to use MCE for purchases, public institutions of higher education are sometimes forced to pay higher prices or adjust delivery expectations due to the current restrictive waiver policy. The ability of the institution to procure in a more effective and efficient manner could be a savings to students and the state.

The USM supports Senate Bill 194 as a way to maintain flexibility in an increasingly competitive environment for the procurement of goods and services.



UNIVERSITY SYSTEM
of MARYLAND



Waiver Request Process.pdf

Uploaded by: Danielle Ziegler

Position: FAV

MARYLAND CORRECTIONAL ENTERPRISES (MCE)

MCE is the preferred provider entity as required by Maryland law, in the Annotated Code of Maryland. MCE provides quality furniture, products and services for use by government and non-profit agencies. The program has been shown to reduce recidivism, reduce the cost of incarceration and provide effective pre-release job training for incarcerated individuals returning into society.

How do I obtain a waiver from MCE?

Each waiver request is granted on a one time case by case basis and is not good for future purchases. Verbal requests will not be accepted.

Below is the required information:

1. Items requested for purchase
2. Quantity of each product
3. Competitor name
4. Competitor price
5. Photos and specifications of competitor products
6. Reason for the waiver

Email request to:

- **Todd Deak**, Director of Sales
Todd.deak@maryland.gov
- **Colden McAllister**, Sales Manager
colden.mcallister@maryland.gov

You will receive a response within a maximum of 3 business days.

If approved - you will receive written notification.

If denied - you will receive written notification with a quote form attached indicating the MCE product that meets your desired specification.

SB 194 Testimony.pdf

Uploaded by: Antonio Hayes

Position: FWA

ANTONIO HAYES
Legislative District 40
Baltimore City

Finance Committee



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410-841-3656 • 301-858-3656
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Antonio.Hayes@senate.state.md.us

THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

Thursday, January 18, 2024

Testimony in Support of Senate Bill 0194: State Procurement - Maryland Correctional Enterprises - Waiver

Dear Chairman Guzzone and esteemed members of the Budget and Taxation Committee,

I am writing to strongly endorse Senate Bill 194, which aims to enhance competitiveness in procurement practices involving Maryland Correctional Enterprises (MCE) and state or state-controlled entities. The current procurement system lacks transparency, and the proposed amendments seek to promote accountability within MCE for the pricing and delivery time of their services.

Under the existing law, MCE is the preferred provider of supplies and services to state entities. However, the lack of transparency in the procurement process raises concerns. Senate Bill 0194 with the amendment addresses this by empowering the Pricing and Selection Committee (PSC) to grant waivers under certain circumstances, providing State entities with the flexibility to choose alternative suppliers. Currently, approval from MCE is required, creating limitations and hindering innovation outside their scope.

Senate Bill 194 allows PSC to grant waivers when MCE prices are at least 10% higher than market rates or if the delivery fails to meet the entity's needs. This approach encourages competition and supports small businesses, potentially leading to cost savings for state agencies.

Furthermore, the bill mandates MCE to annually report the time between each order and supply delivery. This reporting requirement enhances transparency, enabling the state to assess the efficiency of the procurement system and hold MCE accountable. By identifying inefficiencies, the state can work collaboratively with MCE to improve service reliability.

In essence, Senate Bill 194 strikes a balance between supporting MCE's order load and promoting cost-effective procurement. Currently, state entities rely on a single provider, limiting

options for timely and cost-efficient order fulfillment. This bill addresses the need for diversification in procurement practices within Maryland.

I appreciate your attention to this important matter and urge you to support the passage of Senate Bill 194 with the proposed amendment.

Respectfully,

A handwritten signature in blue ink, appearing to read "Antonio L. Hayes", is positioned below the word "Respectfully,".

Senator Antonio L. Hayes
40th Legislative District – MD

On page 2, Line 22, STRIKE “DEPARTMENT OF GENERAL SERVICES” INSERT
“PRICING AND SELECTION COMMITTEE FOR PREFERRED PROVIDERS IN
ACCORDANCE WITH 14.106 OF THE STATE FINANCE AND PROCUREMENT
ARTICLE”

'24 DGS SB 194 St Procurement MCE - Waiver SUP w-a

Uploaded by: Lisa Nissley

Position: FWA

BILL: Senate Bill 194
State Procurement - Maryland Correctional Enterprises - Waiver
COMMITTEE: Senate Budget and Taxation Committee
DATE: January 18, 2024
POSITION: Support with Amendment

Upon review of Senate Bill 194 - State Procurement - Maryland Correctional Enterprises - Waiver, the Maryland Department of General Services (DGS) provides these comments for your consideration.

The bill requires the Department of General Services to grant a waiver to a state or state aided or controlled entity required to purchase supplies or services from the Maryland Correctional Enterprises (MCE) for the procurement of supplies and services if MCE's price for the needed supplies or services is at least 10% above market rates for similar supplies and services; or the time at which the needed supplies and services would be delivered by MCE does not meet the entity's needs.

DGS supports this flexibility for state purchases and offers an amendment to make such a process more efficient. The Pricing and Selection Committee (PSC) oversees the Preferred Providers' price lists and procurement contracts and should be the entity to grant the requested waivers. If the PSC oversaw the waiver process, it may be used more appropriately and allow State agencies to move forward with their procurements, either with the Preferred Provider or competitively.

On page 2, Line 22, STRIKE "DEPARTMENT OF GENERAL SERVICES"

INSERT "**PRICING AND SELECTION COMMITTEE FOR PREFERRED PROVIDERS IN ACCORDANCE WITH 14.106 OF THE STATE FINANCE AND PROCUREMENT ARTICLE**"

For additional information, contact Ellen Robertson at Ellen.Robertson@maryland.gov or 410-260-2908 or Lisa Nissley at Lisa.Nissley1@maryland.gov or 410-260-2922.

SB194_AFSCME 3_UNF.pdf

Uploaded by: Denise Gilmore

Position: UNF



190 W. Ostend St., #101
Baltimore, MD 21230
Phone: 410-547-1515
Email: info@afscmemd.org

Patrick Moran – President

SB 194 - State Procurement - Maryland Correctional Enterprises - Waiver

Budget and Taxation Committee January 18, 2024

UNFAVORABLE

AFSCME Council 3 opposes SB 194. This legislation requires the Department of General Services to grant a waiver to state entities who seek exemption from the procurement preference that the Maryland Correctional Enterprises (MCE) currently has in circumstances where the needed supplies or services are at least 10% above market rates; or when the time needed to deliver the supplies and services do not meet the entity's need.

We represent 140 correctional officers who work at MCE. Their job is to provide supervision and training to over 1,000 incarcerated individuals annually who utilize the program to develop job skills for re-entry. This legislation could have a significant impact on those services, without a suitable replacement. Agencies may be able to spend less by procuring supplies from abroad made in sweatshops, but a policy decision was made years ago that a better way for agencies to spend money is to support job training for incarcerated individuals.

We think it makes sense to improve MCE, rather than throwing it out. Our officers report that the most pressing issue currently is not lengthy delivery times, but rather, a lack of storage facilities for all the work orders they have completed for agencies who have experienced delays with their renovation projects. Our members report that they are generally getting supplies produced and delivered within 6 weeks of a work order coming in. MCE can, and often does, provide additional financial incentives to incarcerated individuals to complete projects on time. Staffing improvement must be made too. In a shop with only 1 employee, if that employee is sick for the day, no work can happen that day.

Please provide an unfavorable report on SB 194.

SB0194.DPSCS.LOI.pdf

Uploaded by: Catherine Kahl

Position: INFO



Department of Public Safety and Correctional Services

Maryland Correctional Enterprises
7275 WATERLOO ROAD • JESSUP, MARYLAND 20794 • www.mce.md.gov
(410) 540-5400 • FAX (410) 540-5570 • TTY USERS (800) 735-2258

STATE OF MARYLAND

WES MOORE
GOVERNOR

BILL: Senate Bill 194

ARUNA MILLER
LT. GOVERNOR

DATE: January 18, 2024

CARDLYN J. SCRUGGS
SECRETARY

RE: Letter of Information

ANTHONY A. GASKINS
CHIEF OF STAFF

Maryland Correctional Enterprises (MCE) 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, reduce prison idleness, and reduce recidivism.

JOSEPH SEDTAL
DEPUTY SECRETARY
ADMINISTRATION

ANNIE D. HARVEY
DEPUTY SECRETARY
OPERATIONS

State agencies who request waivers typically do so due to a failure to procure the supply or services in a timely manner and want to purchase products quickly. In response, MCE created the Quick Ship program, which promises to deliver specific products within fifteen business days. Introducing the Department of General Services (DGS) to oversee the waiver process could result in additional time when providing MCE clients with a timely response to their waiver request, which in turn could delay the response time of delivering products and services to the State agencies. These delays would diminish the support of our self-supporting State Agency putting our incarcerated individual training and reentry program at risk.

ANGELINA GUARINO
ASSISTANT SECRETARY
DATA, POLICY AND
GRANTS

RENARD E. BROOKS
ASSISTANT SECRETARY
PROGRAMS, TREATMENT
& RE-
ENTRY SERVICES

MCE has a waiver process available to State Procurement Officers where the request to bypass MCE for goods and services can be submitted for review. In FY23, MCE granted waivers in excess of \$4 Million.

MARYLAND
CORRECTIONAL
ENTERPRISES

STEPHEN SANDERS
CHIEF EXECUTIVE
OFFICER

- In FY 23, MCE received and approved 577 waiver requests and denied less than ten, which equates to a less than 1.7% denial rate, and a greater than 98.3% approval rate of all waiver requests approved.
- Thus far for FY 24, MCE has a 100% approval rate, approving all 288 waivers received to date. As the data provides, the current waiver process is working as designed.

MCE reviews waiver requests in accordance with Correctional Services Article §3-515 which outlines the use of prevailing average market price as determined by the Pricing and Selection Committee for Preferred Providers, and further provides a requirement for MCE to notify the contracting unit if MCE is unable to meet the unit's needs for the goods or services, allowing for appropriate alternative action.

In addition, COMAR outlines not only the determination of Fair Market Price by the Pricing and Selection Committee for Preferred Providers, but also outlines the requirements of a Procurement Agency in obtaining the goods and services,

additionally citing situations in which the mandatory procurement would be negated. These are also listed within the Procurement Manual developed by the Department of Budget and Management.

In addressing the reporting requirement, SB 194 would require MCE to provide a report annually providing the delivery time for each order. There are many variables to consider in evaluating orders and delivery times including customer delays, supply chain issues and even multiple deliveries on a single order. MCE would be happy to include the average delivery time by division as well as for MCE as a whole into our Annual Report.

If you have any questions or need additional information, please do not hesitate to contact Janelle Mummey, Director of Government and Legislative Affairs for DPSCS at janelleb.mummey@maryland.gov.