



MARYLAND CORRECTIONAL ENTERPRISES

FY 2018 ANNUAL REPORT



www.mce.md.gov

STATE OF MARYLAND

LAWRENCE J. HOGAN, JR.
GOVERNOR

BOYD K. RUTHERFORD
LT. GOVERNOR

STEPHEN T. MOYER
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OPERATIONS

WAYNE HILL
ACTING COMMISSIONER OF
CORRECTION

STEPHEN M. SHILOH, CCE
CHIEF EXECUTIVE OFFICER



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ANNUAL REPORT FY2018

Stephen M. Shiloh, CCE
Chief Executive Officer

September 1, 2018

Stephen T. Moyer, Secretary
Department of Public Safety and Correctional Services

J. Michael Zeigler, Deputy Secretary - Operations
Department of Public Safety and Correctional Services

Wayne Hill
Acting Commissioner of Correction



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Maryland Correctional Enterprises (MCE) is proud of its heritage and continually strives to accomplish its mission of providing structured employment and training activities for offenders in order to improve employability upon release, to enhance safety and security, to reduce prison idleness, to produce quality, saleable goods and services, and to be a financially self-supporting State agency.

Based on the 2018 National Correctional Industries Association (NCIA) Directory, MCE was again among the top ten correctional industries in the nation, ranking 8th in the U.S. in sales and 6th in the U.S. for inmate employment. In FY18, sales were \$55 million and 1,719 inmates were employed. MCE provided over 2.7 million hours of inmate employment and training and touched the lives of 2,620 inmate workers in FY18.

MCE provides inmates with much needed work skills and work ethics. Previous studies comparing MCE inmates with the DPSCS general population inmates suggest that MCE has a positive impact on reducing recidivism. In fact, studies across the nation continue to show that correctional industries have a positive effect on reducing states' recidivism rates. With an annual incarceration cost in excess of \$38,000 per individual, lower recidivism lowers the cost of incarceration to the State.

On July 1, 2008, MCE implemented CARES (Continuing Allocation of Reentry Services) to assist inmate employees in transitioning to civilian employment upon release. So far this Calendar Year, MCE has held graduation ceremonies for 6 incarcerated workers. There have been over 360 CARES graduates since the program began.

MCE believes that along with returning offenders to Maryland communities with work skills and a work ethic, they should also experience the satisfaction of "giving back" by performing service for the community. MCE workers prepare food and textiles that are donated to the Special Olympics. Inmate crews cook and debone turkeys, feeding more than 35,000 needy families for the Annual Bea Gaddy Thanksgiving Dinner. Laundry workers cleaned hundreds of donated bras to raise money for breast cancer awareness and research. These resources as well as other products and services are donated annually by Maryland Correctional Enterprises in an effort to help our fellow citizens. Additionally, MCE had a positive economic impact on Maryland's economy of \$82.1 million in FY18.

MCE was originally "ACA Certified" on August 10, 2009, received 100% ACA re-accreditation on August 8, 2012 and received 100% compliance on September 15, 2015. (The ACA Directory lists only 12 correctional industries as being ACA accredited).

Since 1992, MCE has been certified by the U.S. Bureau of Justice Assistance for the Prison Industry Enhancement (PIE) Program which allows MCE to enter into partnerships and be a sub-contractor to private industry. In a letter dated January 23, 2015 from the U.S. Bureau of Justice Assistance, MCE was found to be in total compliance with all PIECP requirements. At the beginning of FY19, MCE entered into a new PIE partnership operated at Maryland Correctional Institution – Hagerstown.

MCE publishes an annual Business Plan, which outlines what we plan to accomplish over the next several years, while our Annual Report details what we did accomplish. A Marketing and Sales Plan was published this fiscal year.

MCE's accomplishments would not be possible without the support of the Department of Public Safety & Correctional Services (DPSCS) Secretary Stephen T. Moyer, Deputy Secretary J. Michael Zeigler, Former Commissioner of Correction Dayena M. Corcoran, Acting Commissioner Wayne Hill and their respective staffs, MCE Management Council, MCE Customer Council, DOC Wardens, and the patronage and support of our customers.

MCE is continuously striving to change Maryland for the better.

Sincerely,



Stephen M. Shiloh, CCE
Chief Executive Officer
Maryland Correctional Enterprises







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Mission Statement:

The mission of Maryland Correctional Enterprises (MCE) is to provide structured employment and training activities for offenders in order to improve employability upon release, to enhance safety and security, to reduce prison idleness, to produce quality, saleable goods and services, and to be a financially self-supporting State agency.

Vision Statement:

Transforming lives through mentoring, providing marketable skills, and instilling positive work ethics to contribute to a safer community.

MANAGEMENT

Chief Executive Officer	Steve Shiloh
Executive Assistant	Vacant
Chief Operating Officer	Joe Sommerville (NCIA Board of Directors 2016-2017)
Chief Administrative Officer	Mark Rowley (NCIA Board of Directors 2018-2019)
Chief Development Officer	Ashley Lohr
Director of Marketing	Vacant
Exec. Director of Management Council	David Jenkins
Director of Sales	Todd Deak
Sales Manager	Jim Hook
Chief Financial Officer	Verona Williams
Operations Manager	Stephen Sanders
Projects Consultant	Cliff Benser
Customer Service Manager	Shari Hoffman
Design Manager	Terry Hill
IT Manager	Engrican Budoy
Reentry Services Director	Vacant

REGIONAL MANAGERS

Hagerstown/Cumberland Institutions	Ron Brown
Jessup/ECI Furniture Restoration	Mathew Hall
Textiles/ECI Liason	Donna Beck
Acting Graphics	Jim Cluster
Central Warehouse Manager	Vacant
Acting Hagerstown Warehouse Manager	Ricky Rowe



AT A GLANCE: SALES & INMATE EMPLOYMENT

FY 2018

BUSINESS UNITS	SALES	INMATE EMPLOYMENT
Jessup Correctional Institution		
Wood– office, lounge and dormitory furniture, tables, library shelving	2,945,139	169
Tag – metal motor vehicle license tags, picnic furniture	5,612,289	69
Sew – inmate uniform items, DPSCS officer uniform items	3,148,698	118
Maryland Correctional Institution – Jessup		
Graphics I – complete line of forms, reports, custom printing, magazines and related special products, four color printing	1,661,277	104
Graphics II – envelopes, business cards, letterhead, etc.	1,599,625	54
Quick Copy Service – digital b/w and color, high speed digital printing, binding, finishing, packaging, shipping, collating, stapling	701,696	44
Maryland Correctional Institution for Women		
Sew/Flag – shirts, gowns, bathrobes, flags, aprons, embroidery, sweatshirts	1,388,451	111
Mailing and Distribution – bulk mailing, distribution service, data entry	2,665,731	78
Design and Planning – office design using CADD system (Temporarily Idled)	0	0
Maryland Correctional Institution – Hagerstown		
Metal – shelving, beds, tables, wastebaskets, chairs, benches, lockers, storage, Flexstation office furniture	4,217,504	50
Metal (P.I.E.) – fabrication and assembly of electrical components (begin 7/25/18)	0	0
Upholstery – task seating, side chairs, lounge furniture, multi-purpose seating	6,866,934	58
Meat – ground beef, chopped steaks, meat loaf, roasts, chops, ribs, hotdogs, lunch meats, sausage	9,070,896	51
Hagerstown Warehouse – backhaul operations, shipment of products produced in Hagerstown	77,850	31
Roxbury Correctional Institution		
RCI Graphics – file folders, interoffice envelopes, report covers, vinyl binders; production of MVA vehicle registrations and special orders	1,913,287	104
Recycling – recycling of aluminum and steel cans, cardboard, paper, pallets, and plastic	166,441	58
Agriculture – seasonal-landscape/tree and bay grass planting (Idled)	45,780	0
Maryland Correctional Training Center		
Partition – work stations, office panels, sight screens, System XXI, PowerWorks	2,857,632	31
Brush & Carton – utility brushes & corrugated cartons, furniture assembly	1,306,388	20
Western Correctional Institution		
WCI Furniture – laminated component parts and various furniture items (Volition, Aristotle & Darwin office furniture)	2,174,988	43
Eastern Correctional Institution		
Furniture Restoration – refinishing/restoration of wood, metal, and upholstered furniture	1,880,645	105
Textiles – towels, washcloths, hats, uniform clothing/shirts, embroidery, sewn and RF Seal mattresses	1,900,893	103
Patuxent Institution		
Sign – street signs, custom made signs to order, vehicle wraps, plaques, picture frames, laser engraving	946,735	50
Laundry Operations – CMCF, MCI-H, WCI, ECI		
Laundry – industrial cleaning of laundry for institutional and non-profit entities	1,019,852	236
Central Maryland Correctional Facility		
Cleaning Products – all-purpose and germicidal cleaners (Business unit transferred to MCTC)	606,120	0
Jessup Area		
Central Warehouse – shipment of all products produced at Baltimore metropolitan area prisons, moving, labor, and courier service	228,331	32
Total	55,003,182	1,719

SALES

Maryland Correctional Enterprises is prohibited by law from selling its products and services on the open market. Sales to state agencies in FY 2018 represented 99% of MCE's total sales, with 1% to non-state and not-for-profit agencies.

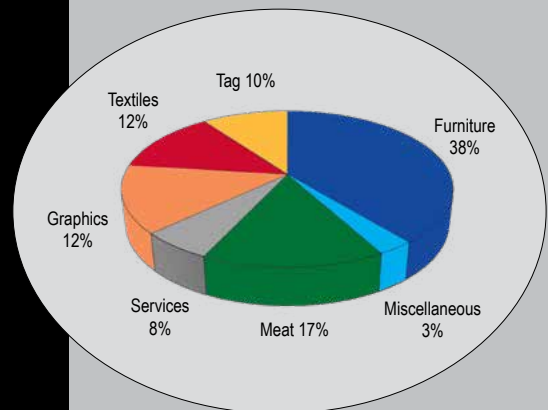
CORRECTIONAL INDUSTRIES SALES RANK

From data contained in the 2018 National Correctional Industries Association (NCIA) Directory based on FY 2017 numbers.

MCE has ranked in the top 10 in sales for the past 13 years

<u>Rank</u>	<u>State</u>	<u>FY 2017 Revenues</u>
1	*California	\$218,542,998
2	*Washington	\$112,369,158
3	North Carolina	\$90,200,000
4	Texas	\$89,167,500
5	*Pennsylvania	\$76,959,000
6	Florida	\$76,903,439
7	*Colorado	\$67,653,290
8	MARYLAND	\$59,099,044
9	New York	\$57,573,876
10	Illinois	\$52,643,000

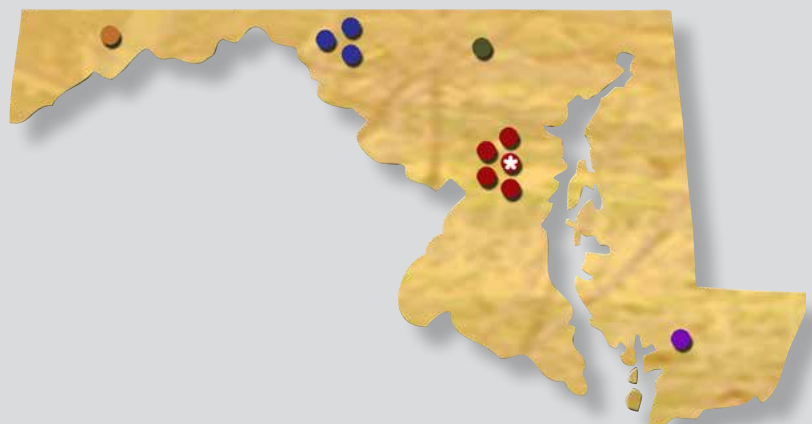
FY2018 SALES BY INDUSTRY GROUP



*States that have canteen/commissary operations

PLANT LOCATIONS

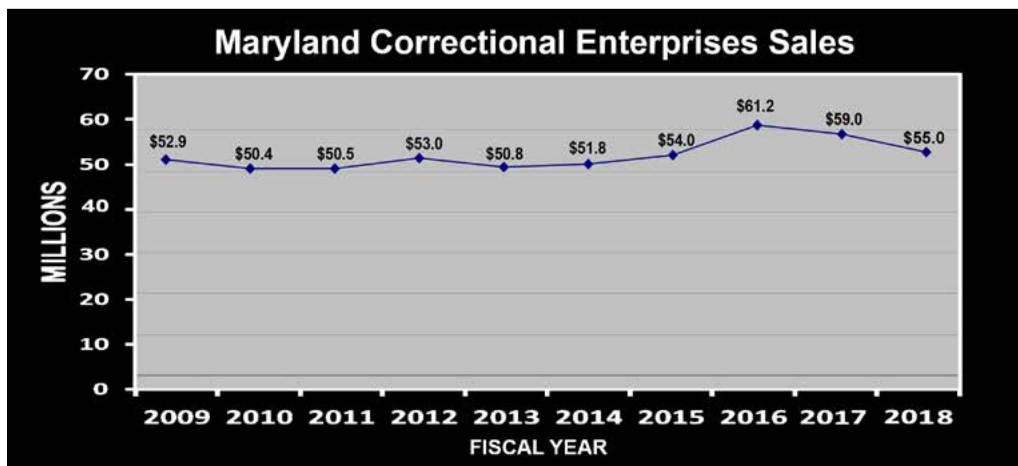
- Western Correctional Institution
- Maryland Correctional Institution Hagerstown
- Roxbury Correctional Institution
- Maryland Correctional Training Center
- Central Maryland Correctional Facility
- Jessup Correctional Institution
- Maryland Correctional Institution - Jessup
- Maryland Correctional Institution - Women
- Patuxent Institution
- ★ MCE Headquarters/Central Warehouse
- Eastern Correctional Institution



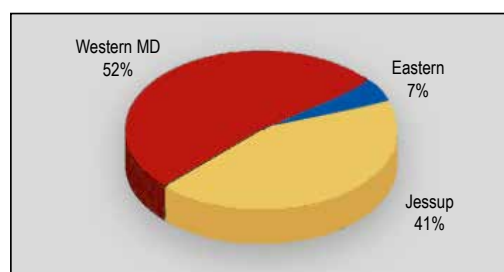


PLANT SERVICE CENTERS FY 2018

Plant/Services	Institution	FY2018 Sales	% Sales
1 Meat	MCI-H	\$9,070,896	16.5
2 Upholstery	MCI-H	\$6,866,934	12.5
3 Tag	JCI	\$5,612,289	10.2
4 Metal	MCI-H	\$4,217,504	7.7
5 Sew	JCI	\$3,148,698	5.7
6 Furniture Manufacturing	JCI	\$2,945,139	5.4
7 Partition	MCTC	\$2,857,632	5.2
8 Mailing & Distribution	MCI-W	\$2,665,731	4.8
9 Furniture	WCI	\$2,174,988	4.0
10 Graphics	RCI	\$1,913,287	3.5
Total		\$41,461,494	75.5



FY 2018 SALES BY REGION



CAPITAL PROJECTS FY - 2018

Maryland Correctional Enterprises worked on Capital Project specifications in FY18 that totaled \$12.6 million. \$7.8 million was delivered in FY18. In FY19 an estimated sales value of \$11.3 million for Capital Projects is projected.

Total value of Capital Projects Delivered in FY2018: \$7.8 million

- Department of Public Safety and Correctional Services (Baltimore City Youth Detention Center)
- Frederick Community College (Monroe Center)
- University of Maryland-College Park (Clark Bioengineering Building)
- Towson University (Burdick Hall Expansion)
- Towson University (Residence Tower Renovation)
- University of Maryland-Baltimore County (Event Center & Arena)
- University of Maryland-Baltimore (Health Services III)
- University of Baltimore (Langsdale Library Renovation)
- Baltimore City Community College (Administration Building)
- Prince George's Community College (Lanham Hall Renovation)

Projects Developed by the Design Unit of MCE's Sales Division

Fiscal Year	2011	2012	2013	2014	2015	2016	2017	2018
No. of Projects	541	607	604	676	601	544	514	447
Sales Value (millions)	\$25.6	\$27.8	\$26.6	\$30.9	\$29.2	\$30.3	\$26.3	\$23.1



TOP 10 CUSTOMERS FY 2018

Ranking	Customer Name	Amount	% Sales
1	Department of Public Safety & Correctional Services	\$14,378,173	26.1%
2	Department of Transportation	\$11,185,986	20.3%
3	University System of Maryland	\$10,034,713	18.2%
4	Department of Health	\$4,540,764	8.3%
5	Community Colleges of Maryland	\$3,075,594	5.6%
6	Department of Juvenile Services	\$1,930,991	3.5%
7	Department of Human Services	\$1,878,785	3.4%
8	Department of Labor, Licensing and Regulation	\$1,265,567	2.3%
9	Comptroller of Maryland	\$955,581	1.7%
10	Maryland State Department of Education	\$718,601	1.4%
TOTAL TOP TEN CUSTOMERS:		\$49,964,755	90.8%
MCE TOTAL SALES:		\$55,003,182	

NEW PRODUCTS

Maryland Correctional Enterprises introduced the following new products in FY2018:

- Fleece Blanket
- Maxim LT Chair
- Mantle Clock
- Checkerboard
- Metal Lockers
- Custom Sticker Rolls
- Laundry Detergent
- MOPPAC LITE Floor Cleaner
- Inmate Identification Clips
- VIRCO Round Back Banquet Stack Chair
- VIRCO Trapezoidal Back Banquet Stack Chair
- VIRCO Metal Folding Chair
- QUICKSTAND ECO Monitor Arm Single
- QUICKSTAND LITE Monitor Arm Dual
- Maryland Proud Bird House



MAXIM LT TASK SEATING

QUICK SHIP PROGRAM

In response to customer wishes to have a swifter delivery time of certain products, beginning July 1, 2002 MCE initiated a "Quick Ship" program. This program was available to all MCE customers and offered two types of desks, a bookcase, and two choices of chairs. Delivery time is within 15 business days. The "Quick Ship" program was placed on eMaryland Marketplace on November 1, 2002.

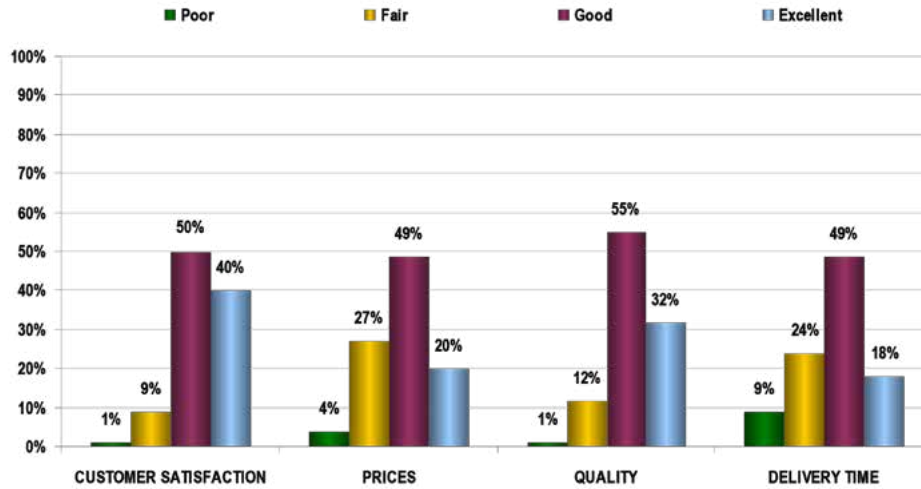
The program has been greatly expanded since inception and currently includes the following items:

- Canton Collection Furniture
- File cabinets
- Bookcases & Shelving
- Wastebasket
- MD & US Flags
- Bed Sheets, Pillowcases & Blankets
- Record Storage Boxes & File Folders
- Print on Demand Garment Printing
- Portfolios & Pad Holders
- Harbor Line Furniture
- New Windsor Chair with Arms
- Task & Side Seating
- Mattresses & Pillows
- Towels & Washcloths
- GP66 Cleaner
- Flexstation
- Annapolis II L-Shaped Desk

CUSTOMER SATISFACTION

The following graph represents findings from the Fiscal Year 2018 Customer Satisfaction Survey. Data was collected from 130 participants (Survey was closed 6/30/18).

Overall Customer Ratings for MCE Products and Services – Fiscal Year 2018



The majority of respondents rated MCE **GOOD** or **EXCELLENT** in Customer Satisfaction, Prices, Quality and Delivery Time.

AVERAGE DELIVERY TIMES (Days)

Fiscal Year	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018
Average Time (Days)	23.1	23.4	23.5	26.2	31.3	25.4	22.3	22.9	24.4

AVERAGE DELIVERY TIMES

Graphics - 2 Weeks

Textiles - 6 Weeks

Furniture - 7 Weeks

Miscellaneous - 2 1/2 Weeks

2018 AVERAGE DELIVERY TIME

Number of Deliveries	Days
8126	24.4



PRISON INDUSTRY ENHANCEMENT (PIE) PROGRAM



Prison Industry Enhancement allows Maryland Correctional Enterprises to enter into partnerships and be a sub-contractor to private industry by producing goods and/or services using inmate labor. Inmates under the PIE program must be paid the industry prevailing wage and no less than the federal minimum wage. Deductions are allowed from the inmates' wages for taxes, room and board, family support and contributions to a victims' compensation program, (the DPSCS Criminal Injuries Compensation Board). Benefits to the private sector include a stable and motivated work force, reduced overhead, production availability, an alternative to "off-shore" operations, and a label affixed to the product which can state ...

“Made in the USA”



Effective August 28, 1992, Maryland Correctional Enterprises was granted “provisional” certification from the Bureau of Justice Assistance for the Prison Industry Enhancement (PIE) Program. Upon successful completion of the final piece of necessary legislation (HB 583 was signed into law on May 1, 1994), Maryland Correctional Enterprises was granted full certification on March 2, 1995 by the Bureau of Justice Assistance.

During the summer of 2014, the National Correctional Industries Association conducted a review of MCE's PIE program. In a letter dated January 23, 2015, the Bureau of Justice Assistance stated that MCE's certified PIE project is in total compliance with all PIECP requirements.

Since February of 2018, MCE has been working towards developing a new partnership with an electrical company based in Upper Marlboro, Maryland. Inmates involved with this program will be assembling prefabricated electrical components for large construction projects throughout the area. This program was approved by the BJA and began on July 25, 2018, offering opportunities to eight offenders at our Metal Plant located within the Maryland Correctional Institution-Hagerstown.

MCE CONVENTIONS

MCE displayed at the following conventions in FY 2018:

MD Association of Counties (MACo)	August 16-18, 2017	Ocean City, MD
DNR-MD Park Field Service Day	September 27, 2017	Sandy Point State Park, MD
MD Association of Boards of Education (MABE)	October 4-6, 2017	Ocean City, MD
State Board of Elections Biennial Meeting	October 23, 2017	Annapolis, MD
Association of School Business Officials (ASBO)	November 3, 2017	Maritime Institute, MD
MCE Annapolis Showcase	January 25, 2018	Annapolis, MD
MD Association of Elementary School Principals (MAESP)	March 15-16, 2018	Cambridge, MD
MD Library Association (MLA)	May 2-4, 2018	Cambridge, MD
Association of School Business Officials (ASBO)	May 20-23, 2018	Ocean City, MD
MD Correctional Administrators Association (MCAA)	June 3-4, 2018	Ocean City, MD
MD Municipal League (MML)	June 10-13, 2018	Ocean City, MD
MD Firemen's Association (MFA)	June 18-21, 2018	Ocean City, MD

In addition, MCE conducted five plant tours in FY 2018.

OUTREACH EFFORTS



MCE is committed to creating positive social change through community outreach and stewardship. Volunteering reinforces the moral values MCE aims to instill in its inmate employees. MCE has participated in many volunteer programs, including:

- Preparing hundreds of turkeys annually for the Bea Gaddy Thanksgiving dinner in Baltimore
- Donating food and apparel to the Special Olympics
- Donating laundry services annually for various “Bras for a Cause” breast cancer awareness events
- Donating golf towels to the Division of Correction’s Annual Wroten-McGuinn Golf Tournament
- Construction of neonatal Incubators

BRAS FOR A CAUSE

This year, MCE workers at Plant 133-C located at Central Maryland Correctional Facility washed hundreds of bras that were donated to women’s shelters across Maryland. In 2014, Maryland Correctional Enterprises formed a partnership with Katie Walls of Plaza Ford in Bel Air in an attempt to support their Bras for a Cause campaign. Each October, Plaza Ford collects bras from the community and donates one dollar for each bra collected to the Upper Chesapeake LifeNet. MCE is proud to do our part in raising awareness for this disease that affects so many of us.

MCE & KIWANIS BUILD INCUBATORS, HOPE FOR PREEMIES

Maryland Correctional Enterprises (MCE) was given the opportunity to work on a project in conjunction with the Baltimore Kiwanis Incubator Foundation (BKIF). The MCE Furniture Plant at Jessup Correctional Institution was involved in the construction of ten neonatal incubators that the Foundation will complete and send for much-needed neonatal aid in South and Central America.

MCE was approached by Richard Allen, Chairman of the BKIF, to assist in this meaningful project. BKIF’s mission is to provide simple, basic incubators to hospitals in need for premature infants. The approach is to build a basic unit of lightweight material to reduce delivery cost while maintaining a simple heating/circulating design. Several volunteers and sponsors aid in the construction of the incubators enabling the Foundation to provide the incubators at no cost for the time being.

In addition to MCE, Kiwanis has worked with the Neonatal Department at Franklin Square, the Johns Hopkins Hospital and the Martin Aviation Museum to produce the incubators. Volunteers are always welcome for this project and can contact Richard Allen for more information at 410-852-0518 or richardjallen3rd@gmail.com.

BEA GADDY TURKEYS

MCE once again participated in the Bea Gaddy Annual Thanksgiving Dinner, continuing a partnership that has lasted for 30 years. Over the course of a week, staff and workers at Plant #125 helped to prepare over 350 turkeys to feed thousands of families in Baltimore.

INMATE EMPLOYMENT



LEARNING FOR LIFE

MCE's "Learning for Life" core principles focus on performance based job skill training and educational programs structured for the inmate workers. A large part of MCE's mission is to teach strong work ethics, increased responsibility and self-esteem to create positive personal change. MCE's programs produce significantly lower recidivism rates, which ultimately contributes to more productive citizens and safer communities. MCE strives to provide its 26 business units with industry standard production equipment and an environment that closely mirrors society's workforce.

The inmate workforce allows MCE to maintain a self-supporting status and to increase the number of offenders employed while instilling transferable job skills, positive work ethics and a sense of accomplishment. On a daily basis MCE continues to build positive pathways with job skills training and an evolving line of quality goods and services to make MCE's Learning for Life core principles a reality. MCE offers more than just products and services - MCE offers a changed life, a positive economic impact and a better future.

RECIDIVISM

In very basic terms, recidivism is defined as a new conviction resulting in a return to the Department of Public Safety and Correctional Services or to probation supervision within three years of the release date.

MCE provides inmates with much needed work skills and work ethics. Previous studies comparing MCE inmates with the DPSCS general population inmates suggest that MCE has a positive impact on reducing recidivism. In fact, studies across the nation continue to show that correctional industries have a positive effect on reducing states' recidivism rates.

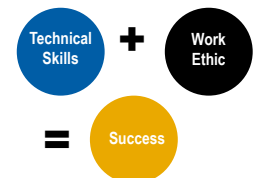
CONTINUING ALLOCATION OF REENTRY SERVICES (CARES)

The CARES program is a multi-faceted approach to reentry that constructively challenges program participants' value systems and interpersonal skills. Since its implementation in 2008, the program has focused on aiding participants to achieve meaningful employment and has served as a resource network to assist in their transition process. Reentry success greatly depends on the partnerships between MCE Plant Managers, Case Management, Parole and Probation, community partners, business partners, and other DPSCS units and state departments. Our most recent CARES class graduated in January 2018, bringing our graduate total to 366.



Calendar Year	Graduates
2009	79
2010	61
2011	56
2012	30
2013	39
2014	23
2015	25
2016	35
2017	12
2018 (January)	6
Total	366

The  Formula



CORRECTIONAL INDUSTRIES INMATE EMPLOYMENT RANK



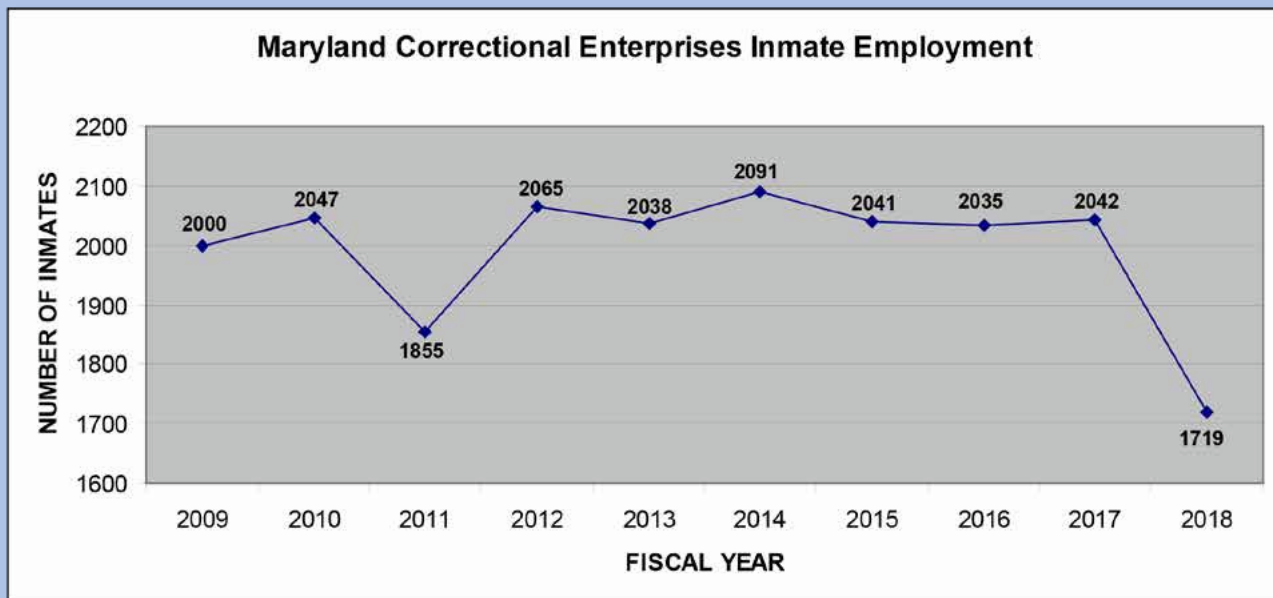
From Data contained in the 2018 National Correctional Industries Association (NCIA) Directory based on FY 2017 numbers.

<u>Rank</u>	<u>State</u>	<u>Inmates Employed</u>
1	*California	5,249
2	Texas	4,862
3	*Washington	2,494
4	North Carolina	2,222
5	*Colorado	2,054
6	MARYLAND	2,042
7	Arizona	2,036
8	New York	1,985
9	Florida	1,893
10	*Minnesota	1,734

**MCE has ranked
in the top 10
in inmate employment
since 2008**

*Maryland ranks 23rd
in correctional population and
19th in state population*

*States that have canteen/commissary operations



MCE has a current civilian staff vacancy rate of 25%. Recruiting difficulties have negatively affected FY18 inmate employment. In FY 2018, MCE provided over 2.7 million hours of inmate employment/training and touched the lives of 2,620 inmates.

STAFF & STAKEHOLDERS

RECRUITMENT, DEVELOPMENT & RETENTION

Maryland Correctional Enterprises relies on qualified managerial, office and production staff who are committed to the mission of the organization. The agency ensures employees have the tools to do their jobs through certified correctional training. Due to the decline in manufacturing and the rise of service industries in the United States, recruiting workers who are skilled in certain trades i.e. metal, upholstery, and wood working etc. – has become a challenge. The DPSCS Human Resources Services Division oversees and coordinates all MCE recruitment efforts in accordance with state law and regulations outlined by the Maryland Department of Budget and Management. At the latest Managing for Results Seminar, staff members established a goal to maximize inmate employment in accordance with the maintenance of a safe staff to inmate ratio. MCE strives to develop staff and promote from within in order to retain talented staff. MCE also hires ex-offenders; seven returning citizens were employed by MCE at the close of the fiscal year.

In FY 2018, seven years of data from the National Correctional Industries Association revealed an average Civilian Staff/Inmate Employee Ratio of 1:9.1. Eight years of MCE data revealed an average Civilian Staff/Inmate Employee Ratio of 1:12.4 and an average Supervisor/Inmate ratio of 1:18.8.

MCE						NCIA		
Fiscal Year	Civilian Staff	Plant Supervisors	Inmates Employed	Civilian/Inmate Ratio	Supervisor/Inmate Ratio	Civilian Staff	Inmates Employed	Civilian/Inmate Ratio
2011	171	104	1,855	1:10.8	1:17.8	6,612	70,507	1:10.7
2012	176	115	2,065	1:11.7	1:18.0	6,702	67,891	1:9.9
2013	174	116	2,038	1:11.7	1:17.6	6,953	65,288	1:9.4
2014	170	115	2,091	1:12.3	1:18.2	6,946	56,263	1:8.1
2015	165	108	2,041	1:12.4	1:18.9	6,652	62,602	1:9.4
2016	148	100	2,035	1:13.8	1:20.4	6,601	60,705	1:9.2
2017	146	97	2,042	1:14.0	1:21.0	6,883	62,949	1:9.1
2018	137	93	1,719	1:12.5	1:18.5			



MANAGING FOR RESULTS (MFR)



The Maryland Correctional Enterprises (MCE) Strategic Business Plan was developed by MCE employees, facilitated by the Department of Public Safety and Correctional Services (DPSCS) Police and Correctional Training Commissions, and is based on the goals of: maintaining a self-supporting status, increasing inmate employment, increasing customer satisfaction, improving organizational excellence, and providing support and services for successful inmate transition to the community. These five goals are supported by objectives and strategies. MCE employees serve as chairpersons and members for each of the strategies.

The development of a MCE Business Plan began in the spring of 1996. "Managing For Results" (MFR) came into being in the early spring of 1998. The first Strategic Business Plan was published and distributed in September 2000.

In May 2001, the first MFR Seminar was held at the Maritime Institute of Technology to review the Business Plan and to prepare for the next edition. MCE has held to this schedule ever since. The latest version of the MCE Business Plan is distributed annually in September. During the fiscal year, progress toward achieving the strategies is reflected in Quarterly MFR Reports which are distributed to the administrative staff, plant managers, and unit supervisors.

Stability has been established in working towards attainment of the long-range goals and objectives by the accomplishment of the shorter term strategies. However, success of the plan is only achieved through cooperation and teamwork.

BACKGROUND AND EXPANSION

Prison industry programs in Maryland have been authorized since at least 1916, and in the United States since the 19th century. Poor prison work conditions, inmate exploitation, and the advent of the Depression caused Congress to enact legislation making the transport of prisoner-made goods in interstate commerce a federal criminal offense and prohibiting the use of prison labor to fulfill federal contracts in excess of \$10,000. "State Use Laws" were passed which required units of state governments to purchase products made by prison industries programs. In Maryland, this culminated in 1941 in the creation of State Use Industries (SUI) as a unit within the Maryland Division of Correction.

In the late 1970's prison populations began growing rapidly and several riots occurred throughout the country, including the disastrous 1978 Pontiac, Illinois prison riot, which led directly to Senator Charles Percy (R-Ill.) to draft the Prison Industry Enhancement (PIE) Act (Section 827 of the Justice System Improvement Act of 1979), enacted on December 27, 1979. This legislation and rising prison populations led to a gradual resurgence of correctional industries to supply items such as: clothing, beds, mattresses, etc.

Maryland State Use Industries (SUI) experienced extreme financial difficulties that constantly plagued the program into the 1980's. In fact, SUI had to borrow \$2.0 million from the State (FY1983 Operating Loan). In an effort to reverse this trend, the General Assembly enacted the State Use Industries Act, effective July 1, 1981. Increased sales and the amelioration of the stigma associated with inmate-made goods were established as major goals by SUI. The entire line of products was completely revamped, with emphasis on production, marketing and customer service. The \$2.0 million loan from the State was paid back to the State in FY1989 and FY1990. As sales increased, SUI became self-supporting. Increased sales also permitted an expansion of SUI. Thus, the modern era of State Use Industries began in 1982 with the creation of the State Use Industries Act, Article 27, 680-681K of the Annotated Code of Maryland. In FY2000, the State Use Industries Act was rewritten as the Correctional Services Article (Sections 3-501 through 3-528).

In 2005, Senate Bill No. 136, was approved by the General Assembly changing the name of "State Use Industries" to "Maryland Correctional Enterprises" (MCE) effective October 1, 2005. The name change was necessary in order to convey the message that MCE is a business entity and is allowed to serve non-profit organizations and political sub-divisions of the State in addition to units of State government.

MCE COUNCILS

Correctional Industries operate within three spheres of influence: government, business and societal. It is important to understand the stakeholder requirements and the impact of each one, as well as their relationship to each other.

MANAGEMENT COUNCIL

The Management Council acts as a Board of Directors and serves in an advisory capacity on MCE issues including the establishment of new industries, inmate employment and training, reviewing occupational health and safety needs, the Prison Industry Enhancement (P.I.E.) Program, customer satisfaction, and budget review.

Management Council Members

Dr. H. David Jenkins
Executive Director

Ms. Ashley Lohr
Staff Assistant



Name

The Honorable Gail Bates
The Honorable William Folden
Ms. Dayena M. Corcoran
Mr. Stephen M. Shiloh
Judge Pamela J. Brown
Mr. John Gontrum
Mr. Fred Mason Jr. (Pending Appointment)
Ms. Sarah Myers
Ms. Alice Wirth
Mr. Joseph Evans
Jeff Hughes. (Pending Appointment)
Vacant
Mr. Jack Weber
Nikki Zaahir (Pending Appointment)
Mr. Melvin Forbes

Affiliation

Maryland Senator and Council Co-Chair
State Delegate and Council Co-Chair
Commissioner of Correction
Chief Executive Officer, Maryland Correctional Enterprises
Associate Judge, District Court of Md., District 10, Howard Co.
Assistant Comptroller
Maryland State Department of Education
Governor's Office of Crime Control and Prevention
Department of Labor, Licensing, and Regulation
University System of Maryland
MD/DC AFL-CIO
Organized Labor-Private Sector
Uptown Press, Inc.
Center for Automotive Careers, Vehicles for Change
Wilkerson Sports Enterprise

CUSTOMER COUNCIL

The Customer Council serves in an advisory capacity on MCE issues concerning products, sales, customer satisfaction, marketing, and performing an annual review of the MCE Catalog and Business Plan.

Customer Council Members

Mr. Stephen M. Shiloh
MCE CEO and Council Chair

Ms. Ashley Lohr
Staff Assistant



Name

Mr. John West
Ms. Lisa Jones
Vacant
Ms. Christina Tabuteau
Ms. Nancy Hevey
Ms. Cynthia Tims
Ms. Sandra Filippi
Ms. Lois Whitaker
Mr. Thomas Jackson
Vacant
Mr. Joe Sommerville
Mr. Todd Deak

Affiliation

Department of Budget and Management
Department of Commerce
Department of General Services
Department of Human Services
Maryland Department of Transportation
Maryland Higher Education Commission
Montgomery College
Morgan State University
Department of Health
Baltimore City Mayor's Office
MCE Resource to the Council
MCE Resource to the Council

MCE RENOVATION PROJECT

In September 2013, MCE acquired the Department of General Services (DGS) vacant 60,000 sq. ft. State Surplus Warehouse located at 8037 Brock Bridge Road. A program for the renovations to the building was completed and submitted to the Division of Capital Construction on February 11, 2014. The facility underwent major renovations to house a MCE warehouse, showroom and office space.

First Quarter of FY 2018

1. Progress Meetings (including site visits) were conducted on: 7/11/17, 7/25/17 and 8/22/17.
2. Additional site visits on: 8/1/17, 8/8/17, 8/15/17, 8/29/17, 9/5/17, 9/12/17, 9/19/17 and 9/26/17.
3. Water permit from Anne Arundel Co. was issued on July 25th.
4. Storm Water Management system was installed on 8/1/17.
5. Exterior metal stairs for two emergency exit doors were installed on August 15th.
6. Excavation for the water vault began on September 18th; the vault was delivered on September 22nd.

Second Quarter of FY 2018

1. The water connection into the MCE Warehouse was completed and approved by the Fire Marshal on October 11, 2017.
2. The fire sprinkler system was completed and approved by the Fire Marshal on November 14th.
3. Another unexpected event occurred when the Grinder Pump line had to be replaced.
4. The interior of the building was cleaned on November 27th and December 4th.
5. In early December, Punch Lists were compiled and the security installation began.
6. The new boiler was completed and was operational by the end of December.
7. Both security and fire will be monitored by private companies. Final Fire Marshal approval is pending.

Third Quarter of FY 2018

1. The wall around the boiler was completed and approved by the Fire Marshal on February 28th. Therefore, "Substantial Completion" was issued on February 28, 2018.
2. The two year Warranty Period began on March 1st.
3. The Division of Capital Construction issued March 27th as completion of the Warehouse.





MCE NEW SHOWROOM





ECONOMIC IMPACT

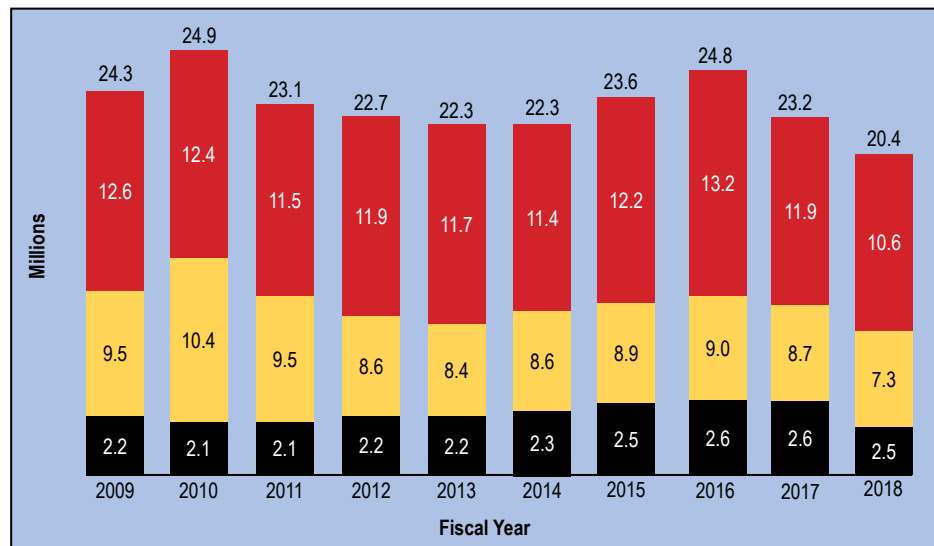
“Economic Impact” consists of the three major areas where Maryland Correctional Enterprises payments were made during the fiscal year. The three major areas of “Economic Impact” are: “Goods and Services”, “Employee Payroll”, and “Inmate Payroll”.

DIRECT ECONOMIC IMPACT - FISCAL YEAR 2017

AREA	GOOD AND SERVICES	EMPLOYEE PAYROLL	INMATE PAYROLL	ECONOMIC CONTRIBUTION
Annapolis	381	0	0	381
Baltimore City	2,566,741	2,437,706	0	5,004,447
Baltimore County	346,710	494,906	0	841,616
Eastern Shore	190,816	960,353	250,255	1,401,424
Hagerstown	380,710	3,674,971	816,775	4,872,456
Jessup	1,265,789	1,838,222	1,364,648	4,468,659
Montgomery County	216,165	39,769	0	255,934
Northeast Maryland	2,120,070	525,838	0	2,645,908
Prince George’s County	189,363	422,732	0	612,095
Southern Maryland	85	70,701	1,578	72,364
Western Maryland	147	89,849	49,531	139,527
Maryland Total	\$7,276,977	\$10,555,047	\$2,482,787	\$20,314,811
Out of State Total	\$26,670,320	\$1,137,105	\$0	\$27,807,425
Grand Total	\$33,947,297	\$11,692,152	\$2,482,787	\$48,122,236

Total Economic Impact (Direct and Indirect) for FY 2018 that MCE had on the State of Maryland was \$82.1 million

Economic Impact



Note: In addition to Maryland, only seven other states in the U.S. compute Economic Impact

ECONOMIC IMPACT (continued)



On September 29, 2015, MCE received the “Economic Impact of Maryland (MCE)” paper by Dr. Frederick Derrick and Dr. Charles Scott, Professors of Economics at Loyola University of Maryland as excerpted below:

Input Output Model

The impacts of Maryland’s MCE production are estimated using the IMPLAN input output model for Maryland. IMPLAN generates regional input output models by converting the United States Benchmark Study of input output accounts to a regional or local model and closely follows the accounting convention used by the Bureau of Economic Analysis. The model allows examination of financial transactions between businesses and between businesses and final consumers in a region.

IMPLAN uses regional economic accounting to construct state and local level multipliers describing the short run, industry-specific, localized impacts of increased economic activity in a given sector. Regional Purchase Coefficients (RPC’s) are provided in the model to adjust for purchases made from out-of-area vendors. The results are industry-specific because IMPLAN measures the ripple effects of given output or employment changes on other industries as purchases work their way through the economy.

Conclusion

The net economic impact of Maryland Correctional Enterprises in 2014 is positive on the Maryland economy. This conclusion is based on input output analysis adjusted to account for the unique nature of prison labor. This finding is consistent with the findings in prior years. Assuming no crowding out, MCE production in the state of Maryland created 367 private jobs and \$22.8 million in private labor income in 2014. Under a more realistic assumption that a portion of the prison production crowds out in-state production, the net effect of MCE is an increase of 2091 prisoner jobs, a net increase of 217 private sector jobs, \$15.0 million of additional private sector income, \$2.3 million prisoner income in the state, \$27.8 million of new value added, and \$60.0 million in new output. These net additions to the Maryland economy generated \$1.4 million in state tax receipts. In addition, MCE transferred \$1.8 million to Maryland’s General Fund during FY 2014.



“The positive impact of MCE in the state is understated above. The results from this study do not include the additional benefit of the impact of MCE participation on the rate of recidivism. These benefits accrue to the state, to the private sector, and to the prisoners participating in MCE. Our published research on the long term implications of prison industries in Ohio indicates that former prisoners participating in prison industries recidivate at a slower rate in the short run and in aggregate over the long run. After 10 years, recidivism rate for prison industries participants is approximately one third lower than for nonparticipating prisoners. With an average annual incarceration cost in excess of \$38,000 per year per prisoner, the reduced recidivism is a notable savings to the state and allows for the potential reduction in tax rates and/or funding of alternative state initiatives.”

A LOOK AHEAD



1. New 21,000 sq. ft. MCE Graphics/Textile Plant at Jessup Correctional Institution (210 inmate positions). Design funding is anticipated in FY 2022 for a 21,000 sq. ft. pre-engineered metal building to house a Graphics/Textile Plant. A revised program was submitted to the Division of Capital Construction on October 24, 2013. The revised program reflects the transfer of the existing Sew Plant at JCI (which is currently housed in an old warehouse without temperature / humidity control) and the transfer of the Graphics Envelope operation from MCI-J.

In December 2014, the site of the new JCI Graphics/Textile Plant was selected and approved.

2. MCE Furniture Restoration Plant Expansion at Eastern Correctional Institution. Construction Start FY 2023. Design Funding is anticipated in FY 2022.

The program for a 2,500 sq. ft. addition to the MCE Furniture Restoration Plant at the Eastern Correctional Institution was completed and forwarded to the Division of Capital Construction on November 8, 2011. The pre-engineered metal building will be 2,500 sq. ft. and will allow the employment of 25 additional inmates. This new section of the building will allow for a dust-free drying area and will eliminate the "temporary" area enclosed by vinyl curtains. This will be a design/build project.

3. New MCE Distribution Center at Eastern Correctional Institution (15 inmate positions). Construction Start FY 2025. Design Funding is anticipated in FY 2024.

In order to decrease multiple handlings of items and to provide a dry, secure area to store manufactured goods, a program for a MCE Distribution Center at Eastern Correctional Institution (ECI) was prepared. This program is for a 10,000 sq. ft. pre-engineered metal MCE Warehouse building and a 20,000 sq. ft. area for truck turn-around and trailer/truck parking, to be located outside the fence at ECI. The program was completed and submitted to the Division of Capital Construction on January 31, 2012.

4. New MCE Systems Furniture/Textile at the Maryland Correctional Training Center. Construction Start FY 2025.

New 40,000 sq. ft., two-story Systems Furniture/Textile Plant at the Maryland Correctional Training Center. The program was submitted to the Division of Capital Construction on May 6, 2005. This new building will house a Systems Furniture plant producing those items currently being made in the MCTC Partition Plant, specifically "Power Works" and "Systems 21" furniture. Not only will a larger facility allow for the storage of raw materials and for the complete production of the new system furniture lines, but will also allow for the storage of finished product and eliminate the transporting of sub-assemblies between plants. The second floor will have a 20,000 square foot textile operation. The entire operation will employ 120 MCTC inmates.

A new MCE Business Unit will be established in the existing Partition Plant (20 inmate positions).

5. New MCE Meat Processing Plant at Maryland Correctional Training Center (80-120 inmate positions). Construction Start FY 2026.

New 25,000 sq. ft. Meat Processing Plant at the Maryland Correctional Training Center. The program was submitted to the Division of Capital Construction on June 15, 2007. Due to increasing demand and the introduction of new meat products, the existing Meat Plant lacks sufficient space and equipment to increase or maintain current production. The production area is overcrowded, more smokehouses are required, and additional freezer space is necessary. The space parameters dictated when the facility was constructed in 1992 and the proximity to MCI-H roads and perimeter fence prevent any internal or external expansion. Therefore, a new MCE Meat Processing Plant with sufficient space for production, and with sufficient smokehouses and freezer capabilities will solve this problem. The facility will employ 80-120 inmates.

The existing Meat Plant will be utilized to begin a new product line of processed fish items.

FINANCIAL STATEMENTS



Statements of Net Position

Statements of Net Position

As of June 30, 2017 and 2018

	(Audited) 2017	(Unaudited) 2018
ASSETS		
Current Assets:		
Cash	\$16,345,688	\$19,716,260
Accounts Receivable, net	5,626,866	7,140,609
Inventories	10,534,798	10,487,989
Other Assets	2,043,650	31,735
Total Current Assets	34,551,002	37,376,593
Capital Assets, Net of Accumulated Depreciation:		
Equipment	3,092,913	3,232,128
Structures and Improvements	2,372,072	5,132,757
Total Capital Assets, Net	5,464,985	8,364,885
Total Assets	40,015,987	45,741,477
Deferred Financing Outflows	3,163,940	8,135,404
LIABILITIES AND NET POSITION		
Liabilities:		
Current Liabilities		
Accounts Payable and Accrued Liabilities	1,426,613	2,051,444
Accrued Vacation and Workers Compensation Costs, Net	889,611	965,970
Deferred Revenue	138,485	184,856
Total Current Liabilities	2,454,709	3,202,270
Noncurrent Liabilities:		
Net Pension Liability	10,746,944	17,910,793
Accrued Vacation and Workers Compensation Costs	360,400	374,850
Total Liabilities	13,562,053	21,487,913
Deferred Financing Inflows	975,215	874,554
Net Position:		
Invested in Capital Assets	5,464,985	8,364,885
Unrestricted	23,177,674	23,149,529
Total Net Position	\$28,642,659	\$31,514,414

FINANCIAL STATEMENTS



Statements of Revenue, Expenses, and Change in Net Position

For the Years Ended June 30, 2017 and 2018

	(Audited) 2017	(Unaudited) 2018
Operating Revenue:		
Sales and Services	\$59,099,040	\$55,003,182
Operating Expenses:		
Cost of Sales and Services	45,940,308	40,740,049
Selling, General, and Administrative Expenses	5,797,081	5,506,421
Other Selling, General, and Administrative Expenses	2,569,678	3,028,666
Depreciation	942,504	587,332
Total Operating Expenses	55,249,571	49,862,468
Operating Income	3,849,469	5,140,714
Nonoperating Revenue and Expenses:		
Miscellaneous Income	(488)	614
Loss on Disposal of Assets	570	(8,568)
Nonoperating Expenses, Net	82	(7,954)
(Loss) Income Before Transfers and Contributed Capital	3,849,551	5,132,759
Transfer to State of Maryland General Fund	(2,500,000)	
Change in net Position	1,349,551	5,132,759
Net Position, Beginning	27,293,108	28,642,659
Net Position, Ending	<u>\$28,642,659</u>	<u>\$33,775,419</u>



MARYLAND CORRECTIONAL ENTERPRISES

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