

# Management Council Meeting Minutes



***Maryland Correctional Enterprises*****Location: Virtual****Date: September 19<sup>th</sup>, 2023****Time: 10:00am****Attendees:**

Stephen Sanders	Ashley Lohr	Adam Cummings	Janet Lane
Justin Hayes	Thomas Hickey	Alonzo Washington	Carly Seidman
Krishnanda Tallur	Lisa Broten	Mark Rowley	Christine Cunningham
Justin Hayes	Jordan Smith	Phil Morgan	

**Meeting Commences at 10:00AM****CEO Update - Stephen Sanders**

- **Welcome Management Council Members. On behalf of MCE we would like to thank you all for being part of the Management Council and helping us be all that we can be.**
- **A warm welcome to our newest Management Council Member, Senator Alonzo Washington is with us today. Thank you Senator Washington for joining our team. We are thrilled to have you onboard.**
- **I have asked MCE Chief Administrative Officer Mr. Mark Rowley to join us today to report out on the fiscal and Global Shop Solutions, ERP, side of things. Thank you Mark for taking the time out of your very busy schedule.**
- **As reported, the program participant count for FY22 was 1115 incarcerated individuals taking advantage of our program. This number exceeded our target of 1100 program participants. The count for the month of September thus far is 1105.**
- **MCE's vacancy rate as of the time of this writing is 20%. Very different and better than in years past. We continue to hire the best candidates available however; recent unforeseen resignations continue to thwart our progress. The great resignation is still upon us as there are always companies and agencies willing to pay more for qualified and talented professionals.**
- **MCE has been preparing for a multitude of Capitol Project deliveries to take place in FY22. As many of you may know, the State of Maryland is in the midst of moving several agencies from one location to another. MCE has been selected to provide the**

designs, planning, coordination and installation of the furniture for the State Office Complex moves. MCE is on target for all of the delivery dates identified.

- MCE and DPSCS hosted a tour for the new Secretary of DGS, Secretary Chaudhry and his entire team on August 29, 2023. DPSCS Secretary Carolyn Scruggs and the DPSCS team in coordination with our MCE Team conducted the tour event. The kick off meeting took place at MCE HQ to introduce all of the attendees to one another and to provide a brief overview of MCE and what to expect on the tour of Jessup Correctional Institution and the MCE plants that reside within. We toured MCE Tag Plant # 119, MCE Furniture Plant # 115 and MCE Textiles Plant # 142 before returning to MCE HQ for a brief lunch and debrief. The tour was a complete success.
- MCE and DPSCS will be hosting a tour for the Comptroller's office in November. This tour will feature Maryland Correctional Institute for Women and the MCE Plants that reside within. We are looking forward to this tour as well.
- I would like to propose that in lieu of the virtual Management Council Meeting on December 19, 2023, that we/MCE provide a tour for those on the Management Council that have the time in their busy schedules to attend. If not in lieu of the meeting, we can provide a tour to any member who would like to visit the MCE Plants first hand at their convenience. Adam will send out a survey on this subject.
- I would like to take a moment to talk about the MCE Meat Apprenticeship program, which is run out of our MCE Meat Plant located within MCIH in Hagerstown. This is the premier Apprenticeship program offered by MCE.
- There are over one hundred and fifty MCE Meat Plant Alumni who have graduated from the MCE Meat Plant Apprenticeship program and who have been released from incarceration and at least ninety of them are gainfully employed as Meat Cutters at Whole Foods, Safeway, Save a Lot and other retail stores.
- There are fourteen program participants currently enrolled in the MCE Meat Plant Apprenticeship program.
- Five graduates of the apprenticeship program are currently assigned to the Meat Plant.
- The recidivism rate for the MCE Meat Plant is less than 0.1%.
- In addition, to support Maryland fishermen and farmers, MCE Meat Plant has two Special programs:
  - MCE blue catfish sales for FY 23 to support the Maryland Fisherman and help the environment: 25,190 lbs.
  - MCE supports the Maryland Chicken Farmers through a special relationship with Purdue to provide chicken leg quarters. For FY 23, MCE purchased 374,360 lbs. of chicken leg quarters from Purdue and put them on the menu for DPSCS.

- As part of our ECI curriculum, we will be initiating a full Reentry Prep class.
- # 111 shop at Patuxent received their Mentoring & Leadership class on Friday, September 8. Their previous class was postponed due to institutional lockdowns. The class went well and all who signed up attended. One of the special Ed teachers lent us her nice classroom.
- We are still awaiting approval from DPSCS to begin our Intro to Trauma classes as part of our C.A.R.E.S curriculum.
- Following up with the men from MCI-J who designed the gang intervention program, GRIP, we set up a meeting with Thomas Abt one of the nation's foremost authorities on urban violence. Secretary Scruggs and DOC security staff will attend. We are requesting some feedback from him about the program. MCE is hoping to run a pilot program.
- Fifteen MCE people released in August and we assisted eleven of them. So far, nine people are releasing in September and we will be assisting eight. We are in frequent contact with people who are already in the community. Incidentally, one of the oldest, if not the oldest, MCE participant was granted parole and is releasing in November.
- Many people who have Life sentences earn parole especially after spending a long time with MCE. This man is 76 years old and is still in an MCE shop! He has worked in one shop or another for almost 25 years and is currently in #140.
- We were in Baltimore Monday through Wednesday this week for the Mid-Atlantic States Correctional Association convention. Our marketing team attended and brought a nice MCE display for our booth. Several people approached our booth about purchasing products and we told them how to order.
- Next week, we will be meeting in person with the Hagerstown Community College and the correctional Ed team to discuss our upcoming start of our official welding program at # 124.
- The Delta Sigma Theta Sorority asked us to put together a four-hour mentoring training. They want to start by mentoring some women who are coming out of the detention centers to the greater Baltimore area. Jean Dennis and Winnie Byers, as well as a DPP supervisor will be assisting me in this training.
- We may have an opportunity to receive some correctional education funding through DPSCS to augment a solar panel installation and maintenance program in our pre-release warehouses. Stay tuned for updates!

#### Financial Update – Mark Rowley

- FY'23 unaudited sales is \$51.7 million.
- No year to date financial numbers as we implement the new systems. We continue to conduct reconciliations and make adjustments to the records.

- At the end of FY'23 our fiscal team conducted year-end inventory of raw materials, work in process, and finished goods in 21 business units, which included warehouses.
- Over 100 incarcerated individuals learning the new system.
- Our new upgrade has included investing in technology including new computers, running fiber optic infrastructure, cables, and installing customizing the ERP.
- Since July the fiscal team has been under audit by the Maryland Office of Legislative Audits. This is a fiscal compliance review conducted every 3 or 4 years.
- A new fiscal audit will begin in the very near future.
- We have several significant resignations including one of the two Accounting Supervisors, an accountant, and just last Friday our CFO resigned.

#### Concerns Survey – Ashley Lohr

- We will be conducting our annual participant survey as mandated. We have developed a thirteen question survey which enables participants to analyze programming in regards to safety, quality of programming, quality of training, stipends and promotional opportunities.
- It also enables participants to provide additional comments and recommendations for reentry programming and overall operations.

Jordan Smith: When will the survey be going out?

Ashley Lohr: October after approval by the council. We will share the results at the December meeting.

Senator Washington: Regarding something Mark spoke about, staff vacancies. Is there a list of the vacancies that are opened that I would be able to share with my constituents?

Ashley Lohr: We are recruiting for all of MCEs vacancies. We post on the State of Maryland job website and are working with the DPSCS Marketing team is sharing it on social media.

Stephen Sanders: We will provide you with a list.

Senator Washington: – How are we analyzing the turnover rate? Do we have an exit interview? Why is there so much turnover?

Christine Cunningham: – A lot of retirees.

Ashley Lohr: We do exit interviews. One thing we have seen is a discrepancy in some positions based on salary between the private and public sector.

#### Members Reports

- [Phil Morgan](#): – Good morning everyone. Life is good here at DPSCS. Looking forward to seeing everyone on September 29<sup>th</sup>. I enjoyed the DGS tour. Thank you for everything you do.
- [Thomas Hickey](#): Governor Moore is attending DOT and DGS next Tuesday the 26<sup>th</sup>, Small and minority business summit. Do training with small minority based organizations to learn how to
- [Carly Seidman](#): On September 26<sup>th</sup>, we are holding the FY24 Justice Reinvestment Forum, which will allow Performance Incentive Grant Fund (PIGF) grantees to connect, coordinate, and collaborate toward shared goals of reducing crime and recidivism. The goal is to have grantees network and coordinate in the reentry field. Also, on October 30<sup>th</sup>, we will be hosting the Justice Reinvestment Reentry Simulation. This is a simulation where participants will navigate the challenges faced by people recently released from incarceration.

[Meeting Concluded at 10:40AM](#)

[Upcoming Events:](#)

**MCE Annual Luncheon:** Friday, September 29, 2023 at 6680 Sykesville Road, Sykesville MD 21784 (Sykesville Freedom District Firehouse). Starting at 9:00am.

**Management Council Meeting:** Tuesday, December 19, 2023 at 10:00am.

*Maryland Correctional Enterprises*

**Location:** Virtual

**Date:** December 19<sup>th</sup>, 2023

**Time:** 10:00am

**Attendees:**

Keith Dickens	Ashley Lohr	Adam Cummings	Janet Lane
Janay Harris	Thomas Myers	Jack Weber	Carly Seidman
Melvin Forbes	Bethany Young	Mark Rowley	Tara Smith
Justin Hayes			

Meeting Commences at 10:00AM

CEO Update – Mark Rowley

- **Financial updates, as of December 12, 2023:**
  - Total sales for FY 24 are at \$25,643,824 compared to \$22,874.455 at the end of December FY 23.
    - We are \$2,769,368 or 10.8% ahead of last year two weeks before the end of the month.
  - Our average monthly sales for FY24 is \$5,128,764, which is very impressive.
- The FY23 Financial Statements show unofficial and unaudited figures of \$51,308,184. We are currently under two audits that should be finished by the New Year.
  - The net Profit for FY 23 was \$906,112 or 1.8% of total sales.
- Thank the financial team for their months of painstaking efforts to bring Global Shop Solutions. This was no easy task.
- From Stephen and myself, thank you all for making MCE a successful and efficient program. We are one of the best Correctional Industries in the country, according to the National Correctional Industries Association (NCIA).
- Our program participant count has exceeded our target of 1,100 per month every month thus far in FY24.
  - The November FY 24 Program participant count was 1,133 and our December 1<sup>st</sup> count was 1,106.
  - The average monthly program participant count thus far for FY 24 is 1125.

- The State Complex Capitol Projects has tied up much of MCE's capital. There have been many delays on the construction side. We have much of the inventory in trailers ready for delivery.
- Our vacancy rate continues to increase. We are at 22% now. This has been impacted by unforeseen resignations and retirements. Even though we are temporarily in a hiring freeze, we will continue recruitments for Graphics and Warehouse delivery drivers for ECI and the Central Warehouse.
- As this is our last meeting before the end of the calendar year, Stephen and I would like to wish every one of you a happy and healthy holiday season. All the best to you and your families.

**Question from Jack Weber:**

Gross revenue of 51 million...of that what is the retained earnings?

**Answer from Mark Rowley:**

900k profit. Or 1.8%. Our goal is 3%.

**Jack Weber:**

Does this include the increase to incarcerated individual stipends?

**Mark Rowley:**

Yes it does. 2.6% of our revenue were going into the incarcerated population. It is now at 4%.

**Jack Weber:**

Very good. That is a good sign. Are we accounting for depreciation?

**Mark Rowley:**

Yes.

**Question from Melvin Forbes:**

The new system is up and functioning, although with deficiencies. What % of proficiency are we at, up to this point?

**Answer from Mark Rowley:**

The ERP system has changed how we view our operations. Each shop operates as a separate entity. There have been learning curves, but the proficiency is continuing to increase. For example, inventory and tracking it, it is much better than it has been in the past.



**Concerns Survey – Ashley Lohr**

- The concerns survey was sent out. We have collected most of the responses. Our biggest focus is safety concerns brought by the participants. No major findings or concerns regarding safety.
- Full report will be available at the next meeting.

**Marketing Update – Tara Smith**

- MCE prices goods and services not to exceed the prevailing average market price.
- MCE evaluate prices yearly based on the Producers Price Index, market studies, vendor price changes, raw material price changes, and expenses.
- Fair Market Price prices are established in accordance with COMAR provided by a selling entity other than MCE.
- The process to increase price Increase requests for products and services:
  - Business unit managers create cost sheets.
  - Cost Accounting reviews cost sheets for accuracy.
  - Marketing Department conducts market studies to verify prevailing average market price and sales potential.
  - Director of Sales reviews the products and market studies and suggests a selling price.
  - Marketing forwards market studies with pricing and supporting documentation to the Price Selection Committee (PSC).
  - Prices are approved and printed in new catalog every FY and updated on the MCE website.
- Thank you. Have a nice holiday!

**Reentry Update – Janet Lane**

- We are working on the logistics of providing C.A.R.E.S classes at ECI. We are hoping for a January start. All seven of the men in shop #107 will be receiving all four classes as they are within two years of release. We will be offering a double set of classes for shops #107 and #109, as so many signed up.
- On December 5<sup>th</sup>, we awarded the certificates for mentoring & leadership class completion to the women at shop #111 at Patuxent Institution.
- We toured a veteran owned company in Curtis Bay, called All American Intelligent Solutions. They store, design layouts, and deliver office furniture to large companies. They have expanded twice and are getting ready for a third expansion. The meeting with them included the work release case manager for DRCF. Three weeks ago, I referred an excellent candidate to them whom they interviewed and hired!

- The Group Response Intervention Project has developed more of its program. GRIP also designed an MCE Orientation about which we will be asking shop managers to evaluate and provide feedback. These GRIP Prep/Orientation classes span six weeks and provides information on how to work in an MCE shop. MCI-J will be the pilot for this program.
- We are waiting on approval for another MCE pilot program with Hope House who offers the Parent to Child Reading program. The MCE pilot will most likely be at MCI-J or JCI and MCI-W. The Parent to Child Reading is a Federal program that has operated in Federal prisons for twenty-five years. They reached out to us to offer an MCE Maryland State program.
- We received DPSCS approval of a class overview and screening instrument for a series of classes taught by Pivot Programs for our women participants. The classes focus on reentry and coping with the effects of trauma. We are in the process of drafting a final MOU. We are aiming for classes to begin on February 7, 2024.
- We are making progress with approvals from the Federal Bureau of Prisons for our certified Welding class in partnership with Hagerstown Community College.
- As of December 13<sup>th</sup>, fifteen (15) MCE participants are releasing this month, but quite a few have upcoming hearings:
  - So far, we have assisted eight of those.
  - Two declined assistance as they had jobs lined up.
  - Three others had very little time with MCE and declined assistance.
  - One man will be deported.
  - One man was a juvenile lifer who received a sentence modification after serving 39 years. He was with MCE for 17 years and left yesterday to go to an excellent program.

**Comment from Jack Weber:** Thank you, Janet. The placement of Tony has been great. The person being deported, he is detained in Pittsburgh, pending the possibility of citizenship.

#### Members Reports

**Melvin Forbes:** Where has the year gone? Shout out to the incredible work you continue to do. Words cannot express the kind of work you do, day in and day out. I am honored to be a member. Season's greetings.

**Keith Dickens:** Good morning. Thank you MCE for the great partnership and all you do. Nothing on this end. We look forward to the following year and everyone have a wonderful holiday.

**Bethany Young:** Glad to be hear. No updates. Happy holidays and have a safe end of the year.

**Carly Seidman:** Thank you. The justice reinvestment team is working on grant funding with a release date of March 1st. Our office is hosting a grant writing seminar on January 16<sup>th</sup> through January 17<sup>th</sup>. Tuition is \$495. There are early registration discounts. Contact me if you're interested and happy holidays.

**Jack Weber:** Shout out to Mark Rowley for sticking with the new ERP system, which has been needed for a decade. It is great. The correctional education council would like to put together a video for employers who hire returning citizens. It would be great to have MCE would be take part in that. Thomas Lane would be a great fit for that.

**Janay Harris:** Good morning. Tomorrow we are hosting our car award ceremony. 3 graduates who were interns have graduated. They are now all working, full time, at Honda, Volkswagen, and Bridgestone. They will receive their car awards. They are getting a car for Christmas. We are implementing our Virtual Reality into our course curriculum. It is automotive repair training. 4 modules: brakes, suspension, operating a lift, and oil changes. MCI-W just graduated and the second class is in session. The VR program is at MCI-W. When the ladies are eligible for release, we hope they will continue training at our location. Happy holidays!

**Thomas Myers:** Good morning. Nothing to pass along from the shop or union. Happy holidays and thank you for what you do for this program.

**Justin Hayes:** Nothing to report out. Happy holidays and everyone stay safe this season.

**Ashley Lohr:** We look forward to moving into the New Year. As always, if you're interested in touring MCE business units, please let us know. Have a wonderful healthy holiday.

**Meeting Concluded at 10:28AM**

**Upcoming Events:**

**Management Council Meeting: Tuesday, March 26<sup>th</sup>, 2024 at 10:00am.**

*Maryland Correctional Enterprises*

**Location:** Virtual

**Date:** March 26<sup>th</sup>, 2024

**Time:** 10:00am

**MCE Staff:**

Christine Cunningham      Tara Smith      Charles Smith      Mark Rowley      Adam Cummings  
 Todd Deak                      Janet Lane

**Council Members:**

<b>AGENCY</b>	<b>REPRESENTATIVE</b>	<b>PRESENT (Y/N)</b>
DIRECTOR OF THE COUNCIL	Ashley Lohr	<b>Y</b>
COMMISSIONER (DPSCS)	Phil Morgan	<b>Y</b>
COMPTROLLER'S OFFICE	Justin Hayes	<b>N</b>
CHIEF EXECUTIVE OFFICER (MCE)	Stephen Sanders	<b>Y</b>
MEMBER OF HOUSE OF DELEGATES	Delegate Mark Chang	<b>N</b>
MEMBER OF THE SENATE	Senator Alonzo Washington	<b>N</b>
UNIVERSITY OF MARYLAND SYSTEM	Thomas Hickey	<b>Y</b>
DEPARTMENT OF EDUCATION	Krishnanda Tallur	<b>N</b>
DEPARTMENT OF LABOR	<b>Vacant</b>	<b>N/A</b>
GOVERNOR'S OFFICE OF CRIME PREVENTION	Bethany Young	<b>Y</b>
ORGANIZED LABOR (PUBLIC SECTOR)	Thomas Myers (AFSCME)	<b>N</b>
ORGANIZED LABOR (PRIVATE SECTOR)	<b>Vacant</b>	<b>N/A</b>
JUDGE	Judge Lisa Broten	<b>N</b>
BUSINESS COMMUNITY	Jack Weber	<b>Y</b>
BUSINESS COMMUNITY ( <b>CHAIR</b> )	Melvin Forbes	<b>Y</b>
NON-PROFIT REPRESENTATIVE	Janay Harris (Vehicles for a Change)	<b>Y</b>

**CEO Update - Stephen Sanders**

- Thank you for joining us. We hope everyone has been well.
- Our February sales finished at \$5,621,934.
  - March sales as of today are at \$4,840,828.
  - YTD sales are at \$40,871,806.
    - As of the end of March, we are currently \$4,647,813 ahead of last year's sales, with three months to go in the Fiscal Year.

- The program participant count was at 1,127 at the end of February. We are at 1,111 as of the 15<sup>th</sup> of March.
- Our vacancy rate has dropped to 20%.
- Legislative session is winding down. Mr. Cummings will provide an update summarizing bills involving MCE.
- For one reason or another, MCE's waiver policy is a point of contention.
  - Director of Sales, Mr. Deak, will provide an update regarding the MCE waiver process and an overview of real time data for 2023 and 2024.
- I am happy to announce that the MCE financial audit report is complete. Chief Administrative Officer, Mr. Rowley, will give you an analysis of an outstanding MCE financial report for FY23.
- As many already know, MCE is providing a large amount of furniture for capital projects, such as the MD State Complex Office relocation. The large number of manufacturing jobs has created a challenge that MCE has not faced before.
  - Unlike private industry, MCE receives a purchase order when projects are approved, but we do not receive any funds up front. We receive payment when the products are delivered. MCE procures the materials and component parts to build and assemble the products ordered.
    - Unfortunately, delays including but are not limited to renovations by outside contractors to the buildings in which MCE will deliver and install the projects, delay payment to MCE for the products that have been finished and are stored in trailers. To support the delivery time for future projects, MCE procures additional materials and component parts. Trailer storage fees for products waiting for delivery are an additional expense that MCE must pay.
  - In summary, until we are able to complete our deliveries, we are spending more money than we are bringing in.
    - MCE has waived certain capital projects for this reason.

**Melvin Forbes:** Given the challenges you've spoken of – is there a process we can change, to enhance the cash flow?

**Mark Rowley:** If we are working on your roof, you need to give us capital to complete the project...

**Jack Weber:** This is a normal business problem that I have, too. In current reserves, do we still have close to \$10,000,000 of cash on the side?

**Mark Rowley:** We had that cash. It is almost nothing now...

**Jack Weber:** When I have a line of credit that I can tap into that is tied into labor rates. I increase it for storing and late payments. Have we asked for a working capital loan?

**Mark Rowley:** That was our line of thinking. We reached out to Comptroller's Office and they said it can go negative. We inquired about that further. You can go negative in cash as long as you have appropriations.

**Jack Weber:** How do you make payroll if you don't have cash?

**Mark Rowley:** The state of Maryland has cash.

**Jack Weber:** It is not good in normal business, but you're not a normal business. How much is in accounts receivable?

**Mark Rowley:** Currently, we are running around \$15,000,000. Inventory is a major issue, as Stephen was alluding to, we have about \$26,000,000 tied up in inventory.

**Jack Weber:** – we can figure it out. Maybe exploring getting a cash line of credit...

**Mark Rowley:** We can't get it from the Comptroller and definitely won't be able to get from a bank.

**Melvin Forbes:** It sounds like we have an opportunity as the board to explore the pros and cons and provide some input of a possible solution going forward. We can change.

### **Legislative Update – Adam Cummings**

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- There are two Bills (SB194 & SB486) that are directed at Maryland Correctional Enterprises and have been crossed over to the House of Delegates. SB194 has crossed over to the Health and Government Operations Committee in the House of Delegates and has a hearing set for later today at 1:00pm. SB486 has crossed over to the Judiciary Committee in the House of Delegates and has a hearing set for Thursday, March 28th at 1:00pm.

**SB194** is sponsored by Senators Mary Washington and Antonio Hayes.

(State Finance and Procurement Law 14-103, 14-106, and 14-110 would be effected)

- Additional Requirements/Changes for MCE:
  - Pricing Selection Committee will be responsible for approving waivers from MCE if one of the two following conditions are met:
    - The price of the needed supplies and services is at least 10% above market rates for similar supplies and services.
      - MCE does not see this as being an issue, as the Pricing and Selection Committee approve our pricing, so they should not be approving anything 10% over market rate.
    - The time at which the needed supplies and services would be delivered does not meet the entity's needs.
      - This will be an issue and is already utilized as a tactic to skirt the preferred provider laws. However, the pricing selection committee only meets once a month. Therefore, agencies will have to request a waiver from the pricing selection committee so far in advance that they would not meet this condition. In other words, MCE can instantly (and does) grant a waiver from an agency via our Director of Sales. However, with the passage of SB194, waivers will be bogged down by the pricing selection committee's timeline and will result in delays in agencies procuring goods offered by preferred providers and outside vendors alike.

- For the preceding fiscal year, MCE shall report the length of time between each order and delivery of supplies and services. In the past, MCE has reported on delivery times in our annual report. If passed, MCE would re-include this information.

**SB486** is sponsored by Senators Mary Washington and Antonio Hayes.

(Correctional Services Article 3-521 would be changed)

- Required Management Council Report (Reporting would start in July 2026):
  - The number of private entities that offer good and services that are also available from MCE.
    - This would be requesting the MCE Management Council to investigate our competitors.
  - The average prevailing market prices for the goods and services that are available from MCE.
  - Compare the cost of goods and services available from Maryland Correctional Enterprises and the cost of the same goods and services from private enterprises.
    - MCE, as part of its process for price changes, must do market studies, which are constantly being conducted by our Marketing Division. The State of Maryland assures, through the Pricing and Selection Committee, that MCE is providing goods and services at fair market value.
  - Review and comment on the potential benefits of the state soliciting private enterprises to provide the goods and services provided by MCE.
    - MCE accounts for only 0.2% of manufacturing in the State of Maryland. MCE does not hurt the private sector with its activities. To comment on the benefits of not using MCE when we account for such a small piece of manufacturing seems odd.

**SB1017** was sponsored by Senator Alonzo Washington.

- SB1017 was created by our board member, Senator Alonzo Washington. The bill was eventually withdrawn. The purpose of the bill was aimed at providing a pipeline of employment to other State of Maryland Agencies for former MCE participants. The bill confused the responsibility of post-supervision agencies, but MCE would love to work with Senator Washington on a bill for next year that would provide opportunities in state government outside of Maryland Correctional Enterprises Headquarters.

### **2024 Concerns Survey – Ashley Lohr**

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- Good morning everyone. I would like to go over the 2024 Concerns Survey (\*Shares screen of the 2024 Concerns Survey).
- Following previous trends, respondents indicated a positive perception of health, safety, and training quality. Questions 1 through 3 asked the respondents about health and safety practices. All indications are that the participants feel safe.

- Questions 4 through 6 focus on general training quality. The results were generally positive. Textiles and graphics departments scored the lowest, indicating an understanding of a failing job market in the private sector for those industries.
- Questions 7 and 8 focused on stipend levels and promotional opportunities. Although a majority felt positively about training stipends (60% of respondents), it was the lowest rated category in the Concerns Survey. Many participants have requested cross-training.
- Questions 9 and 10 focused on familiarity with other services offered at MCE. 79% of respondent's indicated being familiar with the MCE CARES program (11% increase from last year). There has been a push from the participants to expand financial literacy training.
- I will send the survey out to everyone, so they have it.

### **FY23 Financial Audit Report – Mark Rowley**

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- Clifton Larsen and Allen are one set of auditors. Their report was due on October 1<sup>st</sup>. They did not come close to making that deadline. We just got the audit report. They gave us an unqualified opinion, which we are happy to report.
  - FY23 revenues totaled \$51.4 million. \$1,400,000 million or 2.4% net profit. Our goal is 3%.
- We have been having issues in accounts receivable.
- Legislative auditors started in July. We have not received the report. They said they found nothing earth shattering. They know our Accounts Receivable Department is a problem at the moment.
- The cash is very low.

**Jack Weber:** Any notes to the financial reports? Any recommendations in changes for accounting practices?

**Mark Rowley:** There was no recommendation to change practices. We have to tighten up on reconciliations. Recommended that we may want to make an allowance for some of these receivables to write off. During the pandemic, we sent out POs and no one was at their respective office. We may end up writing off a few million dollars. The legislative auditors went to the Department of Budget and Management. They said don't turn that over to us. We cannot send delinquencies to collections.

### **Waiver Report – Todd Deak**

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- MCE logs waivers that are requested and they are granted on a case by case basis.
- The required information needed to review and approve/disapprove of a waiver are:
  - Items and quantity requested for purchase
  - Competitor's name and pricing
  - Photos/Specifications of competitor's product
  - Reason for requesting waiver
- MCE will accept waivers for the following reasons:
  - No comparable item available
  - Unable to meet deadline
  - Budget issues
  - Medical purposes



- For FY23, MCE waived 577 jobs totaling \$4,657,259.60. Of the 577 jobs, only 146 provided estimates.
- For FY24, MCE waived 527 jobs totaling \$28,552,979.51. Of the 527 jobs, only 153 provided estimates.
- For the FY24 State Office Complex Project (Accepted):
  - SDAT (\$1.8 Million), Comptroller (\$3.5 million), Dept. of Labor (\$6.1 million), Dept. of Information Technology (\$241k), Dept. of Aging (\$502k), DGS (awaiting information), and Dept. of Disabilities (awaiting information).
- For the FY24 State Office Complex Project (Waived):
  - Dept. of Planning (\$770k), Dept. of Budget and Management (\$2.1 million), Dept. of Health (\$17.9 million), and Dept. of Labor (\$3 million).

### **Reentry Update – Janet Lane**

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- C.A.R.E.S classes at ECI are divided by each shop. We have completed the classes for #107 at the Annex and we awarded the certificates last week. We had to pause the classes for #106 and #109, as we needed to seek an alternative Employment Readiness teacher. Our classes include two new classes: “Prepare” to assist people in preparing for parole hearings and for reentry planning and “Reentry Prep and Life Skills” that I am teaching with the ECI Transitional Specialist.
- After weeks of logistical issues, our “Reentry & Coping with the Effects of Trauma” classes completed the first class at MCI-W! The original class size was 15 women, but because the second teacher was not permitted to enter the facility, the teacher decided to split the class in half. It will take twice as long to complete all of these classes, but we have an MOU with the Pivot Program through 2025. Funded to provide this program. The first eight women will have a short graduation in April. The next section of the first class will start May 14. These classes will take place on Wednesday afternoons and continue until all 70-screened applicants can take the program. Each set of classes will take seven weeks to complete. A huge shout out to Mat Hall for his help and our thanks to Veronica Jackson from the Pivot Program.
- One of our wonderful shop managers, Marsha Groover, from #147 Data Entry, taught a set of three classes in March that she designed, on Conflict Resolution in the Workplace. We will award 14 certificates on March 27<sup>th</sup>. This was a very professional program. DPSCS media recognized the class on their Facebook page.
- We were contacted and met with the Value added Agricultural Specialist from the Department of Agriculture who was eager to know more about our Meat Cutting Apprenticeship and how they can assist in placing more of our participants with meat plants in the community. A tour of Plant #125 was arranged with him, the Maryland Secretary of Agriculture on March 4<sup>th</sup>. They were all very impressed. Jim Kalbflesh and Ricky Martin did a great job presenting the plant. Thanks to Ron Brown for putting this together.
- We had a meeting with the Vehicles for Change sales team. They launched a virtual auto mechanics-training program. The training has been piloted and tested by DPSCS and can teach most of the basic training for car maintenance. The final certification culminates in auto shop work once a person releases back to the community. There is a per person license cost which may be more than we can spend.

- We sent The GRIP team MCE Orientation outline to the shop managers for approval and/or comments. A few have responded so far and have appointed peer “Orienteers” to lead the classes.
- On April 2<sup>nd</sup>, we will be presenting at the Enoch Pratt Library to a group of Second Chance Employers in Baltimore. Our marketing team is designing an impactful PowerPoint.
- We are looking into learning how to facilitate a program for our men participants called, “Trauma Talks.” This program provides part video and part coping skills to assist in dealing with the effects of trauma. This a program that is offered to us free apart from the costs of printing the handouts.
- Recently, the Eastern Atlantic Carpenter’s Union contacted us again. We are hopeful that they may be interested in renewing their interest in an apprenticeship with MCE.
- We had a meeting with Industrial Bank. They provide paper applications for our participants and other incarcerated individuals to open savings accounts. They also provide a no-cost comprehensive menu of virtual financial literacy classes. We hope to be able to add some of their classes at our next C.A.R.E.S program.
- Since last December, 52 former MCE participants released. We assisted 37 of those people. So far 9 are set to release in April.

### Members Reports

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**Phil Morgan:** I am proud of you all. I have nothing to add at this time.

**Janay Harris:** Just to piggyback off of Janet Lane’s report - the VR opportunity has been included in our day to day operations. If anyone is interested, we do offer it as a part of our training curriculum. It has been really well received by our interns. It is a cool piece of technology.

**Carly Seidman:**

- Performance Incentive Grant Fund (PIGF)
  - Notice of Funding Availability (NOFA) released on March 1<sup>st</sup>
  - PIGF Goals:
    - Reentry Programming and Services
    - Behavioral Health Treatment, Resources, and Services
    - Support for Victims and Restitution Enhancements
    - Training and Education
    - Alternatives to Incarceration
    - Pretrial Services and Programming
  - **Applications are due on April 19 at 11:59 PM**
- Justice Reinvestment Reentry Simulation for April 10<sup>th</sup> is sold out.
  - Attendees are assigned an identity of an individual reentering back into the community from incarceration. This eye-opening simulation allows stakeholders to understand the hardships of reentry. We plan to host another one in the Fall.
- Justice Reinvestment Monthly Newsletter
  - The Justice Reinvestment Team at our office aims to increase information and resource-sharing, while creating and fostering a statewide-online community Newsletter.
  - If anybody is interested in joining our list serve, please contact [carly.seidman@maryland.gov](mailto:carly.seidman@maryland.gov)
  - [Submission Link](#)

**Stephen Sanders:** Change is upon us and we have to better. Thank you all for your assistance.

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**Upcoming Events:**

**Management Council Meeting: June 23<sup>rd</sup>, 2024 at 10:00am (Virtual)**

## MCE Management Council Meeting

June 25, 2024

10:00 AM

Meeting Attendees: Jack Weber; Christine Cunningham; Tara Smith; Tom Hickey; Stephen Sanders; Mark Rowley; Thomas Myers; Janay Harris; Phil Morgan; Janet Lane; Ashley Lohr; Todd Deak; Bethany Young

### Stephen Sanders

- Sales for June are at \$5,476,000
- 63 million sales for FY24
- 10 mill over sales from previous year
- Huge undertaking for projects this year; large part of revenue is due to State office moves
- Cash has been a concern due to State Office moves and delayed construction
- Positive trend for cash – deliveries made; customers making payments.
- Most past due are from State agencies; cannot send to collections
- We are on target for program participation
- Legislative Audit – positive results; only finding was regarding delinquent AR accounts.
  - Auditors confirmed we cannot send agencies to collections, but made recommendations for solutions.
- Waiver Legislation Passed; MCE now required to submit information on waivers and delivery times.
  - Requirement will be difficult as MCE has tens of thousands of orders. Including capital projects will confuse true delivery dates of items. Several factors will weigh in to this report.
- SB420 HB1151 – Did not pass; however, a DGS workgroup was created to assess MCE's preferred provider status. This will include a tour of plants in addition to several virtual meetings. Consequence of losing preferred provider status will be devastating to MCE.
- Tom Hickey – Do you know the cause on the delay of payments to MCE? Multitude of reasons for delays; contacts are not processing invoices; wrong contact information given; we will provide a report. As an example, there is an issue with 2% of items and customer will not pay any invoices. Fiscal team is putting more efforts into AR. Secretary Scruggs is contacting Secretaries to reduce balances.

### Mark

- We have asked for an additional 8.2 million for budget due to large orders; we are working diligently to not exceed appropriations.
- Inventory is nearly double the normal because of large projects.
- Year end audit coming soon; new ERP has delayed giving profit numbers; fiscal team working on year-end inventory.

## Ashley

- MCE conducted the annual private sector impact study.
- MCE has a minimal impact on Maryland's manufacturing sector and there is no
- undue competition with the private sector that would cause a significant decrease in revenues or an increase in job displacement.
- MCE accounts for 0.2% of manufacturing in Maryland

## Tara

- MCE has updated pricing on 118 products for FY25 consisting of items in
  - Apparel & Accessories
  - Office Supplies and Accessories
  - Seating
  - Office Furniture & Tables
  - Outdoor Furniture
  - Facility Products
- We will be offering two new products in our Systems Furniture
  - Likha Casegoods
  - Orenda Casegoods
    - Aristotle is being discontinued and replaced with Orenda
- The FY25 digital catalog will be available for download on the MCE website Monday, July 1st
  - Email blast will go out to customers July 1st providing a link to the new digital catalog

## Janet Lane

- C.A.R.E.S classes will be wrapping up at # 109 on June 28. The shop managers and ECI security staff were extraordinarily helpful. We are in the planning stages for a JCI program to start later in July.
- We attended an Open House at the Pivot Program in Baltimore. Pivot is currently teaching the second half of the first Pivot class on Reentry and Coping with the Effects of Trauma at MCI-W.
- Although DPSCS approved our "Applied Theater" pilot for 12 men, there was a delay in MCI-J contacting me due to staff changes. The VAC did contact me and sent forms for the teachers to complete.
- The GRIP team and the graphics shop are working to complete text and edits on the MCE orientation booklet.
- We began the new virtual Lunch and Learn program in collaboration with Industrial Bank. Our pilot was June 13 at #150 in the C.A.R.E.S classroom. Shop managers should contact me if they want to get on a list for their participants to receive this training. We currently have two sessions at #124 and #109 in the queue for July.
- We are now working with the Board of the Child Reading program to finalize the details to launch this program.
- Marsha Groover has completed her second class on Conflict Resolution in the Workplace. So far, 28 women have completed the course. The third class is now in process.

- The new NCIA magazine published an article about MCE Reentry. I would like to thank Christine and Tara for their editing expertise.
- 25 MCE participants are releasing in the month of June and we are assisting 23 of them. Immediate court releases continue to pose difficulties ensuring that people receive resources and connections.
- Marsha Groover and I attended the Diversion and Reentry Justice Involved conference in Baltimore on June 18.
- With approval from the Executive Director of Reentry, I am working with a transitional specialist to propose Regional, solutions oriented, mini conferences. These half-day conferences will only address two or three topics that pose the most frequent reentry challenges to success.

**Closing Remarks:**

Stephen Sanders: MCE attended Ready Set Grow convention at the National Harbor; made an excellent contact while we were there; convention brought minority businesses to the table to meet with businesses to connect about partnerships. Adding two partners for installation and delivery services as we seek to grow MBE partnerships.

Bethany Young: General Assembly created a new Commission which Correctional Industries will be involved in. You will be receiving a notice from the appointments office.

Stephen Sanders: As always, we appreciate the support from the Council

Meeting adjourned at 10:31 AM