



MARYLAND CORRECTIONAL ENTERPRISES

DIVISION OF CORRECTION

Annual Report
FY 2010




MARYLAND
Department of Public Safety
& Correctional Services



Department of Public Safety and Correctional Services

STATE OF MARYLAND

MARTIN O'MALLEY
GOVERNOR

ANTHONY G. BROWN
LT. GOVERNOR

GARY D. MAYNARD
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COMMISSIONER

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MARYLAND CORRECTIONAL ENTERPRISES

ANNUAL REPORT

FY2010

Stephen M. Shiloh, CCE
Chief Executive Officer

September 1, 2010

Gary D. Maynard
Secretary
Department of Public
Safety and Correctional Services

J. Michael Stouffer
Commissioner
Maryland
Division of Correction

MARYLAND CORRECTIONAL ENTERPRISES
2010 ANNUAL REPORT

EXECUTIVE SUMMARY

- In FY2010, Maryland Correctional Enterprises (MCE) had unaudited revenues of \$50.43 million, unaudited net operating income of \$0.30 million, and employed an all time high of 2,047 inmates. At the close of FY2010 180 special appointment and 7 skilled service employees were on the MCE payroll.
- During FY2010, MCE provided over 2.89 million hours of inmate employment/training and touched the lives of 3,239 inmates.
- Based on Fiscal Year 2009 data and published in the National Correctional Industries Association 2010 Directory, Maryland Correctional Enterprises ranked 8th in the United States in sales and 6th in inmate employment. Maryland ranks 19th in state population and 20th in correctional population.
- MCE's direct and secondary economic contribution (through salaries, wages, and purchases of private sector goods and services) to the State's economy was approximately \$100.6 million in Fiscal Year 2010.
- Over a fifteen year study period, the comparison of released MCE inmates with the DOC general population reflects that MCE recidivism rates are significantly lower than the DOC rate. From the DOC releases more than two out every four inmates return to prison within three years, while less than one out of four MCE inmates, who have worked for MCE for at least one year, recidivate over the same time period. MCE inmate workers are not assigned on a random basis. A minimum education level (High School/GED) is required for employment.
- On March 23, 2010, at the NCIA National Conference in Cincinnati, Ohio, CEO Steve Shiloh was honored as the recipient of the National Correctional Industries Association's prestigious Rodli Award:

“For distinguished service for the betterment of correctional industries. His individual achievements and outstanding service have earned him the respect and admiration of all those working for and striving to promote excellence in correctional industries.”
- The annual Strategic Business Plan FY2010-2012, based on Managing For Results, was distributed to all employees, the Management and Customer Councils, and personnel of the DPSCS and DOC in September 2009. In preparation for the “MCE Strategic Business Plan, FY2011-2013”, the tenth annual Managing for Results Seminar was held at the Maritime Institute on May 11, 2010. The facilitators were Gene Farmer, and Phyllis Mills-Greene from the DPSCS Professional Development and Training Division.

- One Prison Industry Enhancement (PIE) partnership with the private sector was in operation during FY2010 in Metal I.
- For eighteen years, Maryland Correctional Enterprises' Meat Plant has annually prepared, deboned and cooked approximately 700 – 900 turkeys for Bea Gaddy's annual Thanksgiving Day dinner in Baltimore that serves more than 35,000 needy people. One full week in November is devoted by the facilities and personnel of the Meat Plant for this activity.

In recognition of this long standing tradition, the following letter to Steve Shiloh was received dated December 1, 2009:

“ Dear Assistant Commissioner Shiloh:

I would like to take a moment to thank you and the MCE staff at the Hagerstown Meat Plant for the preparation of turkeys for the annual Bea Gaddy Thanksgiving Dinner. More than 35,000 people received a Thanksgiving meal through this program last week.

The O'Malley-Brown Administration is dedicated to putting Maryland families first. Through the thawing, preparing and cooking of 700 turkeys, you have gone above and beyond your call to duty this Holiday season. Tough financial times have created a greater demand for family assistance and we are thankful to MCE's willingness to take on such a task again this year. Such efforts not only benefit the homeless families of Maryland, but also give our offender population a chance to give back to society.

Again, my sincere appreciation for all that you do, and especially, for your dedication to improving Maryland's public safety. I wish you the best in your future endeavors.

Sincerely,

Martin O'Malley

Governor”

- On July 1, 2008 MCE initiated MCE CARES (Continuing Allocation of Re-Entry Services) to assist inmate employees in transitioning to civilian employment upon release. MCE inmate employees nearing release were identified and transferred to the Central Laundry Facility to work in the commercial laundry and participate in the CARES program which began with the “Thinking for a Change” curriculum. At the close of FY 2010, the CARES program had 108 graduates.

- On July 1, 2009, the new MCE website was unveiled. Some of the new features include:
 - * A new search tool.
 - * Embedded links throughout the website for cross reference.
 - * Expanded information about MCE, products and services.
 - * Locate Account Representatives, showrooms and literature.
 - * An online shopping cart with a wish list feature.
- On July 13, 2009, Maryland Correctional Enterprises Management Council, Customer Council, Maryland Legislators, and other invited guests conducted a joint endeavor to observe and become educated on MCE's efforts to help restore the Chesapeake Bay. The main idea behind this group excursion was to witness the habitat restoration and re-growth of Poplar Island, which was almost on the edge of extinction prior to this restoration project.

It was the initiative of Governor O'Malley for Maryland Correctional Enterprises to work with the Department of Natural Resources (DNR) to grow and plant shoreline bay grasses in the Chesapeake Bay and its tributaries. Ten offender employees and two supervisors were responsible for the challenging, yet extremely rewarding planting projects. Council members, Legislators, and guests were able to experience the value and importance of restoring the habitat through the shoreline grass project. MCE is looking forward to getting the approval from MES to collect shoreline grass seeds once again this fall and plant two acres of *Spartina Patens* on Poplar Island in the spring of 2012.

- Inmates at MCE's Metal II Plant # 124 are constructing oyster cages. It is all part of a larger project introduced by Governor O'Malley last year. Mature oysters will eventually be released into a protected area to help filter the Bay's water. Each oyster can filter at a rate of two gallons of water per hour. MCE got involved in the process and worked on a total of 5,000 oyster cages. Besides the Metal Shop in Hagerstown, MCE's Sign Plant #111 in Jessup is also an integral part. They are producing the small yellow information tags that are clipped to each one of the cages.
- In September of 2009, the Governor through his State Stat team requested the Maryland Department of Agriculture (MDA) explore ways to facilitate additional local purchases from Maryland farmers. The Division of Correction, through MCE, was contacted to assist this effort and also explore ways to provide additional local Maryland produce for the schools "buy-local" efforts under the Jane Lawton Farm to School program. This resulted in MCE exploring the potential to construct a processing plant to process Maryland grown produce for State agencies and participating school districts to provide local food. As a result of this program the positive benefits of inmates developing work skills and more importantly work ethics will be enhanced, Maryland farmers will have the opportunity to increase their revenues by the local distribution of food to a centralized source, and nutritious local agriculture products for State agencies and school districts in Maryland will be much more available. The proposed program will be delivered to StateStat in September 2010.

- Future Capital Projects include:
 - Rebuilding of Hut No. 3 at the Maryland Correctional Training Center.
 - Expansion of the Meat Plant at the Maryland Correctional Institution-Hagerstown.
 - 20,000 sq. ft. Upholstery Plant at North Branch Correctional Institution.
 - 20,000 sq. ft. MCE Food Processing Plant at the Jessup Correctional Institution.
 - 40,000 sq. ft. (2 story) Systems Furniture/Textile Plant at the Maryland Correctional Training Center.
 - New 25,000 sq. ft. Meat Plant at the Maryland Correctional Training Center.
- Other active projects being worked on include exploring Braille transcription as a new business unit to assist blind students and other individuals with low vision. Coaches Island will be replanted with some replacement trees due to the destruction resulting from the harsh winter as part of the warranty provided with the contract. SHA has contracted for additional sites to be planted with trees and more sites are being planned for the fall and spring planting seasons. During the summer, watering and invasive weed eradication will be conducted. Hagerstown has picked up an additional 15 acres, so now 45 acres are being planted for seasonal vegetable harvest and our great apples. The apples from the trees planted at Antietam Battle fields will also be available to increase our supply and variety available.
- The ACA Industry Accreditation first year self audit report is due prior to August 2010. All of the standards will be updated and reviewed for continued documentation of our 100% compliance.
- Construction of the new 16,000 sq. ft. MCE Hagerstown Warehouse Extension began on April 20, 2009. “Beneficial Occupancy” was granted on February 8 2010, and the project was completed by May 12, 2010. An inmate work crew under the direction and supervision of George Rowe worked on this project and were commended in a letter from Callas Contractors, Inc., as follows:

“Callas Contractors, Inc. would like to inform you that the Utilization of Inmate Labor on the MCE Warehouse Project has worked very effectively. All contractors utilizing inmate labor (concrete, masonry, painting, mechanical, sprinkler and general labor) stated that the program has worked very well and that the inmates were good workers.

A representative of Spectrum Fire Protection stated that “the inmates provided great help and they would be willing to entertain employment once released”.

In Callas’ opinion, coordination of inmate labor activities with the institutions liaison personnel worked extremely well. Should you have any questions or comments, please contact me.

Sincerely,

CALLAS CONTRACTORS, INC.”

- Seven bids were received by the Division of Capital Construction on December 15, 2009 for the new North Branch Upholstery Plant. On January 26, 2010, the Division of Capital Construction announced that the winning vendor for the new North Branch Upholstery Plant was P. J. Dick Contractors. Approval of the award was granted by the Board of Public Works on February 24, 2010. A Pre-Work Conference was held at the Division of Capital Construction on March 15, 2010. “Notice to Proceed” was established as March 22, 2010. A 50% Construction Documents review meeting was held at the Division of Capital Construction on July 7, 2010. Actual construction will probably not begin until the 100% Construction Documents are approved, which is expected by late August. Construction is estimated as fifteen months.
- The new 9,000 sq. ft. Hut No. 3 at the Maryland Correctional Training Center is scheduled for completion in early FY2011. The Brush and Carton Plant will be relocated to Hut No. 3, with the area vacated being renovated for expanded Meat Plant dry storage, office space, a renovated inmate restroom, and an inmate lunch area.
- It was learned from a memo from the Division of Capital Construction (DCC), dated October 30, 2009 that the utilities in the Maryland House of Correction would be cut off. The Jessup Correctional Complex, NORESKO Project” stated that the Mattress and Uniform Plants had to be vacated by the end of February 2010 (changed to March 1, 2010 on November 10, 2010). Toward the goal of accomplishing the “Relocation Plan”, MCE made the following relocations by February 26, 2010:
 1. Uniform Plant No. 105 was moved into the last section of the JCI Warehouse where the JCI Sew Plant No. 142 is located.
 2. Mattress Plant No. 117 was transferred to ECI Textiles No. 109.
 3. Cleaning Supplies, previously being manufactured in the Mattress Plant, were transferred to the Central Laundry at the CMCF.
- Two Maryland Correctional Enterprises staff received Commissioner J. Michael Stouffer’s certificate of recognition. Kirt Kenney, Assistant Hagerstown Warehouse Manager and Rick Rosenblatt, Projects Director were presented with the award on Wednesday, March 31, 2010 during a ceremony at the Jessup Correctional Institution. Mr. Kenney was commended for his work during back to back snowstorms. When others were stuck at home, Kirt made his way to work and cleared MCE shop areas in Hagerstown, and then drove to the Jessup Region to do the same. Mr. Rosenblatt was honored for his accomplishments in helping MCE achieve organizational excellence. Rick’s knowledge and expertise helped MCE achieve ACA (American Correctional Association) Accreditation. Rick was also recognized for his part in the creation of MCE’s Bay Grass Program.
- In March of 2011, Members of The NCIA will come together in Baltimore and Maryland Correctional Enterprises will be the convention “HOST”. The convention will provide men and women from all over the country with training and resources to enhance the correctional industries program in their home state.

The National Correctional Industries Association (NCIA) is an international nonprofit professional association whose members represent all 50 state correctional industry agencies, Federal Prison Industries, foreign correctional industry agencies and city/county jail industry programs. Private sector companies that work in partnership with correctional industries both as suppliers/vendors and as partners in apprenticeship and work programs are also members. NCIA provides many services that are designed to support professional development of correctional industries personnel at all levels.

- Media coverage of MCE in FY2010 included the following:
 - “Maryland Programs Help Prisoner Re-enter the Community”, Brie Jackson, for WBOC (view clip), July 23, 2009
 - “Reducing Recidivism, One Chair at a Time”, Deborah Gates, for Delmarva Media Group (view clip), July 26, 2009
 - “Inmates Make Oyster Cages to Boost Bay”, Erin Julius, The Herald-Mail, July 31, 2009
 - “Oyster Cages Delivered to Marylanders”, Scott Wycoff, WBAL Radio, August 27, 2009
 - “Maryland Correctional Enterprises Inmates to Launder 5,000 Donated Bras as Part of Breast Cancer Charity Campaign”, DPSCS Press Release by Renata Seergae, Channels 2 and 13 News, November 12, 2009
 - “From the Prisons Comes a Thanksgiving Feast” (view clip), Peter Herman, Baltimore Sun, March 25, 2009
 - “Maryland Prison Industry Chief Wins National Award”, Associated Press, March 26, 2010
 - “Inmates Help State Go ‘Green’” (view clip), Associated Press, WMAR-TV, April 7, 2010
 - “Inmates Help State Go ‘Green’” (view clip), WJZ-TV, April 21, 2010
 - “Flag Day: Banners are a Symbol of Liberty their Seamstresses Hope to Regain” Nick DiMarco, Maryland Reporter, June 13, 2010
 - “Maryland Prison Inmates Have Been Sewing Flags for Almost 70 Years”, WMAR-TV, ABC 2 News, Good Morning Maryland, June 14, 2010

- “Inmates Make Something to Salute”,
The Capital, June 15, 2010
- The following letter was received from Superintendent of Schools, Allegany County Public Schools, dated March 12, 2010:

“ I am writing to let you know how pleased I am with the quality of work we received on the conference tables that your personnel refinished for us. I was absolutely amazed at how beautiful the finish was on the 7 wooden tables that you refurbished for us. The old finish on the tables was in very poor condition and there were deep scratches into the wood. When the tables came back and were unpackaged, they were just like brand new.

As we all look to tightening our belts during this economy, I also greatly appreciate that you were able to restore this furniture to its original condition at an incredibly great price instead of us having to spend considerably more public funds to match the quality of our “new” tables.”
- MCE’s charitable contributions and donations provide positive social impact and benefits for many MD citizens, nonprofits and State organizations:
 - Donates food and textiles to Special Olympics and Department of Natural Resources activities.
 - Prepares 700 - 900 turkeys annually for the Bea Gaddy Thanksgiving Day dinner.
 - Proud to be included in the historic efforts to restore the Antietam Battlefield in Sharpsburg, MD by planting thousands of trees.
 - Contributes goods and services to special DPSCS/DOC programs like the Honor Guard and Victims’ Rights events.
 - Designed and built the signage at the new Thoroughbred Retirement Horse Farm – Second Chances.
 - Donated laundry services of 5,035 bras for “Bras for a Cause” organization. Their goal is to bring awareness about breast cancer, raise money for research, and collect bras for women’s groups and shelters.
 - MCE teamed up with Morgan State University to provide members of the community with the tools they need to compete in today’s world. MCE donated 10 computer work stations and Morgan State donated 10 computers to All Saints Church on Loch Raven Boulevard in Baltimore. The donations have allowed the church to set up a computer lab, not only for members of the church community, but also for members of the neighborhood to use.
- Total value of Capital Projects Delivered in FY2010: \$11.1 million.
 - University of MD, Baltimore (Campus Center).
 - Dept. of Labor, Licensing, and Regulation (Eastern Shore Call Center).
 - Towson University (Liberal Arts Building, Phase 1).

- P. G. Community College (Accokeek Hall).
- Carroll Community College (Classroom Bldg. #4).
- Frederick Community College (Classroom/Student Center).
- University of Maryland College (Largo Bldg.).
- University of Maryland College Park (Knights Hall).
- Washington County Detention Center.
- MCTC (Medium Security Wing).



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**MARYLAND CORRECTIONAL ENTERPRISES
FY2010 ANNUAL REPORT**

A. ORGANIZATION

1. MANAGEMENT

Maryland Correctional Enterprises
7275 Waterloo Road
Jessup, Maryland 20794
(410) 540-5400

<u>Title</u>	<u>Name</u>	<u>Phone</u>
Chief Executive Officer	Steve Shiloh	(410) 540-5401
Chief Operating Officer	Joe Sommerville	(410) 540-5402
Chief Administrative Officer	Shirley Sipe	(410) 540-5403
Projects Director/ Quality Control/Policies & Procedures Mgr.	Rick Rosenblatt	(410) 540-5405
Marketing Manager	Lida Poole	(410) 540-5406
Exec. Director of Management Council	David Jenkins	(410) 540-5472
Director of Sales	Todd Deak	(410) 540-5409
Sales Manager	Jim Hook	(410) 540-5407
Human Resources Director	Fred Beauchamp	(410) 540-5410
Chief Financial Officer	Andrea Hawkins	(410) 540-5412
Operations Manager	Stephen Sanders	(410) 540-5479
Projects Consultant	Cliff Benser	(410) 540-5404
Customer Service Manager	Shari Hoffman	(410) 540-5452
Design Manager	Terry Hill	(410) 540-5441
Chief Information Officer	Jose Bacasnot	(410) 540-5468
Re-Entry Services Director	David Jenkins	(410) 540-5472

REGIONAL MANAGERS

Western (Hagerstown/Cumberland)	Greg Haupt	(240) 420-1255
Jessup/ECI Furniture Restoration	Dan Bickford	(410) 540-6381
Textiles/ECI Liaison	Donna Beck	(410) 651-9102
Graphics	Ralph Roberson	(410) 540-6727
Central Warehouse Manager	Charlie Wallington	(410) 540-5476
Hagerstown Warehouse Manager	Kevin Graff	(240) 420-1232
Laundry	Vacant	

2. EMPLOYEES

<u>Fiscal Year</u>	<u>Classified / Skilled Service</u>	<u>Unclassified/ Special Appointment</u>	<u>Total</u>
1999	34	124	158
2000	24	140	164
2001	24	144	168
2002	23	146	169
2003	18	144	162
2004	17	142	159
2005	14	147	161
2006	11	156	167
2007	10	163	173
2008	17	171	188
2009	10	177	187
2010	7	180	187

MARYLAND CORRECTIONAL ENTERPRISES

B. INTRODUCTION

1. MANAGING FOR RESULTS

a. 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.

b. VISION STATEMENT

Maryland Correctional Enterprises endeavors to employ all eligible offenders to reduce recidivism and to be a financially successful organization. We strive to ensure continued professional development and training for our civilian and inmate staff. We will be an integrated, well-managed, technologically progressive and eco-friendly organization that will provide our customers with the highest quality goods and services.

c. VALUES STATEMENT

The following beliefs (core principles) support our mission and vision statements:

Quality and Customers - We are committed to provide our customers with the highest quality product and customer service in all areas of Maryland Correctional Enterprises.

Environmentally Friendly - We are committed to improving our environmental awareness in all areas of Maryland Correctional Enterprises.

Financially Successful - We will manage our financial resources (assets, profits, sales, cash, investments) to support existing operations and future expansion.

Transition Services - We are committed to quality training and preparation of our inmate work force to enhance their employment opportunities upon release.

Teamwork and Communications - We value each employee as an important part in helping to achieve the mission of the agency through teamwork and effective communications.

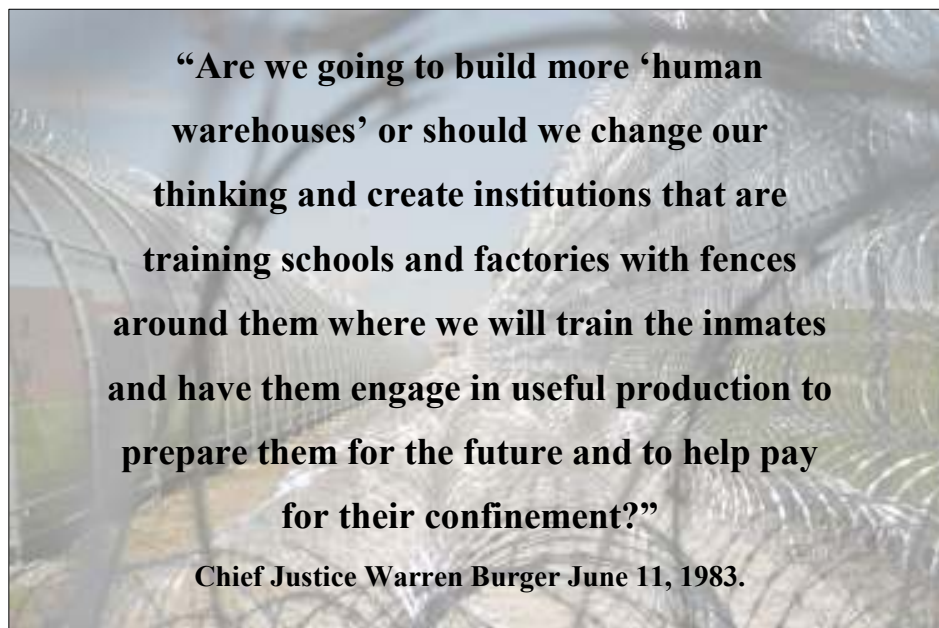
Professionalism - We value effective leadership and strive for impartiality and fairness in the workplace. We encourage personal and professional development. We recognize and reward dedication and commitment to excellence.

- GOAL 1** To maintain self-supporting status to support existing operations and future expansion.
- GOAL 2** To increase inmate employment.
- GOAL 3** To increase customer satisfaction.
- GOAL 4** To improve organizational excellence.
- GOAL 5** To provide support and services for successful inmate transition to the community.

2. HISTORICAL PERSPECTIVE

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 experienced extreme financial difficulties that constantly plagued the program into the 1980’s. In an effort to reverse this trend, the General Assembly enacted the State Use Industries Act in Fiscal Year 1982. 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. 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. 84, was approved by the General Assembly changing the name of “State Use Industries” to “Maryland Correctional Enterprises” effective October 1, 2005.

Maryland Correctional Enterprises (MCE), the prison industry arm of the Maryland Division of Correction (DOC), provides an environment for the operation of correctional industries that resembles the environment for the business operations of a private corporate entity as closely as possible. Inmates are taught job skills and are provided with constructive employment, which lead to the development of both technical and social skills, and improve the employability of the inmate upon release. The training and employment with MCE has resulted in recidivism rates which are half of the DOC rate. Furthermore, the training and employment of inmates reduces idleness, which is a leading cause of violence and disruptions in prisons. Even the prospect of obtaining employment with Maryland Correctional Enterprises serves as a deterrent to disruptive behavior in the prisons as the eligibility requirements for inmates are to be infraction free for the last three months and to possess a high school diploma or G.E.D. Maryland Correctional Enterprises has increased sales and inmate employment. This has been due to expansion, the introduction of new products and services, the upgrading of furniture lines, improved quality control, and improved customer service.

Capital of Maryland - Annapolis *In 1783-84, Annapolis served as the capital of the United States.*



MCE restored chamber desks and refurbished chairs for the Maryland State House in Annapolis, MD.

3. STATUTORY MANDATE

The legislation governing Maryland Correctional Enterprises is contained in the Annotated Code of Maryland, Correctional Services Article, Sections 3-501 through 3-528, from which the following is excerpted:

"Section 3-502.

The purpose of this subtitle is to establish a Maryland Correctional Enterprises organization in the Division that:

- (1) is financially self-supporting, generates revenue for its operations and capital investments, and reimburses the Division at a reasonable rate for services exchanged between the Division and Maryland Correctional Enterprises;
- (2) provides meaningful work experiences for inmates that are intended to allow inmates to improve work habits, attitudes, and skills for the purpose of improving the employability of the inmates on release;
- (3) seeks to develop industries that provide full-time work experience or rehabilitation programs for all eligible inmates;
- (4) operates correctional industries in an environment that resembles as closely as possible the environment of private sector business operations; and
- (5) makes the Division responsible for and accountable to the Secretary and the Governor for the Maryland Correctional Enterprises program."

Sales of Products and Services on the Open Market

"Section 3-516

- (a) Except as authorized under subsection (b) of this section, goods and services of Maryland Correctional Enterprises may not be sold on the open market.

- (b) Goods and services of Maryland Correctional Enterprises may be sold on the open market:
- (1) if they are produced or provided by an individual on parole or in a work release program;
 - (2) if the sale is made to a charitable, civic, educational, fraternal, or religious agency, association, or institution for its own use and not for resale within 1 year of the purchase;
 - (3) to a person for national defense purposes if not prohibited by an act of Congress;
 - (4) if they are surplus goods remaining after meeting the forecasted requirements of units of State government and political subdivisions and the goods remain unsold 1 year after being produced;
 - (5) for use by a contractor or subcontractor in performance of a contract with a unit of State government or any other governmental unit in the State;
 - (6) as allowed under the Private Sector/Prison Industry Enhancement Certification Program of the United States Department of Justice, Bureau of Justice Assistance; or
 - (7) if they are related to the preparation or distribution of food or services related to agriculture or seafood processing, when the following conditions are met:
 - (i) the State labor pools are diminished; and
 - (ii) It has been determined that inmate labor is the available source."

4. MARYLAND CORRECTIONAL ENTERPRISES MANAGEMENT COUNCIL

As defined in Section 3-521 of the Correctional Services Article:

“(a) (1) The Management Council shall:

- (i) advise Maryland Correctional Enterprises on its specific proposals to establish new industries and improve the quality and quantity of job training programs; and
 - (ii) recommend the establishment and maintenance of industrial plants and service centers to be used for implementing the programs developed by the Commissioner and Chief Executive Officer under Section 3-511 of this subtitle.
- (2) Maryland Correctional Enterprises shall operate industrial plants and service centers recommended under paragraph (1) (ii) of this subsection primarily with inmates in a manner that benefits the State and the training of inmates by producing goods or providing services that are practical and adaptable for a prison industry.

(b) The Management Council shall:

- (1) review the operation of the programs of Maryland Correctional Enterprises’ to determine whether:
 - (i) there is undue competition with private enterprise and recommend necessary adjustments to prevent undue competition; and
 - (ii) there is any negative impact on workers in the State, including wage depression or job displacement;
- (2) review the standards for goods and services and the pricing schedules as recommended by the Chief Executive Officer; and
- (3) review the occupational health and safety record of programs and other working conditions of inmates in the programs of Maryland Correctional Enterprises.

(c) The Management Council shall:

- (1) review the success of Maryland Correctional Enterprises in:
 - (i) meeting the employability development needs of inmates; and
 - (ii) coordinating work programs with other rehabilitative programs;
- (2) solicit and review information pertaining to concerns of participating inmates; and
- (3) recommend changes as necessary to meet the goals and objectives of Maryland Correctional Enterprises.

(d) The Management Council shall:

- (1) solicit ideas, proposals, and suggestions from business representatives, nonprofit organizations, government entities, and members of the public as to how Maryland Correctional Enterprises could enhance the work experience of inmates and increase the ability of inmates to obtain gainful employment after release;
- (2) review and recommend opportunities with private sector employers to expand the Prison Industries Enhancement Program;
- (3) review and identify ways to improve the business practices of Maryland Correctional Enterprises in its sales, marketing, inventory, warehousing, and product line operations;
- (4) monitor customer satisfaction with price, quality, delivery, and after delivery service; and
- (5) review and comment on the operating and capital budgets of Maryland Correctional Enterprises, including cash forecasts.”

“Section 3-520

- (f) The Secretary shall employ staff for the Management Council to be paid out of funds from Maryland Correctional Enterprises, in accordance with the State budget.”

5. MARYLAND CORRECTIONAL ENTERPRISES MANAGEMENT COUNCIL MEMBERSHIP

Management Council Member	Professional Affiliation
The Honorable Joseph “Sonny” Minnick	State Delegate and Council Chair
The Honorable Nathaniel McFadden	State Senator
Mr. J. Michael Stouffer	Commissioner, DOC
Mr. Stephen M. Shiloh	Chief Executive Officer, MD Correctional Enterprises
Judge Pamela Brown	Judicial
Mr. Jerome W. Klasmeier	Asst. Comptroller of the Treasury
Mr. Mark Mechlinski, Ed.D	Maryland State Department of Education
Ms. Lin Robinson	Governor’s Office of Crime Control & Prevention
Vacant	DLLR
Mr. James B. Salt	University System of Maryland
Mr. David Boschert	MCEA
Mr. Leonard G. (Bud) Schuler	Plumbers & Steamfitters Local 486
Mr. John D. Wafer	Form Masters, Inc.
Mr. Philip Holmes	Goodwill Industries of the Chesapeake, Inc.
Mr. Melvin Forbes	Wilkerson Sports Enterprise
	Dr. H. David Jenkins, Executive Director
	Ms. Paula Matthews, DOC Educational Liaison
	Ms. Renata Seergae, Staff Assistant

6. MARYLAND CORRECTIONAL ENTERPRISES CUSTOMER COUNCIL

As defined in Section 3-528 of the Correctional Services Article:

“ (a) The Customer Council shall:

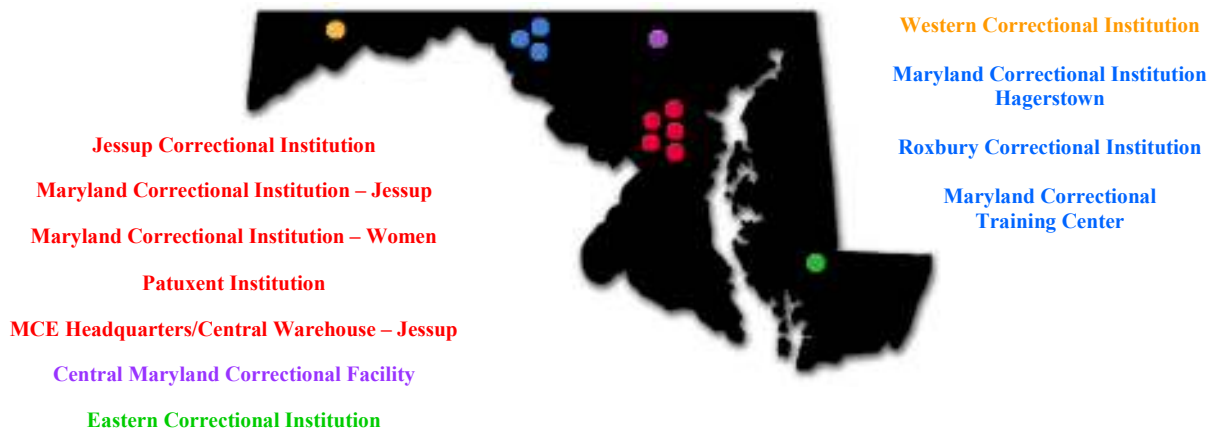
- (1) review the products and services of the Maryland Correctional Enterprises;
- (2) advise the Chief Executive Officer on quality, availability, style, design, delivery, scheduling, and pricing;
- (3) recommend new products and services;
- (4) annually review the catalog of Maryland Correctional Enterprises products and recommend changes to improve the catalog;
- (5) recommend sales, marketing, and customer satisfaction initiatives;
- (6) annually review the Maryland Correctional Enterprises business plan; and
- (7) serve as a forum for raising and discussing issues related to any product or service offered by Maryland Correctional Enterprises.

(b) The Chief Executive Officer shall present a summary of Customer Council activities and recommendations to the Management Council, as provided in section 3-521 (b) of this subtitle following each meeting.”

7. MARYLAND CORRECTIONAL ENTERPRISES CUSTOMER COUNCIL MEMBERSHIP

Customer Council Member	Professional Affiliation
Mr. Steve Shiloh	Chief Executive Officer Maryland Correctional Enterprises and Council Chair
Mr. Joe Sommerville	Maryland Correctional Enterprises
Mr. John Pirro, Jr.	Department of Budget and Management
Ms. Debi Epps	Dept. of Business and Economic Development
Mr. Michael Haifley	Department of General Services
Mr. Ranier Harvey, Sr.	Department of Human Resources
Ms. Jessica Mettle	Department of Transportation
Mr. David Beard	Maryland Higher Education Commission
Mr. Darrell Waller	Maryland State Police
Ms. Sandra Filippi	Montgomery College
Mr. Churchill B. Wortherly	Morgan State University
Ms. Carlietha “Lisa” Benbow	Department of Health and Mental Hygiene
Mr. Todd Deak	Maryland Correctional Enterprises
Ms. Lida Poole	Maryland Correctional Enterprises

MCE PLANT LOCATIONS...



8. MARYLAND CORRECTIONAL ENTERPRISES - FISCAL YEAR 2010

BUSINESS UNITS	Inmates	Sales
Jessup Correctional Institution		
Wood - office, lounge and dormitory furniture, tables, library shelving	206	3,274,569
Tag – metal motor vehicle license tags, picnic furniture	79	4,991,194
Mattress – mattresses and furniture assembly (transferred to ECI Textiles on 2/26/10).	0	1,101,357
Uniform – uniform clothing/trousers (transferred to JCI Sew on 02/26/10).	0	907,029
Sew – inmate uniform items	171	1,764,096
Maryland Correctional Institution – Jessup		
Graphics I – complete line of letterheads, forms, related special products, four color printing	95	2,621,367
Graphics II – envelopes, plaques, business cards and name tags	47	1,925,181
Quick Copy Service – digital b/w and color copying, binding, finishing, packaging, shipping, collating, stapling	40	306,636
Maryland Correctional Institution for Women		
Sew/Flag – shirts, gowns, bathrobes, flags and aprons	137	1,247,474
Mailing and Distribution – bulk mailing, distribution service, news clipping service	61	2,380,770
Data Entry – data keyed and verified, tape output, word processing, pick-up and delivery service available	45	278,309
Design and Planning – office design using CADD system	15	4850
Maryland Correctional Institution – Hagerstown		
Metal – shelving, beds, tables, wastebaskets, chairs & benches, Flexstation	86	3,510,152
Metal (P.I.E.) – fabrication, painting and assembly of switchgear components	0	22,887
Brush & Carton – utility brushes & corrugated cartons, furniture assembly	17	663,137
Picture Frame – custom framing of pictures, including the Great Seal of Maryland	2	31,032
Upholstery – new sofas and chairs (fabric & vinyl)	79	6,945,205
Meat – ground beef, chopped steaks, meat loaf, roasts, chops, ribs, hotdogs, lunch meats, sausage	86	5,442,775
Hagerstown Maintenance/Services – maintenance services	8	0
Hagerstown Warehouse – backhaul operations, shipment of products produced in Hagerstown	26	17,801
Roxbury Correctional Institution		
RCI Graphics – file folders, interoffice envelopes, report covers, vinyl binders; production of MVA vehicle registrations and special orders	99	1,602,805
Recycling – recycling of aluminum and steel cans, cardboard, paper, pallets, and plastic	42	74,435
Agriculture – apple orchard, field crops, shoreline grasses, trees	26	344,454
Maryland Correctional Training Center		
Partition – work stations, office panels, sight screens	33	5,130,669
Western Correctional Institution		
WCI Furniture – laminated component parts and various furniture items	46	369,160
Eastern Correctional Institution		
Furn. Restoration – refinishing/restoration of wood, metal, and upholstered furniture	122	1,864,302
Textiles – towels, washcloths, hats, uniform clothing/shirts	113	1,192,426
Patuxent Institution		
Sign – street signs, custom made signs to order	43	900,790
Laundry Operations – CMCF, MCI-H, WCI, ECI		
Laundry – Industrial cleaning of laundry for institutional and non-profit entities	294	1,176,333
Jessup Area		
Central Warehouse – shipment of all products produced at Baltimore metropolitan area prisons, moving, labor, and courier service	29	302,878
Construction	0	38,501
Totals	2,047	50,432,574

Correctional Industries Inmate Employment and Sales Rank for 2009*

Rank	State	Inmates Employed
1	California	7,069
2	Texas	6,275
3	Florida	3,258
4	New York	2,252
5	North Carolina	2,054
6	Maryland	2,000
7	Ohio	1,929
8	Arizona	1,744
9	Indiana	1,663
10	South Carolina	1,649
11	Missouri	1,597
12	Washington	1,543
13	Virginia	1,536
14	Pennsylvania	1,508
15	Colorado	1,468
16	Minnesota	1,157
17	New Jersey	1,125
18	Louisiana	1,079
19	Georgia	1,050
20	Oregon	1,012
21	Kansas	989
22	Michigan	945
23	Nevada	928
24	Illinois	925
25	Tennessee	885
26	Oklahoma	872
27	Kentucky	866
28	South Dakota	717
29	Alabama	645
30	Wisconsin	600
31	Nebraska	599
32	Arkansas	577
33	Iowa	558
34	Massachusetts	460
35	Montana	452
36	Connecticut	450
37	Utah	450
38	Mississippi	414
39	Idaho	345
40	New Hampshire	299
41	New Mexico	281
42	Delaware	270
43	West Virginia	245
44	Maine	233
45	Rhode Island	220
46	North Dakota	194
47	Hawaii	92
48	Wyoming	88
49	Vermont	86
50	Alaska	NR
	U.S. Federal Bureau Of Prisons	21,593
	Canadian Provinces	4,807

Rank	State	Total Sales
1	California	235,053,000
2	North Carolina	84,000,000
3	Florida	74,787,209
4	Texas	69,713,020
5	New York	65,779,772
6	Colorado	63,686,446
7	Pennsylvania	61,678,576
8	Maryland	52,877,915
9	Washington	51,943,639
10	Virginia	47,328,129
11	Illinois	43,336,385
12	Missouri	42,205,871
13	Michigan	41,434,307
14	Minnesota	36,330,951
15	Indiana	35,800,000
16	Louisiana	32,660,124
17	Arizona	31,900,000
18	Ohio	28,475,600
19	Georgia	26,500,000
20	Tennessee	25,578,671
21	Wisconsin	23,500,000
22	Oregon	22,100,000
23	South Carolina	22,099,320
24	Iowa	21,532,839
25	Utah	21,300,000
26	Oklahoma	20,746,496
27	Alabama	20,484,000
28	New Jersey	18,477,644
29	Montana	12,164,799
30	Massachusetts	11,642,691
31	Kansas	10,635,867
32	Kentucky	9,700,000
33	Nebraska	9,673,445
34	Idaho	8,875,531
35	Connecticut	7,982,791
36	West Virginia	7,346,159
37	Arkansas	7,152,000
38	Mississippi	6,491,794
39	Rhode Island	6,061,078
40	Hawaii	6,050,000
41	Nevada	5,700,000
42	North Dakota	4,784,673
43	New Mexico	4,066,954
44	South Dakota	2,808,433
45	Delaware	2,477,592
46	Maine	2,100,000
47	New Hampshire	1,827,942
48	Wyoming	302,282
49	Vermont	NR
50	Alaska	NR
	FBOP	854,278,783
	Canadian Provinces	70,000,000

*Lists were prepared from Data contained in the 2010 *National Correctional Industries Association (NCIA) Directory*

C. THE GROWTH OF MARYLAND CORRECTIONAL ENTERPRISES

1. HISTORICAL DATA

Fiscal Year	Inmates Employed (June) (Payroll)	Inmates Employed (12 Month) (Max)	Gross Profit %	% Net Operating Income	No. of Shops/ Service Ctrs.	Sales	Ranking In U.S.
1999	1,309	1,359	19.65	6.28	32	35,750,429	7th
2000	1,302	1,398	19.50	5.88	31	39,344,803	10th
2001	1,377	1,482	19.54	3.99	34	38,020,211	9th
2002	1,411	1,517	22.59	7.20	32	42,291,013	9th
2003	1,400	1,475	22.01	7.30	32	41,137,227	9th
2004	1,398	1,448	21.64	5.20	30	35,682,223	12th
2005	1,530	1,553	23.67	5.00	30	39,862,762	10th
2006	1,608	1,670	23.15	3.00	31	42,818,759	9th
2007	*1,271	1,618	20.23	5.56	31	48,074,764	9th
2008	1,890	1,924	25.01	8.92	32	51,469,601	10th
2009	2,000	2,069	17.08	1.81	34	52,877,915	8th
2010	2,047	2,205	16.43	0.59	32	50,432,574	

Inmate Employment

***NOTE:** During FY2007 Lock-down conditions at the Maryland House of Correction and at the Maryland Correctional Institution- Hagerstown negatively affected inmate employment.

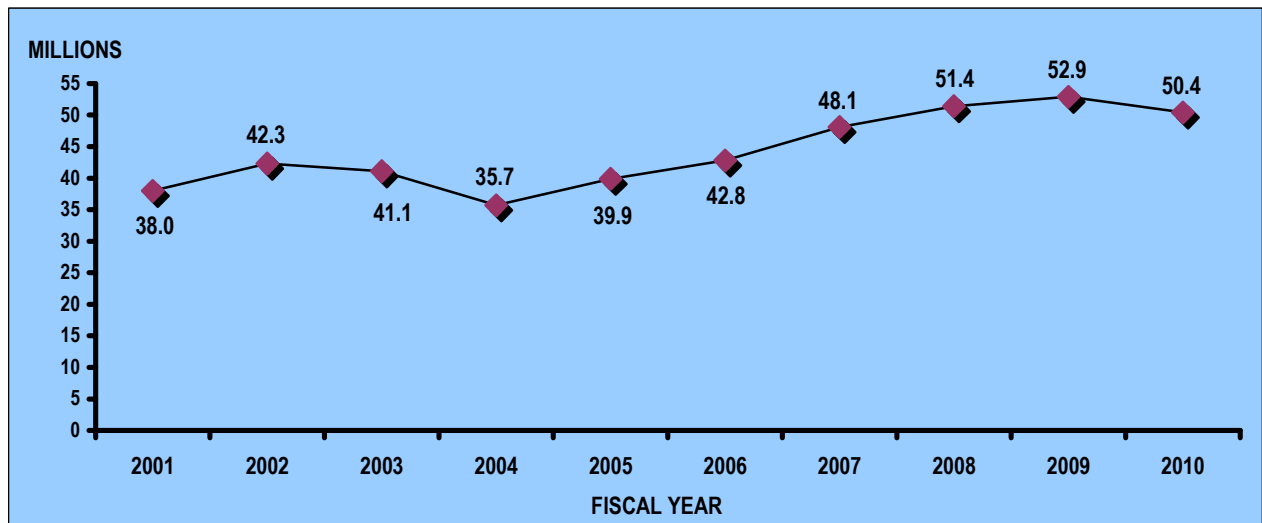
The traditional method of reporting Inmate Employment is to use those inmates on the payroll during the final month (June) of the Fiscal Year.

Another method of reporting Inmate Employment is to use the highest number of inmates employed in a plant/service center during the course of a Fiscal Year (12 Month Max).

A third method of reporting Inmate Employment is to use the number of inmate hours worked during the Fiscal Year. During Fiscal Year 2010, MCE provided over 2.89 million hours of inmate employment/training.

During FY 2010, MCE touched the lives of 3,239 inmate workers.

Sales



2. MARKET SHARE

While Maryland Correctional Enterprises is a conglomerate, no one shop or service center has a sales volume large enough, or sufficient storage capacity to take advantage of significant quantity purchase discounts of raw materials.

Below, sales of Maryland Correctional Enterprises are compared with total Maryland Manufacturers sales. Since 1988 sales of Maryland Correctional Enterprises are only .05% - .12% of total Maryland Manufacturers and less than 3.5% in any constituent category. Tabulation below contains the latest available information.

In order to make a comparison between the selected categories listed in the “Annual Survey of Manufacturers”, the MCE system was categorized by Industry Group. A Sales Analysis by Industry Group was developed as indicated in the pie chart on the next page.

<u>Selected Categories</u>	2007		
	<u>Total Maryland Manufacturers (Million Dollars)</u>	<u>Maryland Correctional Enterprises (Million Dollars)</u>	<u>Percent</u>
Meat Product Mfg.	770.2	6.47	.84
Apparel Mfg.	374.0	5.85	1.56
Furniture & Related Products	859.8	21.47	2.49
Printing & Related Activities	2,278.8	8.04	.35
Structural Metals Mfg.	2,778.0	4.03	.15
Misc. Manufacturing	879.2	2.21	.25
Total	41,456.1	48.09	.12

Sources:

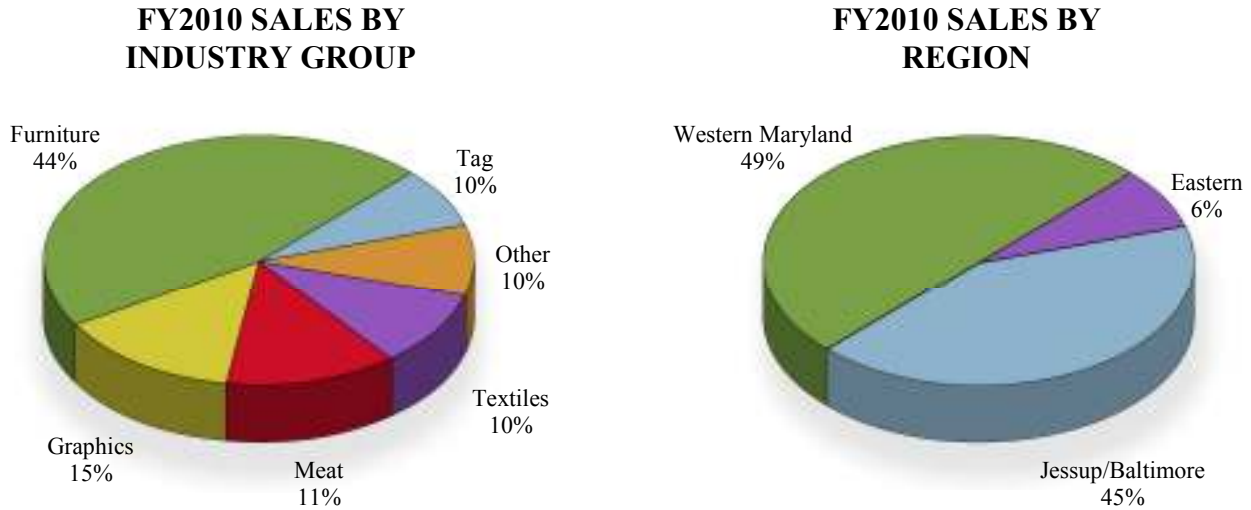
- 2007 Census of Manufacturers (Latest available)
- Annual Survey of Manufactures - 2003-2006
- 2002 Census of Manufacturers
- Annual Survey of Manufactures-2001
- Annual Survey of Manufactures-1997-2001
- Annual Survey of Manufactures-1990-1996
- 1997 Census of Manufactures
- Statistical Abstract of the United States-1994
- 1992 Census of Manufactures

3. SALES BREAKDOWN

<u>FY</u>	<u>Sales</u>	<u>State</u>	<u>Non-State</u>	<u>FY</u>	<u>Sales</u>	<u>State</u>	<u>Non-State</u>
2001	38,020,211	88%	12%	2006	42,818,759	95%	5%
2002	42,291,013	90%	10%	2007	48,074,764	90%	10%
2003	41,137,227	84%	16%	2008	51,469,601	95%	5%
2004	35,682,223	91%	9%	2009	52,877,915	97%	3%
2005	39,862,762	90%	10%	2010	50,432,574	97%	3%

Maryland Correctional Enterprises is prohibited by law from selling its products and services on the open market. Sales to State agencies in FY2010 represented 97% of MCE's total sales, with 3% to non-state and not-for-profit agencies.

4. SALES BY INDUSTRY GROUP AND REGION



RANKINGS IN THE UNITED STATES

(From the National Correctional Industries Association Directory, 2010)

State Population (2000)	=	5,296,486	19th in United States
Correctional Population (FY2009)	=	22,266	20th in United States
Total Inmates Employed (FY2009)	=	2,000	6th in United States
Total Sales (FY2009)	=	\$52,877,915	8th in United States

5. FY2010 SALES

Maryland Correctional Enterprises worked on Capital Project specifications in FY10 that totaled \$10.2 million. \$11.1 million was delivered in FY10. These projects ranged from state agencies to state and county universities and colleges. In FY11 an estimated sales value of \$12.0 million for Capital Projects will be delivered.

As part of the MCE Sales Department, the Design Group is responsible for producing office layouts of the modular furniture line. The Design Group meets with customers to determine requirements and transfers these requirements via AutoCad, into computerized design layouts which are then reviewed and approved by the customer. The Design Unit located at MCI-W trains inmates in space planning, office design, the use of AutoCad, and actually produces office design layouts for customer approval.

Projects developed by the Design Unit of MCE's Sales Department

Fiscal Year	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
No. of Projects	472	388	541	570	593	645	670	685	680	587	475
Sales Value (millions)	\$7.4	\$9.2	\$14.4	\$14.8	\$18.2	\$12.1	\$23.9	\$23.3	\$25.2	\$30.3	\$22.6


Conventions attended during FY2010 included:

• Maryland Association of Counties (MACO)	August 12-15, 2009	Ocean City, MD
• UMBC Greenfest	September 24, 2009	UMBC
• DNR, MD Park Field Day	October 30, 2009	Gunpowder St. Park
• Medichi-MD State Medical Society	March 25, 2010	Towson, MD
• Maryland Association of Secondary School Principals (MASSP)	April 15-16, 2010	Ocean City, MD
• Maryland Association of Elementary School Principals (MAESP)	May 13-15, 2010	Rocky Gap, MD
• Association of School Business Officials (ASBO)	May 23-26, 2010	Ocean City, MD
• Maryland Correctional Administrator's Association (MCAA)	June 6-8, 2010	Ocean City, MD
• Maryland Fireman's Association (MFA)	June 13-16, 2010	Ocean City, MD
• Maryland Municipal League (MML)	June 27-30, 2010	Ocean City, MD

Maryland Correctional Enterprises introduced the following new products in FY2010:

- Conte Chair
- MXO Chair
- Corbel Chair
- Gym Bag
- Study Carrel
- Laundry Bag
- Analog Clock
- Tec-line Stool
- 1231 Executive Chair
- 24/7 Heavy Duty Chair
- Value Traditional Chair
- Steel Trash Can
- Pet Waste Station
- Toilet Brush (plastic)
- Metal Picture Frames
- Mobile Media Cart
- Metal Bookcase with 2 drawer lateral file
- Standard Operating Procedure Wire Basket
- Step Stool with non-skid surface
- Metal Storage Cabinet



 MCE was GREENGUARD Indoor Air Quality certified on December 12, 2008. These products were tested and certified for their low emitting chemical emissions performance, which were designed to improve indoor air quality to create a healthy and environmentally friendly work space.

Seating

- Alta
- Dorsal
- Engage
- New Windsor
- Pilot Chair
- Preston
- Rockville
- Sapphire
- Severn
- Sterling 2

Systems Furniture

- Flexstation
- Amberg
- Powerworks
- Systems XXI
- Volition
- Genesis

Tables

- Venue
- Barron
- Portico
- Novel

Accessories

- Power-up
- Venus Overhead
- Systems XXI Files

SALES BY VOLUME AND PERCENT

<u>Plants/Services</u>	<u>Institution</u>	<u>FY2010 Sales</u>	<u>% Sales</u>
1. Upholstery	MCI-H	\$6,945,205	13.8
2. Meat	MCI-H	5,442,775	10.8
3. Partition	MCTC	5,130,669	10.2
4. Tag	JCI	4,991,194	9.9
5. Metal	MCI-H	3,510,152	7.0
6. Wood	JCI	3,274,569	6.5
7. Graphics I	MCI-J	2,621,367	5.2
8. Mailing/Distribution	MCI-W	2,380,770	4.7
9. Graphics II	MCI-J	1,925,181	3.8
10. Furniture Restoration	ECI	1,864,474	3.7
		<hr/>	
		\$38,086,184	75.5

The above Plants and Service Centers represent over 75% of MCE's total sales for FY2010.

MCE has refurbished an assortment of furniture including seating and tables in the many common areas of Camden Yards stadium, home of the Baltimore Orioles.



TOP 10 CUSTOMERS FY 2010

<u>Ranking</u>	<u>Name</u>	<u>Amount</u>
1.	Dept. of Public Safety & Correctional Services	\$11,062,737.40
2.	University System of Maryland	\$10,051,077.39
3.	Department of Transportation	\$9,540,486.51
4.	Department of Health & Mental Hygiene	\$4,180,725.02
5.	Community Colleges of Maryland	\$3,658,314.38
6.	Department of Human Resources	\$2,882,357.20
7.	Dept. of Labor, Licensing and Regulation	\$1,483,236.37
8.	Dept. of Juvenile Services	\$1,107,582.80
9.	Comptroller	\$808,661.63
10.	Dept. of Natural Resources	\$705,604.52
Total		\$45,480,783.22

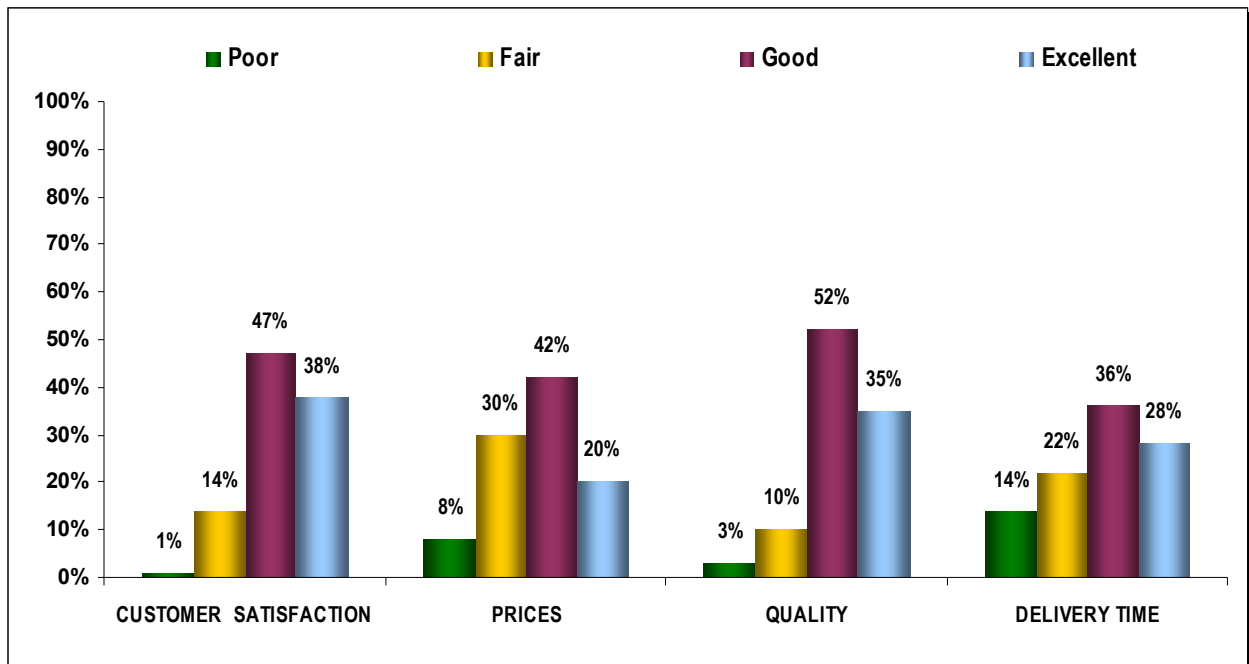
The above ten customers represent approximately 90% of MCE's total sales in FY2010.

6. CUSTOMER SATISFACTION

a. CUSTOMER SURVEYS

The following graph represents Customer Surveys taken by MCE in CY2009.

Overall Customer Ratings for MCE Products and Services



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

b. DELIVERY TIME REPORTS

In an effort to continue to increase customer satisfaction, during FY2001 MCE developed a Delivery Time Report. This report is utilized to measure the effects of improving efficiencies in warehousing and fleet operations, thus improving delivery time to customers.

DELIVERY TIME REPORT-PERIOD ENDING JUNE 30, 2003

	1 TO 30 Days		31 TO 60 Days		61 TO 90 Days		OVER 90 Days		Avg. Del. Time	
	Number of Deliveries	%	Number of Deliveries	%	Number of Deliveries	%	Number of Deliveries	%	Number of Deliveries	DAYS
TOTALS	2,967	53.8	1,077	19.5	800	14.5	673	12.2	5,517	43.0

DELIVERY TIME REPORT-PERIOD ENDING JUNE 30, 2004

	1 TO 30 Days		31 TO 60 Days		61 TO 90 Days		OVER 90 Days		Avg. Del. Time	
	Number of Deliveries	%	Number of Deliveries	%	Number of Deliveries	%	Number of Deliveries	%	Number of Deliveries	DAYS
TOTALS	2,226	67.4	748	22.6	239	07.2	93	02.8	3,306	28.0

DELIVERY TIME REPORT-PERIOD ENDING JUNE 30, 2005

	1 TO 30 Days		31 TO 60 Days		61 TO 90 Days		OVER 90 Days		Avg. Del. Time	
	Number of Deliveries	%	Number of Deliveries	%	Number of Deliveries	%	Number of Deliveries	%	Number of Deliveries	DAYS
TOTALS	1,918	60.2	767	24.1	353	11.1	147	04.6	3,185	33.4

DELIVERY TIME REPORT-PERIOD ENDING JUNE 30, 2006

	1 TO 30 Days		31 TO 60 Days		61 TO 90 Days		OVER 90 Days		Avg. Del. Time	
	Number of Deliveries	%	Number of Deliveries	%	Number of Deliveries	%	Number of Deliveries	%	Number of Deliveries	DAYS
TOTALS	3,722	68.8	1,088	20.1	441	08.1	161	03.0	5,412	28.6

DELIVERY TIME REPORT-PERIOD ENDING JUNE 30, 2007

	1 TO 30 Days		31 TO 60 Days		61 TO 90 Days		OVER 90 Days		Avg. Del. Time	
	Number of Deliveries	%	Number of Deliveries	%	Number of Deliveries	%	Number of Deliveries	%	Number of Deliveries	DAYS
TOTALS	6,990	74.5	1,575	16.8	479	05.1	340	03.6	9,384	26.4

DELIVERY TIME REPORT-PERIOD ENDING JUNE 30, 2008

	1 TO 30 Days		31 TO 60 Days		61 TO 90 Days		OVER 90 Days		Avg. Del. Time	
	Number of Deliveries	%	Number of Deliveries	%	Number of Deliveries	%	Number of Deliveries	%	Number of Deliveries	DAYS
TOTALS	6,822	79.4	1,118	13.0	414	04.8	236	02.8	8,590	23.2

DELIVERY TIME REPORT-PERIOD ENDING JUNE 30, 2009

	1 TO 30 Days		31 TO 60 Days		61 TO 90 Days		OVER 90 Days		Avg. Del. Time	
	Number of Deliveries	%	Number of Deliveries	%	Number of Deliveries	%	Number of Deliveries	%	Number of Deliveries	DAYS
TOTALS	5,752	78.3	1,003	13.7	376	05.2	211	02.8	7342	23.9

DELIVERY TIME REPORT-PERIOD ENDING JUNE 30, 2010

	1 TO 30 Days		31 TO 60 Days		61 TO 90 Days		OVER 90 Days		Avg. Del. Time	
	Number of Deliveries	%	Number of Deliveries	%	Number of Deliveries	%	Number of Deliveries	%	Number of Deliveries	DAYS
TOTALS	5,471	77.4	1,097	15.5	374	05.3	127	01.8	7069	23.1

c. "QUICK SHIP"

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, with a maximum quantity of five for any item. The "Quick Ship" program was placed on eMaryland Marketplace on November 1, 2002.

The program was greatly expanded since January 2005 and currently includes the following items:

- Desk Systems (wood)
- Bookcases (wood & metal)
- File Cabinets (wood & metal; vertical & Lateral)
- Metal Storage
- Metal Wastebasket
- Tables (round)
- Seating (managerial, task & side)
- Record Storage Boxes
- Mattresses & Pillows
- Towels & Washcloths
- Bed Sheets, Pillowcases & Blankets
- GP66 Cleaner
- File Folders, Pad Holders & Binders



MCE Central Warehouse

7. MARYLAND CORRECTIONAL ENTERPRISES EXPANSION PROGRAM

a. EXPANSION

Maryland Correctional Enterprises growth in sales and inmate employment has been due to expansion, the introduction of new products and services, the upgrading of furniture lines, improved quality control, improved customer service, MCE web site, development of catalogs, and expanded customer base to include county governments and schools.



SPECIAL PROJECT:

MCE has donated labor in the planting of over 2,000 trees at the Antietam National Battlefield located in Sharpsburg, MD.



(1) Overview

Maryland Correctional Enterprises' sales in FY 2010 were reflective of the nation's general economic conditions. Manufacturing products and services provided throughout the State were slower than previous years and in-fact declined in total sales from last year's high.

MCE continues to research and add new products and services to the business line. The New Products Committee meets with potential vendors and decides on adding or replacing products and product categories, considering customer needs, taste and desires. The Customer Council also provides feedback and suggestions on MCE's products and deliberation for new business ventures under consideration in efforts to keep providing what customers want and need.

The Motor Vehicle Administration's new 1812 License Tag issue and the changes being implemented for the registration stickers and temporary tags issue, has resulted in Graphics, Mailing and Distribution, and Tag business units reworking some processes to efficiently provide the new formats.

School K-12 business is vigorously being pursued with both new sales emphasis as well as a focus on old furniture restoration. Non-Profit business which is a very small percentage of current business from MCE's allowable customer base, is also being targeted by the Sales Department to increase their awareness of MCE and their eligibility to make purchases.

Projects which continue to grow and expand include the State Highway Administration (SHA) Inter County Connector (ICC) tree planting program providing mitigation for the new roadway connecting Howard County and Montgomery County. To date over 22 thousand trees have been planted on almost 70 acres. Another 45 thousand trees over a hundred acres are planned. The trees are warranted for two years. The hot and dry summer

has concerned our Agriculture Manager who needs to maintain the watering and keep other invasive species and grasses out of the planted areas.

MCE is waiting to hear from additional shoreline grass seed collection and planting for two acres on Poplar Island will be approved by Maryland Environmental Services for the U.S. Army Corps of Engineers. If the proposal is approved the seed collection will occur in fall of 2010 and growing the plants and planting will occur in spring of 2011.

The MCE Agriculture program has expanded to cultivate 45 acres in Hagerstown in addition to the MCE apple orchards. MCE also can use the apples grown on the Antietam battlefield which MCE planted. The fresh vegetables MCE grows are primarily used by the DOC Institutions; however, a proposal to expand food processing to include quick freeze processing has been developed. StateStat requested the Maryland Department of Agriculture explore additional fresh vegetables and fruit purchases from local Maryland farmers. MCE is assisting this buy-local project and also has researched the ability of MCE to assist the Jane Lawton Farm to School program with a quick freeze processing plant, a distribution system and a food purchase program from local farms for some county school districts.

(2) Physical Plant Expansion/Relocation

- Construction of the new 16,000 sq. ft. MCE Hagerstown Warehouse Extension began on April 20, 2009. “Beneficial Occupancy” was granted on February 8, 2010 and the project was completed by May 12, 2010. An inmate work crew under the direction and supervision of George Rowe worked on this project and were commended in a letter from Callas Contractors, Inc.

Old
Hagerstown
Warehouse



New Addition
to
Hagerstown
Warehouse
is Completed

- It was learned from a memo from the Division of Capital Construction (DCC), dated October 30, 2009 that the utilities in the Maryland House of Correction would be cut off. The Jessup Correctional Complex, NORESKO Project” stated that the Mattress and Uniform Plants had to be vacated by the end of February 2010 (changed to March 1, 2010 on November 10, 2010). Toward the goal of accomplishing the “Relocation Plan”, MCE made the following relocations by February 26, 2010:
 1. Uniform Plant No. 105 was moved into the last section of the JCI Warehouse where the JCI Sew Plant No. 142 is located.
 2. Mattress Plant No. 117 was transferred to ECI Textiles No. 109.
 3. Cleaning Supplies, previously being manufactured in the Mattress Plant, were transferred to the Central Laundry at the CMCF.
- The Division of Capital Construction issued a Request for Proposal (RFP) on eMaryland Marketplace on January 21, 2010 for the interior electrical work and new HVAC system at the ECI Textile Plant. A Pre-Bid Conference was held on March 12, 2010. The winning vendor for the electrical renovations at ECI Textiles was T.J. Dvorak, LLC and for the HVAC renovations the winning vendor was M&E Sales. The Pre-Construction Conference for both vendors was held at ECI on June 29, 2010. “Notice to Proceed” for the HVAC renovations was issued effective July 6, 2010 (M&E Sales). “Notice to Proceed” for the electrical renovations was issued effective July 19, 2010 (Dvorak). Completion is expected by the end of CY2010.
- Following is a summary of MCE expansion projects planned from FY2011–FY2016.

- (a.) The new 9,000 sq. ft. Hut No. 3 at the Maryland Correctional Training Center is scheduled for completion in early FY2011. The Brush and Carton Plant will be relocated to Hut No. 3 (20 inmate positions), with the area vacated being renovated for an expanded Meat Plant dry storage, office space, a renovated inmate restroom, and an inmate lunch area. (17 inmate positions)



The Present Brush and Carton Plant

- (b.) New 20,000 sq. ft. MCE Upholstery Plant at NBCI in FY2012 (100 inmate positions)

Seven bids were received by the Division of Capital Construction on December 15, 2009 for the new 20,000 sq. ft. North Branch Upholstery Plant. On January 26, 2010, the Division of Capital Construction announced that the winning vendor for the new North Branch Upholstery Plant was P. J. Dick Contractors. Approval of the award was granted by the Board of Public Works on February 24, 2010. A Pre-Work Conference was held at the Division of Capital Construction on March 15, 2010. “Notice to Proceed” was established as March 22, 2010. A 50% Construction Documents review meeting was held at the Division of Capital Construction on July 7, 2010. Actual construction will probably not begin until the 100% Construction Documents are approved, which is expected by late August. Construction is estimated as fifteen months.

- (c.) New 20,000 sq. ft. MCE Food Processing Plant at JCI in FY2014 (50 inmate positions)

In September of 2009, the Governor through his State Stat team requested the Maryland Department of Agriculture (MDA) explore ways to facilitate additional local purchases from Maryland farmers. The Division of Correction, through MCE, was contacted to assist this effort and also explore ways to provide additional local Maryland produce for the schools “buy-local” efforts under the Jane Lawton Farm to School program. This resulted in MCE exploring the potential to construct a processing plant to process Maryland grown produce for State agencies and participating school districts to provide local food. As a result of this program the positive benefits of inmates developing work skills and more importantly work ethics will be enhanced, Maryland farmers will have the opportunity to increase their revenues by the local distribution of food to a centralized source, and nutritious local agriculture products for State agencies and school districts in Maryland will be much more available. The proposed program will be delivered to StateStat in September 2010.

- (d.) New MCE Systems Furniture/Textile Plant at MCTC in FY2015 (120 inmate positions).

Design Funding is expected in FY2013 for a 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.

A new MCE Business Unit will be established in the existing Partition Plant in FY2015 (20 inmate positions).

- (e.) New MCE Meat Processing Plant at MCTC in FY2016 (80-120 inmate positions).

Design Funding is anticipated in FY2014 for a 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.

b. SUPERVISORY and SUPPORT STAFF POSITIONS

In FY2010, ten years of data from the National Correctional Industries Association revealed an average Civilian Staff/Inmate Employee Ratio of 1:10.1. Eleven years of MCE data reveals an average Civilian Staff/Inmate Employee Ratio of 1:9.1. Eleven years of MCE data reveals an average Supervisor/Inmate ratio of 1:14.7.

MCE						NCIA		
Fiscal Year	Civilian Staff	Plant Supervisors	Inmates Employed	Civilian/Inmate Ratio	Supervisor/Inmate Ratio	Civilian Staff	Inmates Employed	Civilian/Inmate Ratio
2000	164	108	1,302	1:7.9	1:12.1	8,864	85,652	1:9.7
2001	168	108	1,377	1:8.2	1:12.8	7,898	85,432	1:10.8
2002	169	109	1,411	1:8.3	1:12.9	9,025	89,652	1:9.9
2003	162	107	1,400	1:8.6	1:13.1	8,831	86,752	1:9.8
2004	159	102	1,398	1:8.8	1:13.7	8,170	79,244	1:9.7
2005	161	100	1,530	1:9.5	1:15.3	8,254	79,460	1:9.6
2006	167	103	1,608	1:9.6	1:15.6	8,268	83,217	1:10.1
2007	173	109	1,271	1:7.3	1:11.7	8,470	86,236	1:10.2
2008	188	111	1,890	1:10.1	1:17.0	8,423	91,043	1:10.8
2009	187	109	2,000	1:10.7	1:18.3	8,334	84,053	1:10.1
2010	187	109	2,047	1:10.9	1:18.8	-	-	-



Mailing and Distribution at MCI-W

c. BUSINESS UNITS ESTABLISHED

BUSINESS UNIT	INSTITUTION	ESTABLISHED
1. Uniform (transferred to MHC – 8/96)	Md. Pen.	04/08/86
2. Telemarketing	MCI-W	06/05/86
3. Data Entry	MCI-W	06/02/88
4. Wood II	MHC	06/12/89
5. Wood III	MHC	07/13/89
6. Graphics	MCI-J	05/08/90
7. Graphics (Closed on 2/1/09)	ECI	08/28/90
8. Textiles	ECI	08/28/90
9. Furniture Restoration	ECI	09/19/90
10. Partition Shop (Pilot SUI Inmate Construction Project)	MCTC	05/29/91
11. Meat Processing Plant (SUI Inmate Construction Project)	MCI-H	08/01/92
12. Modular Homes	Patuxent	06/09/92-05/22/95
13. Graphics Shop (SUI Inmate Construction Project)	RCI	09/29/93
14. Aquaculture	RCI (Barn)	09/08/94-01/08/03
16. Education/Guidance Bldg. (SUI Inmate Construction Project)	MCTC(New Bldg.) (Renovations)	04/26/95 08/30/95
17. Recycling	RCI (Barn)	01/27/97
18. Agriculture	Hagerstown	04/07/97
19. Upholstery Shop Expansion (SUI Inmate Construction Project)	MCI-H	06/30/99
20. Sign Plant (Relocation)	MHC	03/30/00
21. Design Plant	MCI-W	01/17/01
22. Furniture Plant	WCI-North	02/07/01
23. Sew Plant (Expansion of Sew Plant at JCI)	JCI	02/15/01 12/30/05
24. MCE Building	MCI-W	10/05/05
25. Quick Copy (transferred to MCI-J on 11/26/08)	BPRU-W	12/01/05
26. Laundry Operations	CMCF	01/01/08
	MCI-H	04/01/08
	WCI	06/03/08
	ECI	07/01/08
27. Uniform (transferred to JCI Sew-2/26/10)	MHC	
28. Mattress (transferred to ECI Textiles-2/26/10)	MHC	
29. Hagerstown Warehouse	MCI-H	5/12/10

8. 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 prevailing wage and no less than the Federal Minimum Wage. Deductions are allowed from the inmates' wages for taxes, room and board, contributions to a victims' compensation program, and family support. 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. Presentations, meetings, and discussions with over 130 private sector firms regarding the Private Sector/Prison Industry Enhancement (PIE) Program have occurred since certification was granted.

PIE certification exempts the MCE designated cost accounting centers (prison industry operations) from federal prohibitions on the marketability of state prisoner-made products by enabling: (1) the sale of these products in interstate commerce; and (2) contracting in excess of \$10,000 with agencies of the Federal Government.

MANDATORY CRITERIA

1. Legislative authority to pay wages at a rate not less than that paid for similar work in the same locality's private sector, but not less than the Federal Minimum Wage.
2. Written assurances that the PIE Certification Program will not result in the displacement of workers employed before program implementation.
3. The authority to provide worker benefits, including Worker's Compensation or its equivalent.
4. The authority to involve the private sector in the production and sale of prisoner-made goods.
5. Written assurances that inmate participation is voluntary.
6. Legislative or administrative authority to collect and provide financial contributions (of not less than 5% and not more than 20% of gross wages) to crime victim compensation/assistance programs, and legislative or administrative authority for crime victim compensation/assistance programs to accept such financial contributions.
7. Written proof of consultation with organized labor and local private industry before PIE Certification Program startup.

Permissible deductions from inmate wages are: room and board, taxes, family support, and contributions to a victims' program, which is the Criminal Injuries Compensation Board of the Department of Public Safety and Correctional Services.

MARYLAND CORRECTIONAL ENTERPRISES PIE PROGRAMS

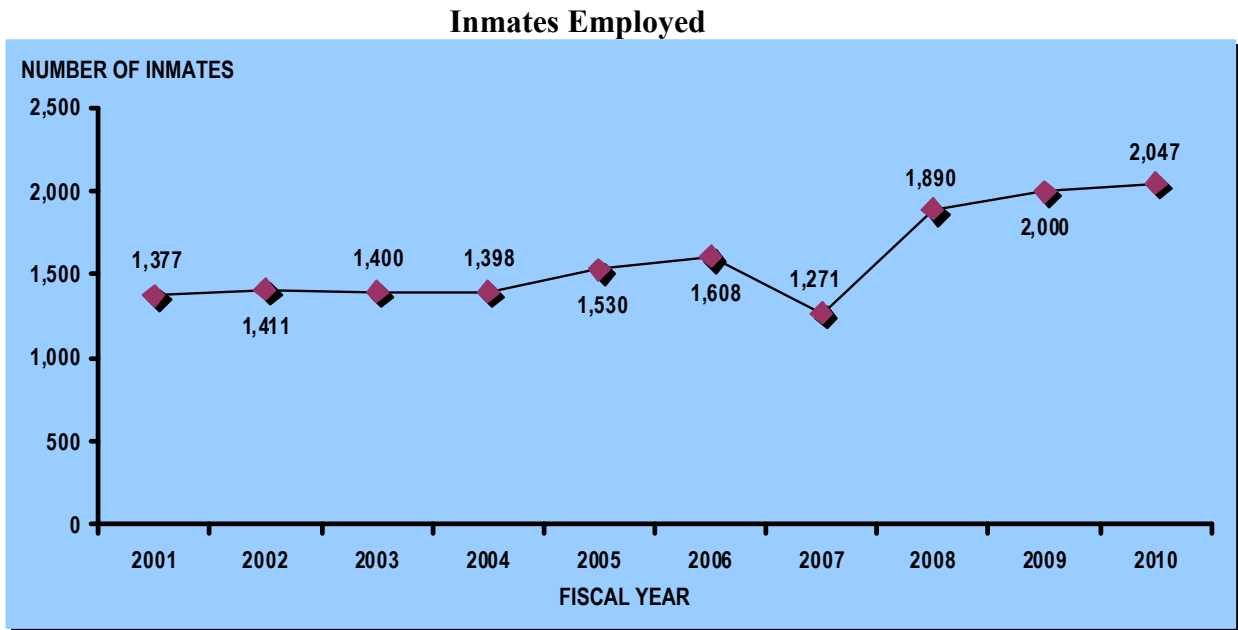
Private Sector Partner	MCE Plant/ Service Center	Inst.	Start Date	End Date	Work Performed
Classic Corp.	Mattress	MHC	01/13/95	12/13/95	Manufacture of vinyl tubes for waterbeds
Carr Lowery	2nd Floor of Laundry	MHC	10/06/97	11/19/99	Re-inspection of glass bottles and jars
Furniture Medic	Upholstery	MCI-H	04/12/99	06/30/02	Re-upholstery and refinishing of furniture
Coffee Tots	Mailing & Distribution Center	MCI-W	10/06/99	12/09/99	Manufacture of hand crafted dolls
Teledyne Energy Systems	Mailing & Distribution Center	MCI-W	06/09/00	08/10/01	Assembly of egg crate modules for portable generators
Saken, Ltd.	Sew	MCI-W	06/29/00	11/13/00	Cutting, sewing, and fabrication of outdoor table coverings
Studio Artis	Uniform	MHC	11/08/00	03/18/02	Cutting, sewing, and assembly of men and women's clothing
Powercon Corp.	Metal I	MCI-H	09/01/99		Fabrication, painting, and assembly of switchgear components
Tract International	Upholstery	MCI-H	07/05/01	04/14/05	Upholstery and assembly of ergonomic seating components
Truly Thankful Creations	Uniform	MHC	09/25/01	06/30/02	Cutting, sewing, and assembly of denim pot and pan holders
Show Ring Products	Uniform	MHC	02/08/02	11/18/03	Cutting, sewing and assembly of dog beds
First Source Electronics	Metal I	MCI-H	04/05/06	06/20/07	Cutting, stripping, labeling, and attaching connectors to wire assemblies
Borgo Seating	Metal II	MCI-H	09/12/06	12/20/06	Assembly of Chairs

- *One Prison Industry Enhancement (PIE) partnership with the private sector was in operation in the Metal I Plant in FY 2010.*

INMATE PAYROLL SUMMARY FOR PIE PROGRAMS

FY	No. of Customers	No. of Inmates	Total Earnings	Total Withholdings Taxes		Total Room & Board	Total Victims Compensation	Total Family Support
				Federal	Maryland			
1995	1	8	\$7,745.84	\$89.14	\$- 0 -	\$2,325.97	\$387.29	\$3,398.00
1996	1	6	5,977.64	- 0 -	- 0 -	1,793.29	298.88	260.00
1997	0	0	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
1998	1	22	67,446.18	3,165.16	2,110.88	20,233.89	6,744.68	972.30
1999	2	26	109,615.24	2,388.06	2,111.55	32,884.79	10,961.84	1,108.77
2000	1	11	63,552.28	999.87	928.10	19,065.96	6,355.45	1,245.69
2001	4	20	41,507.70	1,127.29	826.84	12,452.45	4,150.96	1,180.87
2002	3	19	41,236.85	985.28	805.72	12,371.18	4,123.85	71.81
2003	3	19	20,693.17	286.11	201.40	6,208.04	2,069.40	0.00
2004	3	18	13,771.96	190.30	140.46	4,131.67	1,377.33	0.00
2005	1	9	12,960.25	296.76	244.43	3,888.10	1,296.06	0.00
2006	2	11	53,329.70	2,338.41	2,574.19	15,998.97	5,333.06	0.00
2007	3	22	111,876.95	5,252.78	4,492.74	33,563.41	11,187.97	0.00
2008	1	8	69,656.82	4,887.92	3,397.23	20,879.11	6,965.76	0.00
2009	1	7	60,281.06	3,518.09	2,859.21	18,084.35	6,028.13	368.54
2010	1	4	14,138.76	452.04	656.63	4,241.63	1,413.91	0.00

D. INMATE EMPLOYMENT



Note: During August 2006, incidents at the Maryland House of Correction (MHC) led to a “lock-down” situation which negatively affected MCE’s production, revenues, and inmate employment. Incidents and lock-downs continued until the Maryland House of Correction was closed on March 17, 2007. As FY2007 ended, incidents and lock-downs affected the Maryland Correctional Institution – Hagerstown (MCI-H) where only skeleton inmate crews were working.

1. RECIDIVISM

In a cooperative endeavor with the Policy and Regulations Unit of the Department of Public Safety and Correctional Services (DPSCS), a method of determining the recidivism rate of those inmates who were employed by Maryland Correctional Enterprises for at least twelve months, was developed.

The follow up of releases who worked for Maryland Correctional Enterprises is conducted on the basis of a manual review of inmate payrolls to obtain the names of inmates who worked for MCE at least one year. This information is compiled by MCE Plant Managers on an annual basis. These tabulations are then submitted to the DPSCS Policy and Regulations Unit who compare this information with inmate data contained in the "Repeat Incarceration Supervision Cycle" (RISC) reporting system.

Information gathered by MCE compares to the standard that DPSCS utilizes to generate recidivism studies for the Division of Correction (DOC). In very basic terms, recidivism is defined as a new conviction resulting in a return to the Division of Correction or to probation supervision under the Division of Parole and Probation within three years of the intake date or release date.

Since the retirement of one of its employees on June 30, 2009, the Office of Planning, Policy, Regulations and Statistics (OPPRS) Unit of the Department of Public Safety and Correctional Services (DPSCS) has been unable to supply additional data for MCE's Recidivism Study. The following has been excerpted from a letter from Yolanda Jiggetts, dated December 15, 2009:

"Until the Offender Case Management System (OCMS) produces recidivism data, OPPRS recommends utilization and reference to MCE's historical and consistent recidivism rates. As was pointed out in the 2008 DOC Annual Report, "Over a 15 year study period, the comparison of released MCE inmates with the DOC general population reflects that MCE recidivism rates are 66% lower than the DOC rate in the first year, 59% in the second year, and 54% in the third year. Therefore, MCE recidivism rates are 60% lower than the DOC rate." It is highly unlikely that the MCE recidivism record would change during the period when recidivism statistics are unavailable.

However, OPPRS is available to assist in developing written talking points to include in MCE's annual report and we are confident that MCE's fifteen year historical recidivism rates will continue to support and compliment the successes of the division until a new recidivism methodology is developed.

We apologize for any inconveniences and look forward to working with MCE in the future and on the development of a new recidivism report for the department's implementation of OCMS."

In 2002, two Loyola College Professors of Economics developed a paper entitled “Localized Impacts of Prison Labor”. The focus of this paper was the total economic impact which Maryland Correctional Enterprises has on the State of Maryland. In 2004, these two professors, Dr. Charles Scott and Dr. Frederick Derrick, completed a study on recidivism based on data from the Ohio prison system and is briefly summarized in the following excerpts:

- “The effect of Prison Jobs, Prison Labor, and Education Programs on recidivism were studied. Prison Labor [i.e., Prison Industries] had the largest beneficial effect of these programs. Educational Programs and Prison Jobs had a slightly lower effect.”
- “In the State of Maryland, a GED or equivalent is required for participation in prison labor. With the limited number of jobs available, there is a queue of applicants. This means that there is an incentive to get the education to qualify for the prison industry job. With prison industry and education programs showing a large impact on recidivism in combination in the Ohio data, one can expect that prison industry in Maryland will have a similar impact.”
- “Recidivism is an important issue with respect to the operation of the criminal justice system. If we are going to decrease the escalating trend in prison populations, we need to affect recidivism.”

This study identified three programs that can be used to reduce recidivism. These are prison industry labor, education programs and (internal) prison jobs.

A report “Correctional Industries Preparing Inmates for Re-entry: Recidivism and Post-release Employment”, funded by the U. S. Department of Justice, dated May 10, 2006, and authored by: Cindy J. Smith, Jennifer Bechtel, Angie Patrick, Richard R. Smith, and Laura Wilson-Gentry, is summarized in the following excerpts:

- “The report summarizes the first national review of the recidivism and post-release employment effects of the Prison Industry Enhancement Certification Program (PIECP) engaging state prison inmates in private sector jobs since 1979.”
- “The research design for this study is a quasi-experimental design using matched samples with a test group of PIECP participants and two control groups of those who work in traditional industries (TI) and those involved in other than work (OTW) activities using quantitative analysis of data collected from agency records.”
- “Based on the cluster sampling across five states and 46 prisons, with a matched sample of 6464 releasees between January 1, 1996 and June 30, 2001, PIECP participants re-enter society more successfully than TI or OTW releasees. The primary findings of this research are that inmates who worked in open-market jobs in PIECP were found to be significantly more successful in post-release employment. That is to say, they became tax-paying citizens quicker and remain in that status longer than TI and OTW releasees. Additionally, PIECP releasees were more successful post-release in obtaining employment more quickly than TI releasees. Finally, PIECP releasees had slower and reduced recidivism, as measured by arrest, conviction and incarceration, than TI and OTW releasees.”

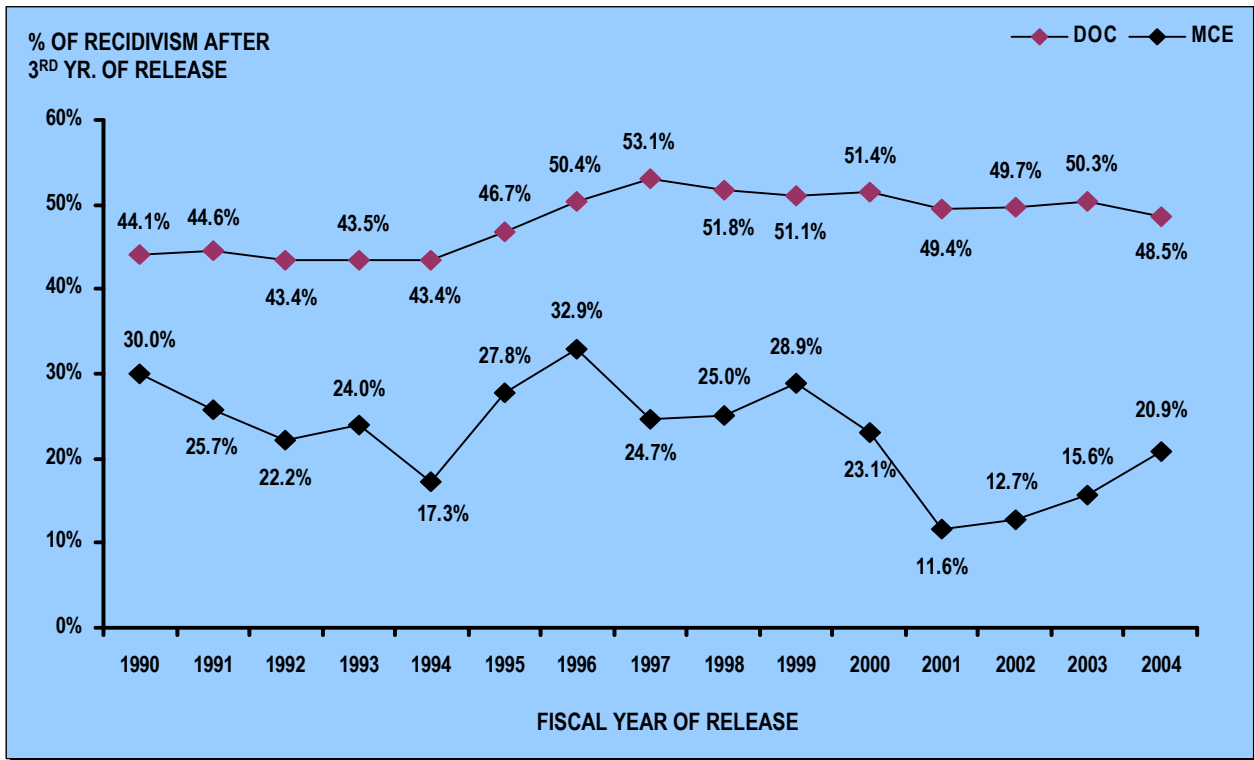
These reports substantiate the theories and practices which Maryland Correctional Enterprises put into place decades ago. The environment for the operation of MCE replicates the environment for the business operations of a private corporate entity as closely as possible where inmates are taught job skills and are provided with constructive employment. This combination leads to the development of both technical and social skills and improves the employability of the inmate upon release. This employment and training, in both job skills and the “work ethic” has resulted in recidivism rates which are 60% lower than the general population rate, and is documented in the following data table and graphs. This theory is woven into the MCE Mission Statement and is the compelling reason behind the expansion of inmate employment opportunities and the continuing search for Prison Industry Enhancement (PIE) partnerships.

RECIDIVISM (Continued)

			Cumulative Total and Cumulative Percentage Of Releases Returned Within					
Fiscal Year of Release	Agency	Total Released	1st Year		2nd Year		3rd Year	
			Number	Pct.	Number	Pct.	Number	Pct.
1990	DOC	7,756	1,439	18.6	2,640	34.0	3,418	44.1
	SUI	60	4	6.7	14	23.3	18	30.0
1991	DOC	8,664	1,771	20.4	3,085	35.6	3,863	44.6
	SUI	70	5	7.1	13	18.6	18	25.7
1992	DOC	9,495	1,827	19.2	3,234	34.0	4,123	43.4
	SUI	99	9	9.1	17	17.2	22	22.2
1993	DOC	9,301	1,731	18.6	3,102	33.4	4,044	43.5
	S.U.I.	154	13	8.4	25	16.2	37	24.0
1994	DOC	9,947	1,916	19.3	3,441	34.6	4,317	43.4
	SUI	139	7	5.0	14	10.1	24	17.3
1995	DOC	11,794	2,560	21.7	4,327	36.7	5,502	46.7
	SUI	108	9	8.3	22	20.4	30	27.8
1996	DOC	13,623	3,050	22.4	5,302	38.9	6,863	50.4
	SUI	76	9	11.8	18	23.7	25	32.9
1997	DOC	13,536	3,300	24.4	5,702	42.1	7,189	53.1
	S.U.I.	77	6	7.8	14	18.2	19	24.7
1998	DOC	14,654	3,556	24.3	6,055	41.3	7,595	51.8
	SUI	84	12	14.3	20	23.8	21	25.0
1999	DOC	13,853	3,442	24.8	5,666	40.9	7,075	51.1
	SUI	76	10	13.2	19	25.0	22	28.9
2000	DOC	13,113	3,131	23.9	5,225	39.8	6,741	51.4
	SUI	108	6	5.6	14	13.0	25	23.1
2001	DOC	13,078	3,031	23.2	5,106	39.0	6,459	49.4
	MCE	95	2	2.1	7	7.4	11	11.6
2002	DOC	12,696	3,004	23.7	4,952	39.0	6,311	49.7
	MCE	118	8	6.8	13	11.0	15	12.7
2003	DOC	12,839	2,950	23.0	5,091	39.7	6,460	50.3
	MCE	122	6	4.9	9	7.4	19	15.6
2004	DOC	12,501	2,826	22.6	4,782	38.3	6,062	48.5
	MCE	134	10	7.5	20	14.9	28	20.9

		Cumulative Total and Cumulative Percentage Of Releases Returned Within					
Fifteen Year Total	Total Released	1st Year		2nd Year		3rd Year	
		Number	Pct.	Number	Pct.	Number	Pct.
DOC	176,850	39,534	22.4	67,710	38.3	84,022	47.5
MCE	1,520	116	7.6	239	15.7	334	22.0

Recidivism Comparison of Released MCE Inmates with the DOC General Population



Over a fifteen year study period, the comparison of released MCE inmates with the DOC general population reflects that MCE recidivism rates are 66% lower than the DOC rate in the first year, 59% in the second year, and 54% in the third year. Therefore, as an average, MCE recidivism rates are 60% lower than the DOC rate.

MCE inmate workers are not assigned on a random basis. A minimum education level (High School/GED) is required for employment.



2. COORDINATING WORK PROGRAMS WITH OTHER REHABILITATIVE PROGRAMS

Organizationally, the coordination of industrial training programs with other rehabilitative programs is supported by the inclusion on the Maryland Correctional Enterprises Management Council of representatives of the University System of Maryland, the Governor's Office of Crime Control and Prevention, the Department of Labor, Licensing and Regulation, organized labor, the business community, and the legislative and judicial branches of Maryland government. These organizations provide a variety of perspectives as MCE investigates new industries or decides to discontinue programs.

Maryland Correctional Enterprises recognizes the importance of literacy in preparing inmates for return to the community. Without basic academic skills, inmates are unable to benefit from advanced training and may well be unable to read basic directions, work orders or even safety warnings. MCE has required a high school diploma or GED for inmate employment since 1998. Exceptions are allowed for inmates who worked for MCE previously and for inmates with specialized skills. Research conducted in Maryland, Ohio, and Minnesota clearly established the relationship between education/training for offenders and their return to the correctional system. Overall, inmate participants in these programs returned to prison at a rate 19% lower than non participants.

Effective July 1, 2009, responsibility for academic and occupational education, workforce development and library services was transferred from the State Department of Education to the Department of Labor, Licensing and Regulation. DLLR correctional education anticipates offering Career Fairs in conjunction with their employment readiness workshops.

Maryland Correctional Enterprises encourages inmate employees to take advantage of the expanded programs and services provided by the Division of Correction to prepare inmates for release. These programs and services include: assistance in obtaining work related documents (Social Security replacement cards, birth certificates, and State ID's issued by the MVA), reentry groups with localized community information packets, Thinking for a Change and Employment Readiness classes, and access to the DLLR mobile unit (funded by MCE) at selected pre-release units.

In the area of formalized on the job training, MCE sponsors a meat cutting apprenticeship program at MCI-H. The meat cutting apprenticeship combines on the job training (4,000 hrs.) in the MCE production facility and 288 hrs. of related classroom instruction. Staff from the Apprenticeship Office at DLLR has visited MCE production plants to evaluate the possibility of establishing apprenticeship training based on MCE on-the-job training. Potential areas of apprenticeship include: printing, metal fabrication, and wood working.

3. EMPLOYABILITY NEEDS OF INMATES

Maryland Correctional Enterprises meets the employability needs of inmates by providing on the job training in a variety of industries in a work environment which reflects community standards of production, quality and safety. MCE provides both specific occupational/trade skills and training in work habits (team work, communication, attendance, etc.) Training in work habits is universally applicable to post release employment while the specific job skills are of varying applicability to the civilian job market.

Post release employment has been identified in a number of studies as related to recidivism. This correlation has been identified in research in a number of states and at the federal level with the Bureau of Prisons. Miles Harer of the Federal Bureau of Prisons reported that, “releases who had arranged for post release employment prior to release had lower recidivism rates than those who did not make such arrangements” (28% vs. 54%). A post release follow up of 30,207 inmates in Texas confirmed the correlation between training/education and post release success in obtaining employment (Fabelo, 1998). Participation in education and training was associated with obtaining employment and higher wages which in turn was strongly related to lower levels of recidivism.

A major study of 53 high quality (experimental or quasi-experimental) research studies on the effect of work, training and education on recidivism reported that inmates who participated in this programming recidivated at a rate nearly 20% lower (39% vs. 50%) than non participants (Wilson, 2001). Additionally, work based programs such as prison industries were found to be roughly equal in their impact on recidivism as vocational training. Finally, participation in employment readiness and work release were associated with higher levels of post release employment and lower levels of recidivism.

The Washington State Public Policy Institute, established to provide policy makers with reliable and practical advice on program effectiveness, has identified correctional industries as one of the three most effective programs in corrections. Their research identified correctional industries with an 8% reduction in recidivism. Correctional education and vocational training were also identified with significant reductions in recidivism. MCE inmate employees would have the benefit of education as MCE adopted the H.S./GED as a requirement for employment. Summing up the relationship of employment and re-offending, Mark Kleiman, a public policy expert at UCLA, stated that “getting a job (post release) is among the very best ways of staying out of trouble” (Slate, msn.com).

Bruce Western of Harvard University has proposed a model for reintegration of offenders entitled “From Prison to Work: A Proposal for a National Prisoner Reentry Program under the auspices of the Brookings Institution (Dec. 2008). Western’s model relies on a number of local programs which focus on employment as a center piece of successful reentry. Again, the central role of employment, stressed by the MCE CARES program, suggest that MCE’s design is supported by research and is likely to succeed.

During FY2009, MCE implemented CARES (Continuing Allocation of Re-Entry Services) to assist inmate employees in transitioning to civilian employment upon release. Flyers and other promotional literature were developed to increase awareness of the program with inmate employees and staff. Presentations were made to: case management staff, Parole Commissioners and hearing officers as well as Parole and Probation supervisors.

The CARES program includes:

- MCE inmate workers will complete an assessment which will provide employment related information on the inmate's education, training, employment documents and work history. Inmates participating in the CARES program complete an application and participation agreement.
- A full time workforce development specialist was hired to provide transitional services to MCE inmate employees nearing release. MCE Part time trainers were hired for the Thinking for a Change and Employment Readiness components of CARES. A part time director was hired to coordinate the program. MCE was able to recruit and hire individuals with considerable experience and qualifications to staff the CARES program.
- MCE inmate employees nearing release were identified and presented the opportunity to participate in CARES at the Central Laundry Facility (now named the Central Maryland Correctional Facility) to work in the commercial laundry and participate in the MCE CARES program which began on July 1, 2008 with the "Thinking for a Change" curriculum followed by the Prison to Work employment readiness curriculum developed by MSDE with federal funding.



MCE C.A.R.E.S. Certificate of Completion



MCE Hours of Experience Certificate



MCE Years of Experience Certificate

- MCE continued issuing Experience and Evaluative Certificates to all workers to verify their work experiences with MCE and to establish a transition file for each inmate employee.
- CARES participants are being followed up by the Department of Parole and Probation in terms of post release employment and recidivism. CARES participants will be included in the MCE recidivism study which tracks releases with at least one year of MCE experience for 3 years post release.
- CARES participants and other MCE employees will be referred to the One Stop Career Centers throughout Maryland operated by the Department of Labor, Licensing and Regulation. Individual job development efforts with employers will supplement the One Stop linkages.

- Additional training was added with the Prosperity Partners Financial Freedom Program at MCI-W and later expanded to CMCF. This powerful program helps inmates create a financial plan, manage debt, addressing tax issues, etc. Michelle Singletary of the Washington Post is a major presenter of PPFPP.

<u>Curriculum</u>	<u>Starting Date</u>	<u>No. of Students</u>	<u>Graduation</u>	<u>No. of Graduates</u>
“Thinking for a Change” “Employment Readiness”	7/1/08	6		
“Thinking for a Change” “Employment Readiness”	10/1/08	10		
“Thinking for a Change” “Employment Readiness”	1/1/09	20	1/09	16
“Thinking for a Change” “Employment Readiness”	4/1/09	24	6/09	20
“Thinking for a Change” “Employment Readiness”	7/1/09	19	9/09	24
“Thinking for a Change” “Employment Readiness”	10/1/09	12	12/09	19
“Thinking for a Change” “Employment Readiness”	1/11/10	13	3/24/10	12
“Thinking for a Change” “Employment Readiness”	4/11/10	19	6/30/10	17

4. INMATE PAY (as of 7/1/08)

Calculating the pay of inmate workers will be the responsibility of the plant manager at each institution. Pay rates shall be based on the following categories reflecting differences in skill levels:

	<u>Four (4) Day Work Week</u>	<u>Five (5) Day Work Week</u>
1. Unskilled:	<i>\$1.56 to \$2.50 per day</i>	<i>\$1.25 to \$2.00 per day</i>

A worker who performs general labor or who assists another worker, usually of a higher level of competence or expertise by performing a variety of duties such as: furnishing another worker with materials, tools and supplies; cleaning work area, machines and equipment; holding materials or tools; and performing other routine duties. An unskilled worker (helper) may learn a trade, but does so without an agreement with Maryland Correctional Enterprises that such is the purpose of their relationship.

2. Semi-Skilled:	<i>\$2.56 to \$2.75 per day</i>	<i>\$2.05 to \$2.20 per day</i>
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A worker who learns, according to written or oral instruction, a recognized skilled craft or trade, not of a complex nature, in which an acceptable level of proficiency can be attained in six months.

3. Skilled:	<i>\$2.81 to \$3.13 per day</i>	<i>\$2.25 to \$2.50 per day</i>
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A worker who has completed a specific training program in learning a trade or craft, or who can submit written proof of qualifying experience for a specific number of years, for a trade or craft. He is capable of functioning with minimum supervision and relies on his own judgment. May act as a crew leader, thereby instructing helpers to become more proficient in a specific craft.

4. Craftsman:	<i>\$3.19 to \$3.44 per day</i>	<i>\$2.55 to \$2.75 per day</i>
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A skilled worker who has knowledge in managing work projects, including planning, scheduling and teaching work processes. Can teach subjects related to the craft or trade, such as the characteristics of materials used, mathematics, estimating, and blueprint reading.

5. Clerks:	<i>\$3.19 to \$3.44 per day</i>	<i>\$2.55 to \$2.75 per day</i>
Warehouse Clerks:		<i>\$5.10 per day</i>

A clerk handles the processing and completion of all necessary paper work, including typing, filing and general office duties. Some computer skills would be helpful, but not absolutely necessary.

E. FISCAL

1. BUDGET SECTION

This section provides operating costs and staffing configurations for FY2010

	<u>Operating Cost</u>	<u>Staffing</u>
.01 General Administration (Q00B0901)	\$49,777,911	187
.02 Custodial Care	N/A	N/A
.03 Dietary Services	N/A	N/A
.04 Plant Operation and Maintenance	N/A	N/A
.05 Clinical and Hospital Service	N/A	N/A
.06 Classification, Recreation and Religious Service	N/A	N/A
	<u>\$49,777,911</u>	<u>187</u>
Daily Per Capital Cost	\$N/A	
Annual Per Capital Cost	\$N/A	
Rated Capacity	N/A	
Operating Capacity	N/A	
Average Daily Population	N/A	
Inmate to Staff Ratio	N/A	
Inmate to Custody Staff Ratio	N/A	

2. MCE SELF-SUFFICIENCY FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2010

Net Operating Income Per the Financial Statements (Unaudited)		\$299,425
Add Revenues not Recognized:		
Interest Income on Revolving Fund	\$ 101,852	
Un-reimbursed Inmate Training Costs	7,062,150	
Savings Relative to Reduced Recidivism	<u>4,807,000</u>	
Total Unrecognized Revenue -		\$11,971,002
Less Expenses not Recognized:		
Indirect Costs (DPSCS & State)	\$ 903,521	
Capital Construction - Amortized Costs	792,136	
Capital Construction - Interest on Bonds	<u>1,241,877</u>	
Total Unrecognized Expenses -		<u>\$2,937,534</u>
Adjusted Net Operating Income/(Loss)		<u>\$9,332,893</u>

3. 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”.

ECONOMIC IMPACT – FISCAL YEAR 2010

AREA	GOODS & SERVICES	EMPLOYEE PAYROLL	INMATE PAYROLL	ECONOMIC CONTRIBUTION
Annapolis	\$ 13,074	\$ 0	\$ 0	\$ 13,074
Baltimore City	3,837,483	3,916,483	0	7,753,966
Baltimore County	284,903	528,134	0	813,037
Eastern Shore	326,321	1,078,195	191,369	1,595,885
Hagerstown	510,292	3,691,444	598,068	4,799,804
Jessup	3,011,002	1,704,342	1,329,734	6,045,078
Montgomery Co.	38,175	0	0	38,175
Northeast Maryland	2,254,689	1,005,138	0	3,259,827
Prince Georges Co.	89,650	111,274	0	200,924
Southern Maryland	1,299	16,530	0	17,829
Western Maryland	7,431	311,613	28,899	347,943
Maryland Total	\$10,374,319	\$12,363,153	\$2,148,070	\$24,885,542
Out of State Total	\$25,755,776	\$1,032,089	0	\$26,787,865
Grand Total	\$36,130,095	\$13,395,242	\$2,148,070	\$51,673,407

Economic Impact

