



MARYLAND CORRECTIONAL ENTERPRISES

Annual Report

Fiscal Year 2013

MCE

*Employ and train
offenders to improve
employability upon
release, to enhance
safety and security,
and to reduce
prison idleness*

*Produce quality,
saleable goods
and services*

*Be a financially
self-supporting
state agency*

Martin O'Malley, Governor • Anthony G. Brown, Lt. Governor
Gary D. Maynard, Secretary • J. Michael Stouffer, Deputy Secretary Operations
Stephen M. Shiloh, Chief Executive Officer



7275 Waterloo Road, Jessup, Maryland 20794

(410) 540-5400

www.mce.md.gov

MARYLAND CORRECTIONAL ENTERPRISES

ANNUAL REPORT FY2013

Stephen M. Shiloh, CCE
Chief Executive Officer

September 1, 2013

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

J. Michael Stouffer, Deputy Secretary
Department of Public Safety and Correctional Services

MARYLAND CORRECTIONAL ENTERPRISES 2013 ANNUAL REPORT

EXECUTIVE SUMMARY

- In FY2013, Maryland Correctional Enterprises (MCE) had unaudited revenues of \$50.82 million and employed 2,038 inmates. At the close of FY2013, 174 employees were on the MCE payroll.
- During FY2013, MCE provided over 2.9 million hours of inmate employment/training and touched the lives of 3,183 inmates.
- Based on Fiscal Year 2012 data and published in the National Correctional Industries Association 2013 Directory, Maryland Correctional Enterprises ranked 8th in the United States in sales and 5th in inmate employment. Maryland ranks 19th in state population and 19th 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 \$90.0 million in Fiscal Year 2013.
- MCE initially became "ACA Certified" on August 10, 2009 and received 100% on the re-accreditation by the ACA audit on August 8, 2012. All of the standards will continue to be updated and reviewed in order to maintain 100% compliance. Only (19) other states are "ACA Certified".
- MCE provides inmates with much needed work skills and work ethics. Over a fifteen year study period the comparison of released MCE inmates with the DPSCS general population inmates reflects that MCE recidivism rates are lower than DPSCS. Within the first three years of release, approximately 43 of every 100 (43%) of DPSCS inmates will return to prison. Of inmates who participate in a MCE program for at least one year, approximately 22 of every 100 (22%) will return. Therefore, MCE recidivism rates continue to be significantly lower than the DPSCS general population rate.
- The annual Strategic Business Plan FY2013-2015, based on Managing For Results, was distributed to all employees, the Management and Customer Councils, and personnel of the DPSCS in September 2012. In preparation for the "MCE Strategic Business Plan, FY2014-2016", the thirteenth annual Managing for Results Seminar was held at the Maritime Institute on May 14, 2013. The facilitators were Michael Helm and Jennifer Beskid from the DPSCS Police and Correctional Training Commissions.
- An Enterprise Resource Program (ERP) is being written. Mr. Frank Balogh, consultant from Soft-Con Enterprises, Inc. is being retained by MCE for this purpose and began on April 1, 2013 for 17 months. Once the RFP has been advertised and awarded, the process will then involve the purchase, installation, training and use of the new management information system.
- 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 Maryland Correctional Facility to work in the central laundry and participate in the CARES program which began with the "Thinking for a Change" curriculum. At the close of FY 2013, the CARES program had 244 graduates. From a study of the 166 participants in the CARES reentry program who were released from 02/5/09 to 06/30/12, only 2% were returned with new convictions.
- One Prison Industry Enhancement (PIE) partnership with the private sector was in operation during FY2013 in Metal I. Several PIE programs continue to be explored.
- As of July 1, 2012, Data Entry (No. 147) was merged into Mailing & Distribution in the MCE Building at MCI-W.
- The new Toner Re-manufacturing operation at the MCTC Brush and Carton Plant began on September 4, 2012 and currently has two clerks and five inmates producing and stocking toners. In addition, the warehouse at MCI-H will have inmate workers assigned to stocking, picking, and packing toners for orders and delivery. Sales will begin in FY2014.

- The twelve month Warranty Inspection of the new MCE Upholstery Plant at North Branch Correctional Institution took place on December 5, 2012. Most of the items that were reported as needing corrective action were remedied. As of February 6, 2013, all repairs had been completed.

MCE is proud to announce that the NBCI Upholstery Plant was awarded the LEED (Leadership in Energy and Environmental Design) Silver Rating as an internationally recognized green building program in November 2012.

- MCE expressed interest in the Department of General Services (DGS) vacant 60,000 sq. ft. State Surplus Warehouse to ascertain if it could be renovated for use by MCE. Site visits to the DGS Warehouse were made on March 21st, April 3rd, and May 30th. A letter of intent was sent to DGS by MCE on June 4, 2013. DGS scheduled this item to be presented to the Board of Public Works (BPW) on July 24, 2013. Approval was granted by the BPW. MCE will draft a program to renovate the building.
- Modifications to the existing MCE Building at MCI-W are necessary due to the expansion of the Motor Vehicle Administration "Perpetual Inventory Control System" Project. The program for "MCI-W Building Revisions" began on October 24, 2012. A walk-thru of the building was held on December 13, 2012 and the drawings and program were revised to reflect these changes. Steve approved the program on January 17, 2013. Deputy Secretary Stouffer approved the project on March 19, 2013. The bid package was placed on eMaryland Marketplace on March 20, 2013. A Pre-Bid Conference was conducted at MCI-W on April 18, 2013. Five bids were received by May 2, 2013. J.B. Contracting was awarded the bid on May 2, 2013. A Pre-Construction Meeting was held on May 21, 2013 at MCI-W. The contractor began work on the 90-day contract on June 17, 2013.
- Future Expansion Projects include:
 - Renovation of the former DGS State Surplus Warehouse.
 - 2,500 sq. ft. addition to the MCE Furniture Restoration Plant at Eastern Correctional Institution (ECI).
 - 21,000 sq. ft. MCE Graphics/Textile Plant at the Jessup Correctional Institution.
 - New 25,000 sq. ft. Meat Plant at the Maryland Correctional Training Center.
 - New MCE Distribution Center at ECI, a 10,000 sq. ft. Warehouse and 20,000 sq. ft. trailer/truck parking and turn-around.
 - 40,000 sq. ft. (2 story) Systems Furniture/Textile Plant at the Maryland Correctional Training Center.
- MCE's Chief Operating Officer, Mr. Joe Sommerville was a National Correctional Industries Association (NCIA) At-Large board member for 2012 – 2013.
- Mr. Paul Rosenblatt, Central Warehouse Manager, was the Northeast NCIA Staff Award Recipient and was recognized at the NCIA Convention in Charlotte, North Carolina.
- The move for a "GREENER" Maryland is being developed by the Governor through DGS and other State agencies. MCE is very involved in product specifications and increasing customer education and is GREENGUARD Indoor Air Quality certified. Additional green activities include recycling, toner remanufacturing, and Furniture Restoration.
- Media coverage of MCE in FY2013 included the following:
 - "7,000 Pounds of Turkey Prepped in Prison Kitchens", WHAG TV 25, November 12, 2012 by: Sujata Khandelwal.
 - "Maryland Inmates Launder Bras for Cancer Awareness", The Frederick News-Post – Online, December 13, 2012.
 - "Inmates Wash 17,000 Donated Bras for Charity at Sykesville Laundry Facility", Carroll County Times, December 14, 2012 by: Carrie Ann Knauer.
 - "Inmates at Sykesville Detention Center Laundry Process 13,000 Donated Bras", Baltimore Sun – Online, December 20, 2012.

- MCE's charitable contributions and donations provide positive social impact and benefits for many MD citizens, nonprofits and State organizations:
 - Donates food and apparel to Special Olympics.
 - Since 1993, Maryland Correctional Enterprises' Meat Plant has annually prepared, deboned and cooked approximately 700 – 1,000 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.
 - Proud to be included in the historic efforts to restore the Antietam Battlefield in Sharpsburg, MD by planting thousands of trees and assisting in upkeep of the Battlefield.
 - Contributes goods and services to special DPSCS/DOC programs like the Honor Guard and Victims' Rights events.
 - Donated both bras and laundry services for over 13,000 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.
 - Transported 900 books donated by Parole Rotary's Books for International Goodwill Program and 18 cases of books, donated by a member of MCE's Customer Council for distribution throughout the institutions.

- Total value of Capital Projects delivered in FY2013: \$11.1 million.
 - Cecil College (Arts & Sciences Bldg.)
 - UMBC (Performing Arts Bldg.)
 - Harford Comm. College (Susquehanna Center)
 - A. A. Community College (Library)
 - Towson University (City Center, Public Safety Bldg., and Tiger Arena)
 - Morgan State Univ. (Lillie Carroll Jackson Museum)
 - Hagerstown Comm. College (Classroom Bldg. and Learning Center)
 - Howard Comm. College (Science Bldg.)
 - CCBC (Owings Mills Learning Center)
 - University of Baltimore (Law Center)*

*This \$4.0 million was the largest single year contract for MCE.



TABLE OF CONTENTS

A LOOK BACK	1
MISSION STATEMENT	2
ORGANIZATION	2
Management	2
Management Council	3
Customer Council	3
FISCAL YEAR 2013	4
Plant Locations	4
Tabulation of Sales and Inmates Employed	5
SALES - FISCAL YEAR 2013	6
Historical Growth	6
Ranking in U.S.	6
Capital Projects - FY 2013	7
Design Unit	7
New Products	7
Top Customers	8
Top Plants/Service Centers	8
CUSTOMER SATISFACTION	9
Customer Ratings	9
Delivery Time	9
"Quick Ship"	9
INMATE EMPLOYMENT AND TRAINING	10
Historical Growth	10
Ranking in U.S.	10
Prison Industry Enhancement (PIE)	11
Recidivism	11
REENTRY AND EMPLOYMENT OF EX-OFFENDERS	12
GREEN INITIATIVES	14
COMMUNITY OUTREACH/MEDIA RECOGNITION/AWARDS	16
Community Outreach	16
Media Recognition	17
Awards	17
A LOOK AHEAD	18
FINANCIAL	20
Economic Impact	20
Operating Cost	21
Financial Statements	22



A LOOK BACK

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

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

Maryland State Use Industries (SUI) experienced extreme financial difficulties that constantly plagued the program into the 1980's. In fact, SUI had to borrow \$2.0 million From the State (FY1983 Operating Loan). In an effort to reverse this trend, the General Assembly enacted the State Use Industries Act 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. The \$2.0 million loan from the State was paid back to the State in FY1989 and FY1990. As sales increased, SUI became self-supporting. Increased sales also permitted an expansion of SUI. Thus, the modern era of State Use Industries began in 1982 with the creation of the State Use Industries Act, Article 27, 680-681K of the Annotated Code of Maryland. In FY2000, the State Use Industries Act was rewritten as the Correctional Services Article (Sections 3-501 through 3-528).

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



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.

ORGANIZATION

MANAGEMENT

Chief Executive Officer	Steve Shiloh
Chief Operating Officer	★ Joe Sommerville
Chief Administrative Officer	Shirley Sipe
Chief Development Officer	Rick Rosenblatt
Director of Marketing	Lida Poole
Exec. Director of Management Council	David Jenkins
Director of Sales	Todd Deak
Sales Manager	Jim Hook
Human Resources Director	Shadrick Phillips
Chief Financial Officer	Mark Rowley
Operations Manager	Stephen Sanders
Projects Consultant	Cliff Benser
Customer Service Manager	Shari Hoffman
Design Manager	Terry Hill
Chief Information Officer	Pradeep Nair
Re-Entry Services Director	Vacant

★ NCIA At-Large Board Member 2012-2013

REGIONAL MANAGERS

Hagerstown/North Branch	Greg Haupt
Jessup/ECI Furniture Restoration	Dan Bickford
Textiles/ECI Liason	Donna Beck
Graphics	Mike Giuffre
Central Warehouse Manager	★★ Paul Rosenblatt/Paul Duffy
Hagerstown Warehouse Manager	Ron Brown
Laundry/Agriculture/Recycling/WCI	Mathew Hall

★★ Northeast NCIA Staff Award Recipient



Embroidery
Sew Plant - MCI-W
Jessup, Md
and
ECI - Westover, Md.



Graphics
Sign Plant - Patuxent
Jessup, Md



MANAGEMENT COUNCIL

(Defined in Section 3-521 of the Correctional Services Article)

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

Management Council Members

Dr. H. David Jenkins, Executive Director
Ms. Renata Seergae, Staff Assistant

Name	Affiliation
The Honorable Joseph "Sonny" Minnick	State Delegate and Council Chair
The Honorable Nathaniel McFadden	State Senator
Mr. J. Michael Stouffer	Deputy Secretary, DPSCS
Mr. Stephen M. Shiloh	Chief Executive Officer, Maryland Correctional Enterprises
Judge Pamila J. Brown	Associate Judge, District Court of Md., District 10, Howard Co.
Mr. Jerome W. Klasmeier	Assistant Comptroller of the Treasury
Ms. Barbara Bice	Maryland State Department of Education
Ms. Sarah Myers	Governor's Office of Crime Control and Prevention
Ms. Alice Wirth	Department of Labor, Licensing, and Regulation
Mr. Joseph Evans	University System of Maryland
Mr. Fred D. Mason, Jr.	MD/DC AFL-CIO
Mr. Leonard G. (Bud) Schuler	Plumbers and Steamfitters Local 486
Mr. Jack Weber	Uptown Press, Inc.
Mr. Philip Holmes	Goodwill Industries of the Chesapeake, Inc.
Mr. Melvin Forbes	Wilkerson Sports Enterprise

CUSTOMER COUNCIL

(Defined in Section 3-528 of the Correctional Services Article)

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

Customer Council Members

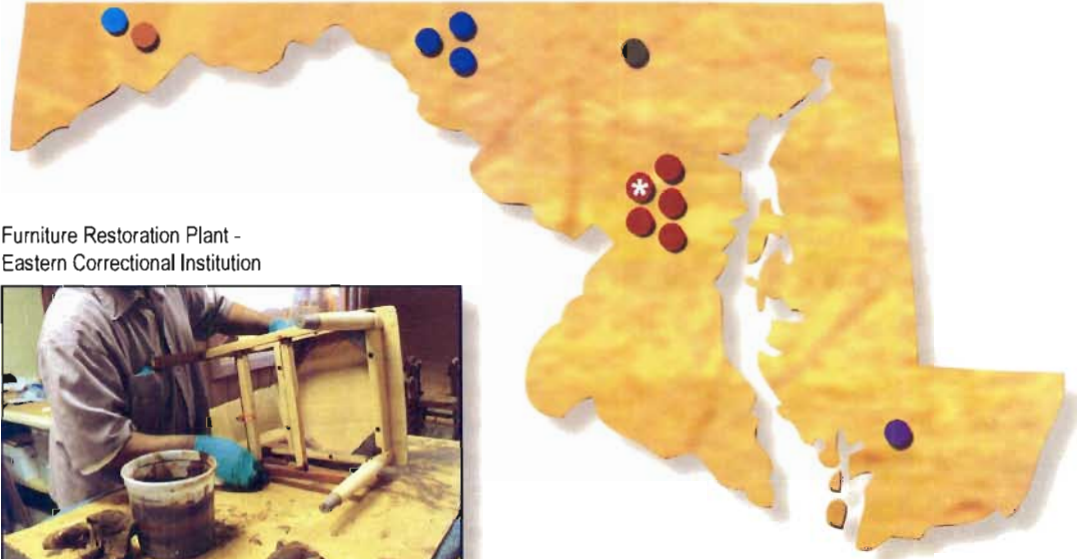
Mr. Stephen M. Shiloh, CEO and Council Chair
Ms. Renata Seergae, Staff Assistant

Name	Affiliation
Mr. Joe Sommerville	Maryland Correctional Enterprises
Mr. John Pirro, Jr.	Department of Budget and Management
Vacant	Department of Business and Economic Development
Mr. William Armstrong	Department of General Services
Mr. Ranier Harvey, Sr.	Department of Human Resources
Ms. Trisha O'Neal	Maryland Department of Transportation
Mr. David Beard	Maryland Higher Education Commission
Ms. Sandra Filippi	Montgomery College
Mr. Churchill Wotherly	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
Vacant	Baltimore City Mayor's Office



FISCAL YEAR 2013

PLANT LOCATIONS



Furniture Restoration Plant -
Eastern Correctional Institution



DPSCS INSTITUTIONS

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

Picture Frame Plant - Patuxent Institution



Metal Plant - MCI - Hagerstown



SALES AND INMATES EMPLOYED - FISCAL YEAR 2013

Business Units	Inmates	Sales
Jessup Correctional Institution		
Wood – office, lounge and dormitory furniture, tables, library shelving	212	6,423,749
Tag – metal motor vehicle license tags, picnic furniture	65	4,104,008
Sew – inmate uniform items	141	2,819,694
Maryland Correctional Institution – Jessup		
Graphics I – complete line of letterheads, forms, related special products, four color printing	103	2,132,085
Graphics II – envelopes, plaques, business cards and name tags	43	1,692,877
Quick Copy Service – digital b/w and color copying, binding, finishing, packaging, shipping, collating, stapling	41	412,643
Maryland Correctional Institution for Women		
Sew/Flag – shirts, gowns, bathrobes, flags and aprons	137	1,112,773
Mailing and Distribution – bulk mailing, distribution service, news clipping service	104	2,621,083
Design and Planning – office design using CADD system	16	450
Maryland Correctional Institution – Hagerstown		
Metal – shelving, beds, tables, wastebaskets, chairs & benches, Flexstation	83	4,150,399
Metal (P.I.E.) – fabrication, painting and assembly of switchgear components		25,446
Upholstery – new sofas and chairs (fabric & vinyl)	84	7,545,006
Meat – ground beef, chopped steaks, meat loaf, roasts, chops, ribs, hotdogs, lunch meats, sausage	77	5,713,904
Hagerstown Warehouse – backhaul operations, shipment of products produced in Hagerstown	25	52,458
Roxbury Correctional Institution		
RCI Graphics – file folders, interoffice envelopes, report covers, vinyl binders; production of MVA vehicle registrations and special orders	123	1,836,198
Recycling – recycling of aluminum and steel cans, cardboard, paper, pallets, and plastic	67	150,144
Agriculture – apple orchard, field crops, shoreline grasses, trees		87,305
Maryland Correctional Training Center		
Partition – work stations, office panels, sight screens	30	2,096,408
Brush & Carton – utility brushes & corrugated cartons, furniture assembly	20	454,193
North Branch Correctional Institution		
NBCI Upholstery	25	57,652
Western Correctional Institution		
WCI Furniture – laminated component parts and various furniture items	32	1,637,832
Eastern Correctional Institution		
Furniture Restoration – refinishing/restoration of wood, metal, and upholstered furniture	126	1,080,914
Textiles – towels, washcloths, hats, uniform clothing/shirts, mattresses	115	1,691,510
Patuxent Institution		
Sign – street signs, custom made signs to order, vehicle wraps	47	863,336
Picture Frame – custom framing of pictures, including the Great Seal of Maryland		
Laundry Operations – CMCF, MCI-H, WCI, ECI		
Laundry – Industrial cleaning of laundry for institutional and non-profit entities	283	1,176,882
Central Maryland Correctional Facility		
Cleaning Products – All-purpose and germicidal cleaners	6	648,188
Jessup Area		
Central Warehouse – shipment of all products produced at Baltimore metropolitan area prisons, moving, labor, and courier service	33	232,439
Totals	2,038	50,819,576

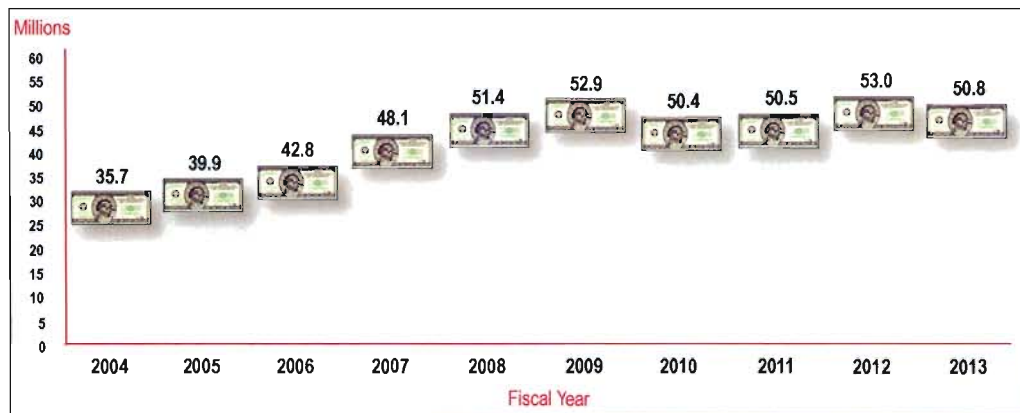
SALES - FISCAL YEAR 2013

Maryland Correctional Enterprises is prohibited by law from selling its products and services on the open market. Sales to State agencies in FY2013 represented 98% of MCE's total sales, with 2% to non-state and not-for-profit agencies.

Maintaining MCE's steady increase of sales over the years continues to be based on a commitment to quality products and services and a keen sense of urgency to satisfy customers.

HISTORICAL GROWTH

Maryland Correctional Enterprises Sales



RANKING IN U.S.

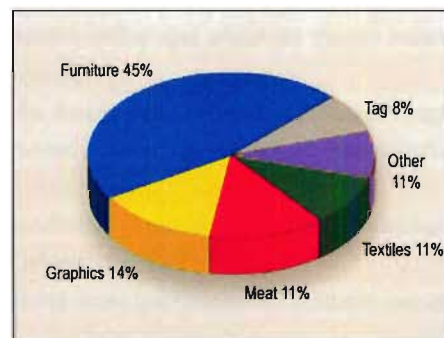
Correctional Industries Sales Ranking for 2012

From Data contained in the 2013 National Correctional Industries Association (NCIA) Directory

Rank	State	Total Sales
1	California	\$160,400,000
2	North Carolina	94,905,531
* 3	Colorado	67,688,880
* 4	Pennsylvania	63,571,000
5	Florida	63,108,336
6	Texas	58,583,509
* 7	Washington	54,352,937
8	MARYLAND	53,026,652
9	New York	52,411,934
* 10	Illinois	52,349,400

* Has Canteen/Commissary Operation

FY2013 SALES BY INDUSTRY GROUP



MCE has ranked in the top 10 in sales for the past 8 years

CAPITAL PROJECTS - FY2013

Maryland Correctional Enterprises worked on Capital Project specifications in FY13 that totaled \$17.3 million. \$11.1 million was delivered in FY13. In FY14 an estimated sales value of \$8.1 million for Capital Projects will be delivered.

Total value of Capital Projects Delivered in FY2013: \$11.1 million

- Cecil College (Arts & Sciences Bldg.)
- UMBC (Performing Arts Bldg.)
- Harford Community College (Susquehanna Center)
- A.A. Community College (Library)
- Towson University (City Center, Public Safety Bldg., and Tiger Arena)
- Morgan State University (Lillie Carroll Jackson Museum)
- Hagerstown Community College (Classroom Bldg. and Learning Center)
- Howard Community College (Science Building)
- University of Baltimore (Law Center)
- CCBC (Owings Mills Learning Center)

DESIGN UNIT

As part of the MCE Sales Division, 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 Maryland Correctional Institution for Women trains inmates in space planning, office design, the use of AutoCad, and actually produces office design layouts for customer approval.

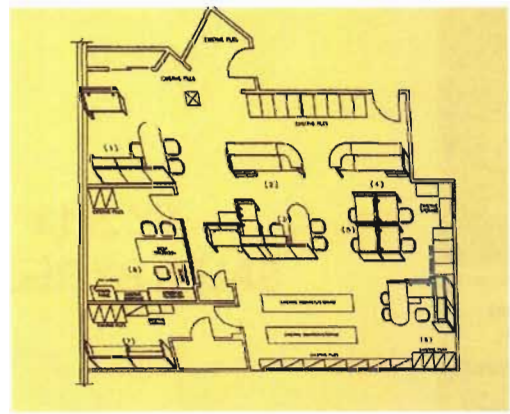
Projects developed by the Design Unit of MCE's Sales Division

	2006	2007	2008	2009	2010	2011	2012	2013
No. of Projects	670	685	680	587	475	541	607	604
Sales Values (millions)	\$23.9	\$23.3	\$25.2	\$30.3	\$22.6	\$25.6	\$27.8	\$26.6

NEW PRODUCTS

Maryland Correctional Enterprises introduced the following new products in FY2013:

- Smith System Classroom Furniture
- Nova Trolley E Desk
- Assortment of Birdhouses
- LED Task Lights
- Alt 3 Task Chair
- Ithaca Ultra Task Chair
- DPSCS Winter Jacket
- Unisex Pajamas
- Cargo Shorts
- RF Welded Mattresses (Value Safe, Clear Safe, Fusion Advantage)
- Remanufactured Toner Cartridges
- Classification Folders
- Rocking Chair
- Coaster Sets
- 1812 Bicentennial Decorative Birdhouse





TOP 10 CUSTOMERS FY 2013

Ranking	Name	Amount	%
1	University of Maryland System	\$12,734,527.65	25.06%
2	Department of Public Safety & Correctional Services	10,656,817.08	20.97%
3	Department of Transportation	9,185,301.68	18.07%
4	Community Colleges of Maryland	5,595,884.33	11.01%
5	Department of Health & Mental Hygiene	4,173,987.00	8.21%
6	Department of Human Resources	1,201,137.85	2.36%
7	Department of Juvenile Services	1,155,151.49	2.27%
8	Department of Labor, Licensing & Regulation	813,955.25	1.60%
9	Maryland State Department of Education	635,672.37	1.25%
10	Department of Natural Resources	621,415.53	1.22%

Total Top 10 Customers:

MCE Total Sales: \$50,819,576.00 Total Percent of MCE Sales: 92.04%

TOP 10 PLANT/SERVICE CENTERS FY 2013

	Plant/Services	Institution	FY2013 Sales	% Sales
1	Upholstery	MCI-H	\$7,545,006	14.9
2	Wood	JCI	6,423,749	12.6
3	Meat	MCI-H	5,713,904	11.2
4	Metal	MCI-H	4,150,399	8.2
5	Tag	JCI	4,104,008	8.1
6	Sew	JCI	2,819,694	5.5
7	Mailing & Distribution	MCI-W	2,621,083	5.2
8	Graphics I	MCI-J	2,132,085	4.2
9	Partition	MCTC	2,096,408	4.1
10	Graphics	RCI	1,836,198	3.6

Top Ten Total: \$39,442,534 Total Percent: 77.6

At a Glance. . . .

The history of correctional enterprise is the industry arm of the Maryland Department of Public Safety & Correctional Services.

MCE Web Video

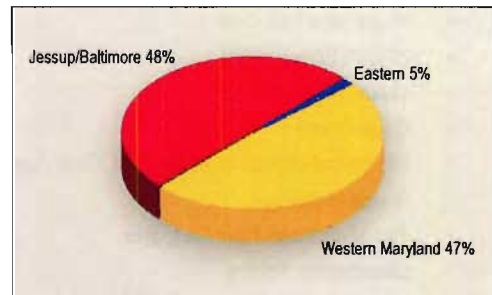


**Products & Services
Catalog FY2013**

Literature

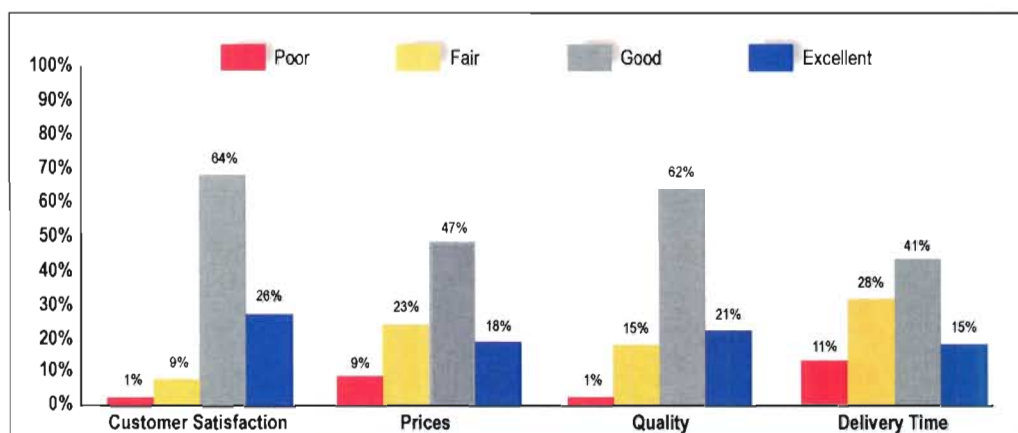
Green Steps

FY 2013 SALES BY REGION



CUSTOMER SATISFACTION

Overall Customer Ratings for MCE Products and Services - Fiscal Year 2013



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

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, 2013

	1 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Average Delivery Time	
	Number of Deliveries	%	Number of Deliveries	%	Number of Deliveries	%	Number of Deliveries	%	Number of Deliveries	Days
Totals	5,542	73.3	1,218	16.1	509	6.7	298	3.9	7,567	26.2

“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.

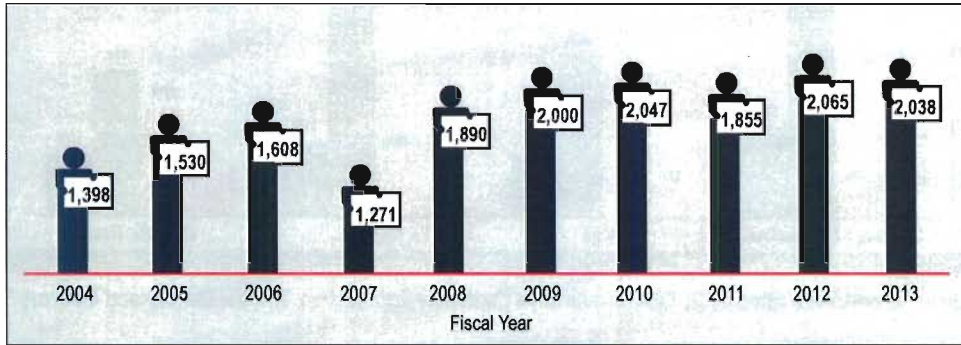
The program was greatly expanded since January 2005 and currently includes the following items:

- Desk Systems
- File cabinets
- Bookcases
- Wastebasket
- Bed Sheets, Pillowcases & Blankets
- Record Storage Boxes & File Folders
- Print on Demand Garment Printing
- Portfolios & Pad Holders
- Seating
- Mattresses & Pillows
- Towels & Washcloths
- GP66 Cleaner

INMATE EMPLOYMENT AND TRAINING

HISTORICAL GROWTH

Inmates Employed



Notes:

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.

In FY2013, MCE provided over 2.9 million hours of inmate employment/training and touched the lives of 3,183 inmates.

During FY2011, elimination of PINS via budget cuts and MCE’s forced participation in the VSP negatively affected inmate employment.

RANKING IN U.S.

Correctional Industries Inmate Employment Rank for 2012

From Data contained in the 2013 National Correctional Industries Association (NCIA) Directory

Maryland ranks 19th in correctional population and 19th in state population.

Rank	State	Inmates Employed
1	Texas	5,092
2	California	4,903
3	Florida	2,829
4	North Carolina	2,105
5	MARYLAND	2,065
6	Arizona	2,015
7	New York	1,996
8	Indiana	1,921
9	Colorado	1,836
10	South Carolina	1,754

MCE has ranked in the top 10 in inmate employment since 2008 and has increased inmate employment over 46% since 2004.

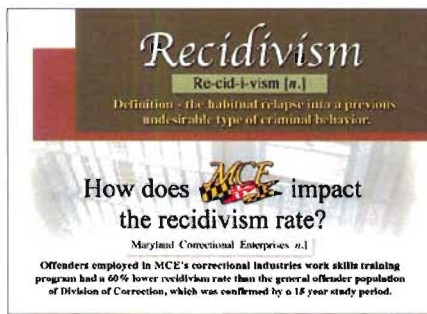
PRISON INDUSTRY ENHANCEMENT (PIE) PROGRAM

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, family support and contributions to a victims' compensation program, (the DPSCS Criminal Injuries Compensation Board). Benefits to the private sector include a stable and motivated work force, reduced overhead, production availability, an alternative to "off-shore" operations, and a label affixed to the product which can state "made in the USA."

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

On September 18, 2012, the NCIA conducted a site review of MCE's PIE program. In a letter dated January 15, 2013, the Bureau of Justice Assistance stated that MCE's certified PIE project is in total compliance with all PIECP requirements.

RECIDIVISM



In FY2009, the DPSCS Office of Grants, Policy and Statistics (OGPS) began on the new Offender Case Management System (OCMS) and has been unable to produce recidivism data for MCE since FY2007. Therefore, until the Offender Case Management System (OCMS) produces recidivism data, OGPS recommends utilization and reference to MCE's historical and consistent recidivism rates. Over a 15 year study period MCE recidivism rates are 7.6% lower than the in the first year, 15.7% in the second year, and 22.0% in the third year.

The following has been excerpted from the RISC (Repeat Incarceration Supervision Cycle) Report issued in August 2012:

"A recidivism component is planned as an integral program in OCMS. Because the new recidivism program will conform to counting rules for release cohorts and returns established by the Association of State Correctional Authorities (ASCA) for its Performance-Based Measures System (PBMS), it can be expected that future recidivism outcomes will not be directly comparable to the RISC outcomes. Given the long-term nature of recidivism measurements, it will be several years until OCMS will be capable of producing three-year recidivism data similar to that produced by RISC. But at that time, given the advantages provided by a state-of-the-art system, it is expected that the new recidivism program will provide more accurate, specific, and relevant recidivism data than has been possible with the nearly 30-year-old RISC program."

Note: In addition to Maryland, only eight other states in the U.S. track correctional industry recidivism rates.



RE-ENTRY & EMPLOYMENT OF EX-OFFENDERS

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. During FY 2012, presentations were made to case management staffs at several correctional facilities to make them aware of the CARES reentry program and the contribution MCE training and CARES can make to a successful transition of offenders to Maryland's communities.

A full time Workforce Development Specialist provided transitional services to MCE inmate employees nearing release. Part time trainers provided the Thinking for a Change and Employment Readiness Workshop components of CARES. A part time director coordinated 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 and who had worked for MCE for at least one year were identified and presented the opportunity to participate in CARES at the Central Maryland Correctional Facility (formerly the Central Laundry Facility) to work in the commercial laundry and participate in the 6-month MCE CARES program.

The CARES program has quantifiable outcome measures including recidivism. Specifically, the CARES program seeks to:

Reduce the level of recidivism of CARES participants by 20% when compared to the recidivism rate of the MCE release population.

In Maryland, recidivism is defined as the return to the DPSCS as a result of a new conviction or a violation of the conditions of parole or mandatory release.

A large and expanding body of research demonstrates the positive impact of prison industries employment on post release success and lower rates of recidivism. These findings have been reported by the Washington State Institute of Public Policy, the Urban Institute, the Federal Bureau of Prisons as well as by the Department of Public Safety and Correctional Services which has compared the three year recidivism rates of MCE releases with one year or more experience with the general release population. From 1990 - 2004, the three year DPSCS recidivism rate has averaged 47.5% while the MCE rate averaged 22%. The CARES program was designed to reduce this already lower rate of recidivism by the provision of a structured reentry program.

From a study of the 166 men that participated (graduates and non-graduates) in the CARES reentry program and who were released from 02/5/09 to 06/30/12, only 2% were returned with new convictions. For FY2013 the recidivism statistics for the CARES program will be converted to a 3-year rate. The post release follow-ups are currently being calculated and are anticipated by the fall of 2013.

Average recidivism rates for DPSCS and MCE

	<u>1 Year</u>	<u>2 Years</u>	<u>3 Years</u>
DPSCS	20.4%	34.1%	43.3%
MCE	7.6%	15.7%	22.0%

CARES

From a study of the 166 men that participated (graduates and non-graduates) in the CARES reentry program and who were released from 02/05/09 to 06/30/12, only 2% were returned with new convictions. For FY2013 the recidivism statistics for the CARES program will be converted to a 3-year rate. The post release follow-ups are currently being calculated and are anticipated by the fall of 2013.



Rick Rosenblatt, MCE Chief Development Officer speaking to CARES graduates.

Maryland Correctional Enterprises (MCE) has taken the lead in offender reentry by not only providing a six month reentry course –

Continuing Allocation of Re-Entry Services (CARES), but also by hiring ex-offenders who have the skills and work habits needed by MCE to be a successful employee and productive citizen.

Currently, seven ex-offenders are employed in a variety of positions at MCE Headquarters and Central Warehouse. Given the limited size of the MCE Headquarters workforce (60 employees) and the specific skills required for many positions, this level of ex-offender employment reflects a strong commitment in providing opportunity to deserving individuals.

MCE Chief Executive Officer Stephen Shiloh summarizes the MCE experience of including qualified ex-offenders in the MCE workforce stating, “One of many goals in correctional enterprises is to give these men and women a brighter future and more positive options in life, i.e. – to make a difference. When you can see the proof standing right in front of you, it is very rewarding. Everything that we as an organization have worked towards, everything that they as an individual have worked for has led to our mutual success – and the accomplishment of one of our most important goals.”



CARES GRADUATES

2009	79
2010	61
2011	56
2012	15
2013	33
Total	244

GREEN INITIATIVES



The Department of General Services (DGS) has been instructed by the Governor's Office to develop Green Purchasing Guidelines for all State Agencies and companies doing business with the State of Maryland. MCE was invited to be part of this committee, as it is the only GreenGuard Certified Prison Industry program in the country. Rick Rosenblatt, MCE's Chief Development Officer was chosen to be the initial liaison for this committee and participated in the early recycling development phase.

On February 27, 2013, Renata Seergae and David LeKites represented MCE at the first Green Legislative Purchasing Day Convention held at the Miller Senate Building in Annapolis, Maryland. MCE's Marketing Department provided literature, samples, giveaways and a table top display unit. The focus was on green products and recycled materials, such as the GreenGuard Certified furniture, the recycling center in Hagerstown, and the new Remanufactured Toner Business Unit.

The turnout exceeded early estimates with over three hundred attendees, from Legislators and their staffs, to many State Agency personnel.



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		Systems Furniture	Tables	Accessories
Alta	Severn	Flexstation	Venue	Power-up
Dorsal	Sterling 2	Amberg	Barron	Venus Overhead
Engage	Bel Air	Powerworks	Portico	Systems XXI Files
New Windsor	Bel Air Jr.	Systems XXI	Novel	Tablet Arm
Pilot	Dakota	Volition		
Preston	Engage Stool	Genesis		
Rockville	Rockville Cafe			
Sapphire	Severn Cafe			

The new 20,000 sq. ft. Upholstery Plant at North Branch Correctional Institution was certified LEED Silver Rating in FY 2013.

FY2013 Recycling in Pounds			
#1 Plastic	14,310	Mixed Paper Bale	1,008
#2 Plastic	19,779	Magazines	1,365
Cardboard	852,442	Butt Roll	888
Office Waste	149,025	Books	1,726
Shrink Wrap	63,925	Phone Books	22,357
White Ledger	3,203	Steel Food Cans	291,029
Newspaper	19,370	Aluminum	10,883
Printers	77,108	Shredded Material	248,647
Total		1,777,065	

FY2013 Recycling in Pounds	
Lumber	9,653
Pallets	999
Total	10,652

SURPLUS REMOVAL/DISPOSAL

- Protection of natural resources by recycling unwanted furniture that would end up in the landfill
- Recycle old license plates both aluminum and steel
- Utilization of recycled aluminum for all new license plate production

TONER REMANUFACTURING



State Agencies are encouraged to purchase products made from recyclable materials, including printer and ink jet cartridges. Remanufactured toner and ink jet cartridges not only save natural resources by reducing waste, but cut cost. As a preferred provider for the State, Maryland Correctional Enterprises took advantage of the opportunity and launched a Remanufactured Toner Cartridge product line while also offering an easy recycling opportunity to State Agencies.

MANUFACTURING AND PRODUCTION INITIATIVES

- Furniture Restoration FY'90 – Present. Refurbish of time worn furniture instead of purchasing new

Inmates Employed: 126

- Use of recycled fabrics and materials
- Use of soy and water base ink and low toxicity chemicals in print processing
- Use of water based glues and stains
- Use of recycled paper with varying amounts of post-consumer content

MCE MARYLAND CORRECTIONAL ENTERPRISES

Furniture Restoration Services

Professional Craftsmanship with Quality Materials

If your time worn furnishings are in need of repair or restoration let us restore them back to new . . . or better. Our legendary wood restoration service is the perfect solution for offices, lobbies, conference rooms, and classrooms, just to name a few. Our skilled staff and offender workforce have the expertise to revitalize those old items into an exciting new and updated look. We offer a variety of stain options, fabrics and vinyls to choose from, along with the capability to utilize customer supplied materials.

We have the capabilities to offer green sustainable fabrics, many made from 100% recycled polyester, and our CRYPTON® fabric seat coverings feature anti-microbial properties. These fabrics are the perfect solution for a cutting-edge style, combined with durability, sure to impress in a wide variety of environments.

Maryland Correctional Enterprises • 7275 Waterloo Road, Jessup, MD 20794 • 410-540-5400 • www.mce.md.gov

COMMUNITY OUTREACH/MEDIA RECOGNITION

COMMUNITY OUTREACH

Building positive pathways with job skill training through the evolving line of quality goods and services has become the hallmark of innovation behind the engine that drives MCE. There are several layers that make up the complete component of MCE's mission and one of those layers is Community Outreach. Along with helping inmate employees develop viable skill sets and work ethics, MCE also encourages "restorative justice" principles in which inmates have the opportunity to make a positive impact in the community. MCE has donated food and apparel to Special Olympics, prepared turkeys for Bea Gaddy Thanksgiving Day dinner, planted trees at Antietam Battlefield, and donated laundry services to "Bras for a Cause," which supports breast cancer awareness. The caring hand of MCE has made a difference in the community, and in the lives of inmates.

Since 1993, Maryland Correctional Enterprises' Meat Plant has annually prepared, deboned and cooked approximately 700 – 1,000 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.



The bras collected at the annual Bras for a Cause event are cleaned by MCE's Laundry plant, then donated to local women's shelters and charities. Bras for a Cause began in 2010 with 5,000 bras. In 2011, 8,000 bras were collected, and in 2012, 11,000 bras were collected and laundered by MCE. In FY13, 13,000 were laundered.



In December, MCE transported 900 books donated by Parole Rotary's Books for International Goodwill (BIG) Program and 18 cases of books donated by a member of MCE's Customer Council for distribution throughout the Institutions.



MEDIA RECOGNITION

"7,000 Pounds of Turkey Prepped in Prison Kitchens",
WHAG TV 25, November 12, 2012 by: Sujata Khandelwal.

"Maryland Inmates Launder Bras for Cancer Awareness",
The Frederick News-Post – Online, December 13, 2012.

"Inmates Wash 17,000 Donated Bras for Charity at Sykesville Laundry Facility",
Carroll County Times, December 14, 2012 by: Carrie Ann Knauer.

"Inmates at Sykesville Detention Center Laundry Process 13,000 Donated Bras",
Baltimore Sun – Online, December 20, 2012.

AWARDS

ACA Accreditation – 2009-2012
ACA Re-accreditation – 2012-2015

LEED Silver Certification for MCE Upholstery Plant at North Branch C. I. – November 2012

"Award of Excellence" – 2011, Maryland Quality Institute

"Green-Guard" Certification – December 18, 2008

"Recognition for 30 Years of Support" – Association of School Business Officials, Maryland/D.C.

"Continued Support and Commitment to Maryland Special Olympics" – 2003

"Governor's Quality Achievement Award" – November 26, 2002



The MCE Upholstery Plant



The new MCE Upholstery Plant #105, located in the North Branch Correctional Institution was awarded the LEED (Leadership in Energy and Environmental Design) Silver Rating as an internationally recognized green building.



A LOOK AHEAD

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 website, development of catalogs, and expanded customer base to include county governments and schools.

EXPANSION PROJECTS - FY 2013

1. MCE is proud to announce that the 20,000 sq. ft. MCE Upholstery Plant at North Branch Correctional Institution was awarded the LEED (Leadership in Energy and Environmental Design) Silver Rating as an internationally recognized green building program in November 2012.

The twelve month Warranty Inspection of the MCE Upholstery Plant at North Branch Correctional Institution took place on December 5, 2012. Most of the items that were reported as needing corrective action were remedied. As of February 6, 2013, all repairs had been completed.

2. An Enterprise Resource Program (ERP) is being written. Mr. Frank Balogh, consultant from Soft-Con Enterprises, Inc. is being retained by MCE for this purpose and began on April 1, 2013 for 17 months. Once the RFP has been advertised and awarded, the process will then involve the purchase, installation, training and use of the new system.
3. In July 2012, work began on the MCE Laundry Project at ECI to convert an American 170 lb. Industrial Electric Dryer to propane and to electrically connect this dryer and an Ipsos 60 lb. Industrial Washer. Bids were prepared and were awarded by MCE Procurement for the three major elements comprising the project. On August 15, 2012, the washer was electrically connected, programmed and operational. The new propane dryer became operational on November 7, 2012. The project received electrical inspection approval on October 24, 2012 and Fire Marshal approval on November 14th. Fencing and ground cover were placed around the propane tank in December to complete the project. A final Inspection Report was issued in January stating that all work was performed in accordance with the contract and meets the State and local codes that apply.
4. The 23 month Warranty Inspection of the HVAC units at the MCE Textile Plant at ECI was conducted by Mike Bradley, Division of Capital Construction Building Inspector, on December 17, 2012. Problems were found with the HVAC Units which were installed in December 2010. The contractor was notified and both units were repaired and operational as of January 25, 2013.
5. As of July 1, 2012, Data Entry (No. 147) was merged into Mailing & Distribution in the MCE Building at MCI-W.
6. Modifications to the existing MCE Building at MCI-W are necessary due to the expansion of the Motor Vehicle Administration (MVA) Fulfillment Project. The program for "MCI-W Building Revisions" began on October 24, 2012. A walk-thru of the building was held on December 13, 2012, the drawings and program were revised to reflect these changes, and were approved by Steve on January 17, 2013. Deputy Secretary Stouffer approved the project on March 19, 2013. The bid package was placed on eMaryland Marketplace on March 20, 2013. A Pre-Bid Conference was conducted at MCI-W on April 18, 2013. Five bids were received by May 2, 2013. J.B. Contracting was awarded the bid on May 2, 2013. A Pre-Construction Meeting was held on May 21, 2013 at MCI-W. On June 17, 2013, the contractor began work.
7. The new Toner Re-manufacturing operation at the MCTC Brush and Carton Plant began on September 4, 2012 and currently has two clerks and five inmates producing and stocking toners. In addition, the warehouse at MCI-H will have inmate workers assigned to stocking, picking, and packing toners for orders and delivery. Sales will begin in FY2014.

SUMMARY OF MCE EXPANSION PROJECTS PLANNED FOR FY 2014 - FY 2023

1. MCE expressed interest in the Department of General Services (DGS) vacant 60,000 sq. ft. State Surplus Warehouse. Site visits were made on March 21st, April 3rd, and May 30th. A letter of intent was submitted by MCE to DGS on June 4th. DGS scheduled this item to be presented to the Board of Public Works (BPW) on July 24, 2013. Approval was granted by the BPW. MCE plans to develop a program and begin renovations in FY2014.

2. MCE Furniture Restoration Plant Expansion at Eastern Correctional Institution in FY 2019 (25 inmate positions)..

The program for a 2,500 sq. ft. addition to the MCE Furniture Restoration Plant at the Eastern Correctional Institution was completed and forwarded to the Division of Capital Construction on November 8, 2011. This addition will provide a dust-free drying area for the plant to eliminate the "temporary" area enclosed by vinyl curtains, thus providing more space inside of the plant for production/packaging/shipping.

3. New 21,000 sq. ft. MCE Graphics/Textile Plant at Jessup Correctional Institution in FY 2019 (180 inmate positions)

Design Funding is anticipated in FY 2017 for a 21,000 sq. ft. pre-engineered metal building to house a Graphics Plant and a Textile Plant. A revised program will be submitted to the Division of Capital Construction in early FY 2014. The revised program will reflect the transfer of the existing Sew Plant at JCI (which is currently housed in an old warehouse without temperature/humidity control) and the transfer of the Graphics Envelope operation from MCI-J.

4. New MCE Meat Processing Plant at Maryland Correctional Training Center in FY 2021 (80-120 inmate positions).

Design Funding is anticipated in FY 2019 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.

5. New MCE Distribution Center at Eastern Correctional Institution in FY 2022 (15 inmate positions).

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

6. New MCE Systems Furniture/Textile at the Maryland Correctional Training Center in FY 2023 (120 inmate positions).

Design Funding is anticipated in FY 2021 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 FY 2023 (20 inmate positions).



FINANCIAL

ECONOMIC IMPACT

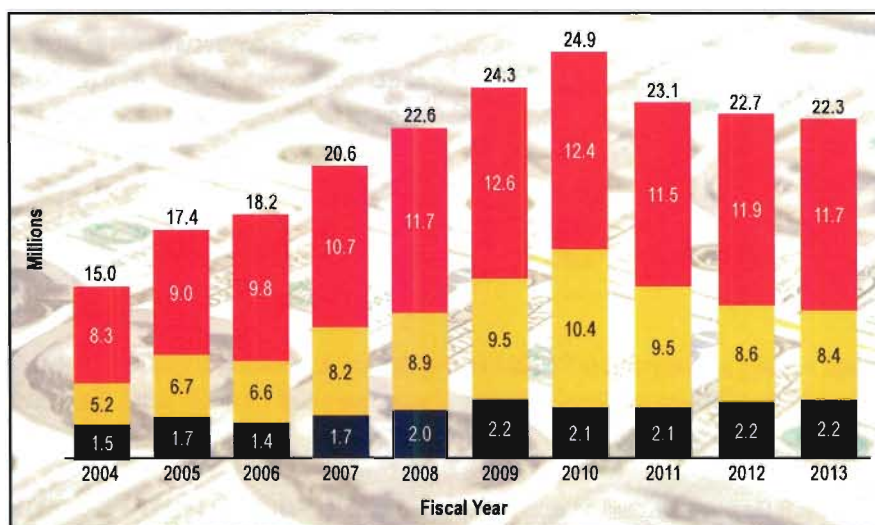
On September 12, 2012, MCE met with Dr. Charles Scott and Dr. Frederick Derrick, professors of economics at Loyola, to discuss the theory and methodology of MCE's Economic Impact on the State's economy. It was agreed by the professors that the positive economic impact that MCE has on the State of Maryland is significant. An Economic Impact Study in late September further analyzed the methodology, and provided consistent results in the determination of Total Impact.

"Economic Impact" consists of the three major areas where Maryland Correctional Enterprises payments were made during the Fiscal Year. The three major areas of "Economic Impact" are: "Goods and Services", "Employee Payroll", and "Inmate Payroll".

Direct Economic Impact: Fiscal Year 2013

AREA	GOOD AND SERVICES	EMPLOYEE PAYROLL	INMATE PAYROLL	ECONOMIC CONTRIBUTION
Annapolis	2,816	0	0	2,816
Baltimore City	2,406,184	3,743,809	0	6,149,993
Baltimore County	90,360	448,998	0	539,358
Eastern Shore	235,054	992,726	201,250	1,429,030
Hagerstown	299,271	3,606,255	743,013	4,648,539
Jessup	2,630,676	1,710,343	1,190,925	5,531,944
Montgomery County	166,052	0	0	166,052
Northeast Maryland	2,245,599	543,728	0	2,789,327
Prince George's County	293,515	384,113	0	677,628
Southern Maryland	0	64,884	0	64,884
Western Maryland	1,069	212,820	65,939	279,828
Maryland Total	\$8,370,596	\$11,707,676	\$2,201,127	\$22,279,399
Out of State Total	\$26,275,137	\$1,269,132	\$0	\$27,544,269
Grand Total	\$34,645,733	\$12,976,808	\$2,201,127	\$49,823,668

Economic Impact



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

OPERATING COST

This section provides operating cost and staffing configurations for FY2013.

	<u>Operating Cost</u>
.01 General Administration (Q00B0901)	\$51,519,328
.02 Custodial Care	N/A
.03 Dietary Services	N/A
.04 Plant Operation and Maintenance	N/A
.05 Clinical and Hospital Service	N/A
.06 Classification, Recreation and Religious Service	N/A
	<u>\$51,519,328</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

CONCLUSION

Maryland Correctional Enterprises (MCE), the prison industry arm of the Maryland Department of Public Safety and Correctional Services (DPSCS), 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 DPSCS 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.



FISCAL STATEMENTS

MARYLAND CORRECTIONAL ENTERPRISES

Statements of Net Assets

As of June 30, 2012 and 2013 (unaudited)

	2012	2013 (unaudited)
ASSETS		
Current Assets:		
Cash	\$13,218,621	\$15,140,730
Accounts Receivable	5,692,683	4,788,588
Inventories	10,740,221	10,469,340
Other Assets	90,108	155,066
Total Current Assets	<u>29,741,633</u>	<u>30,553,724</u>
Current Assets, Net of Accumulated Depreciation:		
Equipment	4,959,353	4,464,072
Structures and Improvements	2,779,443	2,353,000
Infrastructure	35,780	27,959
Total Capital Assets, Net	<u>7,774,576</u>	<u>6,845,031</u>
Total Assets	<u>37,516,209</u>	<u>37,398,755</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Current Liabilities		
Accounts Payable and Accrued Liabilities	1,538,113	1,986,448
Accrued Vacation and Workers Compensation Costs	859,930	874,092
Deferred Revenue	631,866	1,211,158
Total Current Liabilities	<u>3,029,909</u>	<u>4,071,698</u>
Non current Liabilities:		
Accrued Vacation and Workers Compensation Costs	568,193	572,914
Total Liabilities	<u>3,598,102</u>	<u>4,644,612</u>
Net Assets:		
Invested in Capital Assets	7,774,576	6,845,031
Unrestricted	26,143,531	25,909,112
Total Net Assets	<u>\$33,918,107</u>	<u>\$32,754,143</u>

MARYLAND CORRECTIONAL ENTERPRISES

Statements Revenue, Expenses, and Change in Net Assets

For the Years Ended June 30, 2012 and 2013 (unaudited)

	2012	2013 (unaudited)
Operating Revenue:		
Sales and Services	\$53,026,533	\$50,822,528
Operating Revenue:		
Cost of Sales and Services	41,600,640	41,732,005
Selling, General, and Administrative Expenses	6,029,237	6,345,052
Other Selling, General, and Administrative Expenses	1,642,960	1,940,251
Depreciation	1,363,015	1,480,383
Total Operating Expenses	50,635,852	51,497,691
Operating Income	2,390,681	(675,163)
Nonoperating Revenue and Expenses:		
Transfer to U.S. Department of Health & Human Services	(78,776)	0
Miscellaneous Income	135	538
Loss on Disposal of Assets	(39,604)	(27,722)
Nonoperating Expenses, Net	(118,245)	(27,184)
Income (Loss) Before Transfers and Contributed Capital	2,272,436	(702,347)
Contributed Capital		38,382
Transfer to State of Maryland General Fund	(325,000)	(500,000)
Change in Net Assets	1,947,436	1,163,965
Net Assets, Beginning	31,970,671	33,918,108
Net Assets, Ending	<u>\$33,918,107</u>	<u>\$32,754,143</u>



MARYLAND CORRECTIONAL ENTERPRISES

7275 Waterloo Road
Jessup, MD 20794
410-540-5400

www.mce.md.gov



Martin O' Malley, Governor
Anthony G. Brown, Lt. Governor
Gary D. Maynard, Secretary

Designed & Printed by MCE