



Department of Public Safety and Correctional Services

Maryland Correctional Enterprises

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STATE OF MARYLAND

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MARYLAND CORRECTIONAL
ENTERPRISES

STEPHEN M. SHILOH, CCE
CHIEF EXECUTIVE OFFICER

September 26, 2019

Commissioner Wayne Hill
Division of Correction
6776 Reisterstown Road
Baltimore, Maryland 21215

Dear Commissioner Hill:

In accordance with DCD 150-1 dated December 15, 2006 and DCD 060.0004 dated August 30, 2019, enclosed please find the Maryland Correctional Enterprises FY2019 Annual Report. By my signature, I certify that the matters and facts set forth in this Annual Report are true to the best of my knowledge, information, and belief.

Please contact this office if you have any questions or need additional information.

Sincerely,

Stephen M. Shiloh, CCE
Chief Executive Officer


SMS/cdc

Enclosure

CC: Sarah T. Albert, Mandated Reports Specialist
Sheri Smith, Executive Assistant to the DPSCS Secretary
Paul Starks, Executive Director of Communications
Holly Turner, Executive Assistant to the Commissioner

Division of Correction FY19 Annual Report

My signature below verifies the content in this report is accurate.

 9/26/19

Warden - Signature & Date

Commissioner - Signature & Date



MARYLAND CORRECTIONAL ENTERPRISES

FY 2019 ANNUAL REPORT

www.mce.md.gov

STATE OF MARYLAND

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WAYNE HILL
COMMISSIONER OF
CORRECTION

STEPHEN M. SHILOH, CCE
CHIEF EXECUTIVE OFFICER



Annual Report

FY2019



Stephen M. Shiloh, CCE
Chief Executive Officer

September 27, 2019

Robert L. Green, Secretary
Department of Public Safety and Correctional Services

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

Wayne Hill
Commissioner of Correction

Tag Plant



Our cover: In February of 2018, MCE was contacted by the Motor Vehicle Administration (MVA) and the Chesapeake Bay Trust (CBT) to assist them with the development of a new bay tag. Over the next eight months, MCE, MVA, and the CBT worked together to provide a license tag that had a new look and still met all state requirements for visibility, license plate readers, and reflectivity.

The process to develop a new plate normally takes six to eight months from design to being active on vehicles. This tag was especially challenging due to the multiple colors that were needed for the graphic design. After many rejections of the samples sent by MCE's sheeting vendor, we finally hit the road with an approved graphic that everyone was proud to be a part of.

A special thanks to our Tag Plant team, who had a sense of urgency in providing sample tags for testing and went the extra mile to provide tags for MVA's distribution. Many other hands touched this project, and we thank them all!

As a special note, the new tag that Plant #119 tirelessly worked on has been recognized by the Automobile License Plate Collectors Association (ALPCA) as the best plate of 2018.

A MESSAGE FROM THE CEO

September 2019

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

Based on the 2019 National Correctional Industries Association (NCIA) Directory, MCE was again among the top ten correctional industries in the nation, ranking 8th in the U.S. in sales and 10th in the U.S. for inmate employment. In FY19, sales were over \$52 million and 1,516 inmates were employed. MCE provided over 2.4 million hours of inmate employment and training and touched the lives of 2,201 inmate workers in FY19.

MCE provides inmates with much-needed work skills and work ethics. Previous studies comparing MCE inmates with the DPSCS general population inmates suggest that MCE has a positive impact on reducing recidivism. Studies across the nation continue to show that correctional industries have a positive effect on reducing states' recidivism rates. With an annual incarceration cost above \$43,000 per individual, lower recidivism lowers the cost of incarceration to the State.

On July 1, 2008, MCE implemented C.A.R.E.S. (Continuing Allocation of Reentry Services) to assist inmate employees in transitioning to civilian employment upon release. There have been over 360 CARES graduates since the program began.

MCE believes that along with returning offenders to Maryland communities with work skills and a work ethic, they should also experience the satisfaction of "giving back" by performing service for the community. MCE workers prepare food and textiles that are donated to the Special Olympics. Inmate crews cook and debone turkeys, feeding more than 35,000 needy families for the Annual Bea Gaddy Thanksgiving Dinner. These resources, as well as other products and services, are donated annually by Maryland Correctional Enterprises to help our fellow citizens. Additionally, MCE had a positive economic impact on Maryland's economy of \$68.3 million in FY19.

The ACA Winter Conference took place in January and was attended by Ashley Lohr and Christine Cunningham. During this conference, a hearing was held to review the Fall 2018 audit results and the status of accreditation. The panel was impressed with the result of the audit and MCE's score of 100% on both the mandatory and non-mandatory standards. Following the review of the audit and the results, the panel agreed with the auditors and granted MCE the re-accreditation. The next audit will take place in 2021. At the April NCIA Conference, Ashley Lohr also received the 2019 National Staff Award.

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

In October 2018, the installation process for a new roof on the MCE Graphics Plant at the Roxbury Correctional Institution began. Due to the abundance of bad weather, the roof was not completed until the end of March 2019.

MCE publishes an annual Business Plan, which outlines what we plan to accomplish over the next several years, while our Annual Report details what we did accomplish. A Marketing and Sales Plan will be published in the fiscal year 2020.

MCE's accomplishments would not be possible without the support of the Department of Public Safety & Correctional Services (DPSCS) Secretary Robert L. Green, Deputy Secretary J. Michael Zeigler, Commissioner Wayne Hill and their respective staffs, MCE Management Council, MCE Customer Council, DOC Wardens, and the patronage and support of our customers.

MCE - striving to change Maryland for the better.

Sincerely,



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

Sew Plant



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Metal Plant



Mission Statement:

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

Vision Statement:

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

MANAGEMENT

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

REGIONAL MANAGERS

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

SALES & INMATE EMPLOYMENT



AT A GLANCE

BUSINESS UNITS FY 2019	SALES	INMATE EMPLOYMENT
Jessup Correctional Institution		
Wood – office, lounge and dormitory furniture, tables, library shelving	2,658,261	159
Tag – metal motor vehicle license tags and picnic furniture	4,610,421	71
Sew – inmate uniform items and DPSCS officer uniform items	3,171,787	111
Maryland Correctional Institution – Jessup		
Graphics I – complete line of forms, reports, custom printing, magazines and related special products, four color printing	1,875,095	89
Graphics II – envelopes, business cards, letterhead, etc.	1,780,509	42
Quick Copy Service – digital b/w and color, high speed digital printing, binding, finishing, packaging, shipping, collating, stapling	567,114	50
Maryland Correctional Institution for Women		
Sew/Flag – shirts, gowns, bathrobes, flags, aprons, embroidery, sweatshirts	1,304,830	78
Mailing and Distribution – bulk mailing, distribution service, data entry	2,461,376	63
Design and Planning – office design using CADD system (Temporarily Idled)	0	9
Maryland Correctional Institution – Hagerstown		
Metal – shelving, beds, tables, wastebaskets, chairs, benches, lockers, storage, Flexstation office furniture	4,204,359	47
Metal (P.I.E.) – fabrication and assembly of electrical components (begin 7/25/18)	57,964	0
Upholstery – task seating, side chairs, lounge furniture, multi-purpose seating	6,977,691	57
Meat – ground beef, chopped steaks, meat loaf, roasts, chops, ribs, hotdogs, lunch meats, sausage	8,284,672	52
Hagerstown Warehouse – backhaul operations and shipment of products produced in Hagerstown	67,813	33
Roxbury Correctional Institution		
RCI Graphics – file folders, interoffice envelopes, report covers, vinyl binders, production of MVA vehicle registrations and special orders	2,842,538	94
Recycling – recycling of aluminum and steel cans, cardboard, paper, pallets, and plastic	68,988	0
Agriculture – seasonal-landscape/tree and bay grass planting (Idled)	104,202	0
Maryland Correctional Training Center		
Partition – work stations, office panels, sight screens, System XXI, PowerWorks	2,242,681	31
Brush & Carton – utility brushes, corrugated cartons, and furniture assembly	2,337,958	19
Western Correctional Institution		
WCI Furniture – laminated component parts and various furniture items (Volition, Aristotle & Darwin office furniture)	1,772,577	41
Eastern Correctional Institution		
Furniture Restoration – refinishing/restoration of wood, metal, and upholstered furniture	1,120,827	109
Textiles – towels, washcloths, hats, uniform clothing/shirts, embroidery, sewn, and RF Seal mattresses	1,926,597	78
Patuxent Institution		
Sign – street signs, custom made signs to order, vehicle wraps, plaques, picture frames and laser engraving	905,068	43
Laundry Operations – CMCF, MCI-H, WCI, ECI		
Laundry – industrial cleaning of laundry for institutional and non-profit entities	892,819	209
Central Maryland Correctional Facility		
Cleaning Products – all-purpose and germicidal cleaners (Business unit transferred to MCTC)	0	0
Jessup Area		
Central Warehouse – shipment of all products produced at Baltimore metropolitan area prisons, moving, labor, and courier service	220,990	31
Total	52,457,137	1,516

SALES

CORRECTIONAL INDUSTRIES SALES RANK

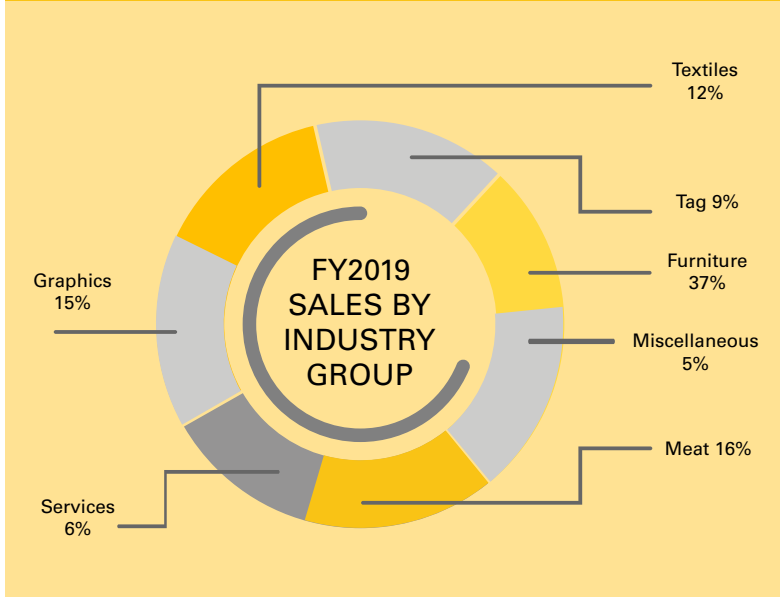
From data contained in the 2019 National Correctional Industries Association (NCIA) Directory based on FY 2018 numbers.

MCE has ranked in the top 10 in sales for the past 14 years

Maryland Correctional Enterprises is prohibited by law from selling its products and services on the open market. Sales to state agencies in FY 2019 represented 99% of MCE's total sales, with 1% to non-state and not-for-profit agencies.

Ranking	State	FY 2017 Revenues
1	*California	\$241,165,664
2	*Washington	\$106,956,428
3	North Carolina	\$92,000,000
4	Texas	\$84,337,319
5	*Pennsylvania	\$80,688,000
6	Florida	\$72,529,804
7	New York	\$64,063,282
8	MARYLAND	\$55,003,182
9	*Colorado	\$51,871,766
10	Illinois	\$50,518,759

* States that have canteen/commissary operations

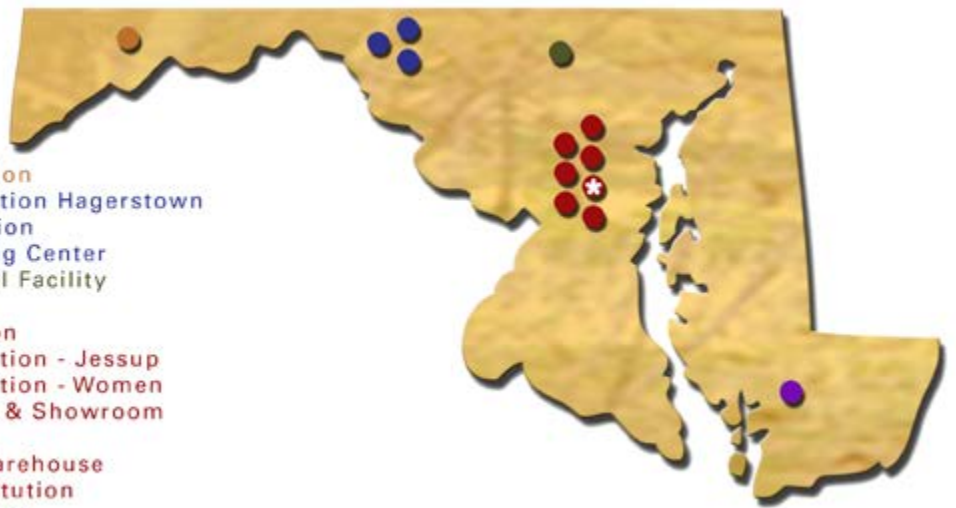


PLANT LOCATIONS

PLANT LOCATIONS

- Western Correctional Institution
- Maryland Correctional Institution Hagerstown
- Roxbury Correctional Institution
- Maryland Correctional Training Center
- Central Maryland Correctional Facility

- Jessup Correctional Institution
- Maryland Correctional Institution - Jessup
- Maryland Correctional Institution - Women
- Brockbridge Road Warehouse & Showroom
- Patuxent Institution
- * MCE Headquarters/Central Warehouse
- Dorsey Run Correctional Institution
- Eastern Correctional Institution

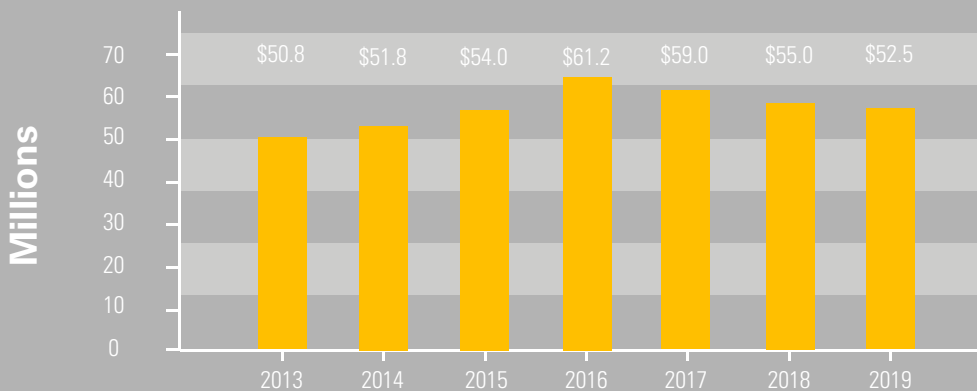


PLANT SERVICE CENTERS FY 2019



	Plant/Services	Institution	FY2019 Sales	% Sales
1	Meat	MCI-H	8,284,672	15.8
2	Upholstery	MCI-H	6,977,691	13.3
3	Tag	JCI	4,610,421	8.8
4	Metal	MCI-H	4,204,359	8.0
5	Sew	JCI	3,171,787	6.0
6	Graphics	RCI	2,842,538	5.4
7	Furniture	JCI	2,658,261	5.1
8	Mailing & Distribution	MCIW	2,461,376	4.7
9	Brush & Carton	MCTC	2,337,958	4.5
10	Partition	MCTC	2,242,681	4.3
	Total		39,791,744	75.9

Maryland Correctional Enterprises Sales



FY 2019 SALES BY REGION, MD

MCE has exceeded sales of \$50 million since 2008.

Western
56%

Eastern
6%

Jessup
38%

CAPITAL PROJECTS FY2019

Maryland Correctional Enterprises worked on Capital Project specifications in FY19 that totaled \$14.2 million. \$6.3 million was delivered in FY19. In FY20 an estimated sales value of \$10.2 million for Capital Projects is projected.

Total Value of Capital Projects Delivered in FY2019: \$6.3 million

- UMCP (Brendan Iribe Computer Science Center)
- Hagerstown Community College (Learning Resource Center)
- PG Community College (Queen Anne Performing Arts)
- Howard Community College (Academic Commons)
- Howard Community College (Howard Hall)
- Universities at Shady Grove (Biomedical Sciences and Engineering Education Facility)
- MDTA (Police Building)

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

Fiscal Year	2012	2013	2014	2015	2016	2017	2018	2019
No. of Projects	607	604	676	601	544	514	447	484
Sales Value (millions)	\$27.8	\$26.6	\$30.9	\$29.2	\$30.3	\$26.3	\$23.1	\$26.2



TOP 10 CUSTOMERS FY 2019



Ranking	Customer Name	Amount	% Sales
1	Department of Public Safety & Correctional Services	\$13,573,036	25.87
2	Department of Transportation	\$11,885,839	22.66
3	University System of Maryland	\$8,885,920	16.94
4	Department of Health	\$4,820,224	9.19
5	Community Colleges of MD	\$2,655,520	5.06
6	Dept. of Human Resources	\$2,067,111	3.94
7	Department of Juvenile Services	\$1,923,633	3.67
8	General Assembly	\$707,379	1.35
9	Comptroller of Maryland	\$692,431	1.32
10	Dept. of Labor	\$642,156	1.24
Total Top Ten Customers:		\$47,853,249	91.22%
MCE Total Sales:		\$52,457,137	

QUICK SHIP PROGRAM

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

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

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

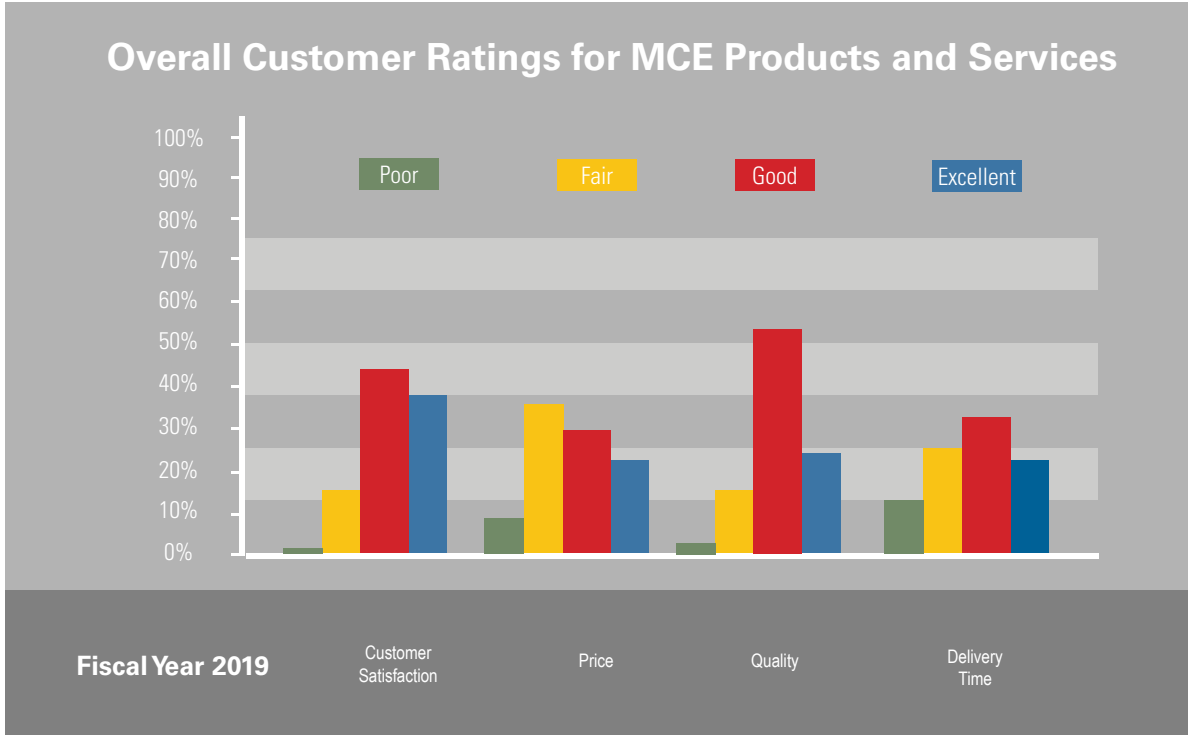
NEW PRODUCTS

- Insignia Button Tab
- Charcoal Grey Polo Shirt
- PaceTask Chair
- Epaulet Sleeve
- CorrecPac Pot & Pan Detergent
- CorrecPac Degreaser
- CorrecPac Sanitizer



CUSTOMER SATISFACTION

The following graph represents findings from the Fiscal Year 2019 Customer Satisfaction Survey. Data was collected from 91 participants (Survey closed 6/30/19). Furniture was the product most purchased.



The majority of respondents rated MCE Good or Excellent in Customer Satisfaction, Prices, Quality and Delivery Time.

AVERAGE DELIVERY TIMES (Days)

Fiscal Year	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
Average Time (Days)	23.4	23.5	26.2	31.3	25.4	22.3	22.9	24.4	25.1

AVERAGE DELIVERY TIMES

Graphics - 2 Weeks

Textiles - 6 Weeks

Furniture - 7 Weeks

Miscellaneous - 2 1/2 Weeks

2019 AVERAGE DELIVERY TIME

Number of Deliveries	Days
8831	25.1



PRISON INDUSTRY ENHANCEMENT



(P.I.E.C.P) PROGRAM

Prison Industry Enhancement allows Maryland Correctional Enterprises to enter into partnerships and be a sub-contractor to private industry by producing goods and/or services using inmate labor. Inmates under the PIE program must be paid the industry prevailing wage and no less than the federal minimum wage. Deductions are allowed from the inmates' wages for taxes, room and board, family support, and contributions to a victims' compensation program, (the DPSCS Criminal Injuries Compensation Board). Benefits to the private sector include a stable and motivated workforce, 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 (P.I.E.C.P.) 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.

MCE entered into a P.I.E.C.P. Partnership on July 25, 2018. Eight inmates are employed at Metal I.

MCE's - P.I.E.C.P. partnership continues and is doing well. The first profit/loss meeting showed that the operation is profitable. Our partner has expressed interest in increasing the workload for the spring.

MCE requested an additional \$20,000 to be allocated to the P.I.E.C.P. Program so that the inmates could work twenty-four hours per week for the remainder of the fiscal year. At the end of FY 2019, the P.I.E.C.P. Program accounted for 3,622.75 inmate working hours and achieved revenues of \$57,964.



MCE displayed at the following conventions in FY 2019:

MD Association of Counties (MACo)	August 15-18, 2018	Ocean City, MD
Mid-Atlantic Purchasing Team Forum/Show	September 25, 2018	Columbia, MD
DNR-MD Park Field Service Day	September 26, 2018	Patapsco State Park, MD
Maryland Association of Boards of Education (MABE)	October 3-5, 2018	Ocean City, MD
Association of School Business Officials (ASBO)	November 2, 2018	Maritime Institute, MD
MCE Annapolis Showcase	January 24, 2019	Annapolis, MD
MD Association of Elementary School Principals (MAESP)	March 7-9, 2019	Cambridge, MD
DGS Earth Day	April 22, 2019	Baltimore, MD
MD Library Association (MLA)	May 1-3, 2019	Cambridge, MD
Association of School Business Officials (ASBO)	May 19-22, 2019	Ocean City, MD
MD Correctional Administrators Association (MCAA)	June 2-3, 2019	Ocean City, MD
MD Firemen's Association (MSFA)	June 15-21, 2019	Ocean City, MD
Maryland Municipal League (MML)	June 23-26, 2019	Ocean City, MD

In addition, MCE conducted five plant tours in FY 2019.

OUTREACH EFFORTS

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

MCE & KIWANIS BUILD INCUBATORS, HOPE FOR PREMIES

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

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

In addition to MCE, Kiwanis has worked with the Neonatal Department at Franklin Square, the Johns Hopkins Hospital, and the Martin Aviation Museum to produce the incubators.

Volunteers are always welcome for this project and can contact Richard Allen for more information at 410-852-0518 or richardjallen3rd@gmail.com.

BEA GADDY TURKEYS

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



Construction of neonatal Incubators

Donating golf towels to the Division of Correction's Annual Wroten-McGuinn Golf Tournamen

Preparing hundreds of turkeys annually for the Bea Gaddy Thanksgiving dinner in Baltimore



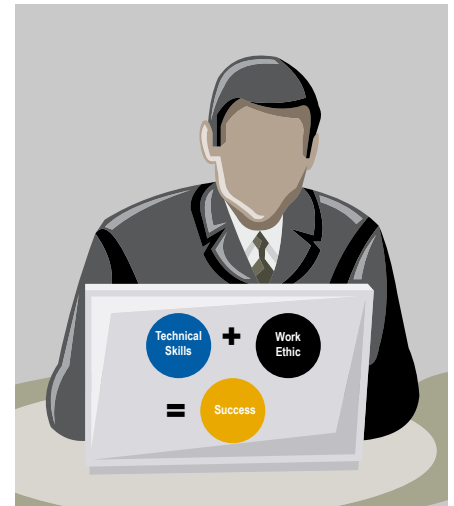
INMATE EMPLOYMENT



LEARNING FOR LIFE

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

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



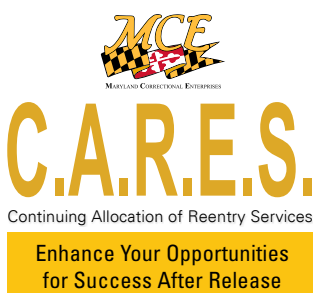
RECIDIVISM

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

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

CONTINUING ALLOCATION OF REENTRY SERVICES (C.A.R.E.S.) program has been re-established and has been in effect since May 2019. MCE has reached out to former and new resources for different opportunities and services such as education, housing, treatment, and employment. Some resources also help families of incarcerated individuals -- including spouses and/or dependents under the age of 18. New partners to the C.A.R.E.S. Program include conflict resolution and mediation centers across the State of Maryland and Goodwill Industries of the Chesapeake, Inc. The redevelopment of the C.A.R.E.S. Program has been implemented and includes resources for families of those incarcerated. Participants receive ongoing one on one mentoring sessions. Graduation will be scheduled for the first week of December.

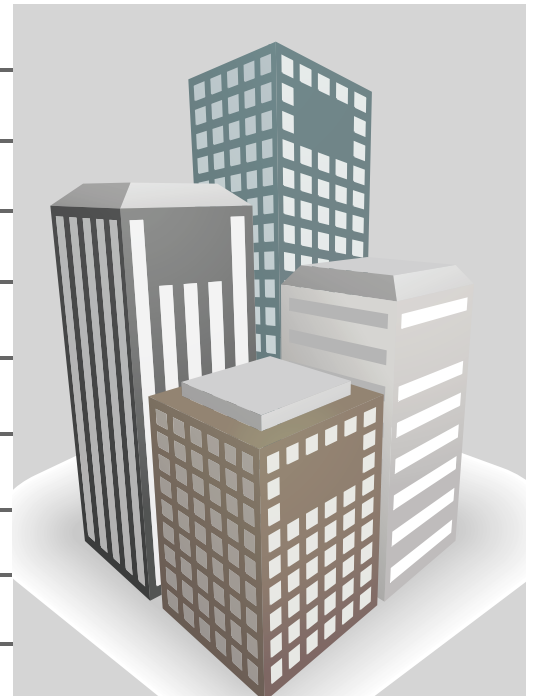
Calendar Year		Graduates	Calendar Year		Graduates
2009		79	2015		25
2010		61	2016		35
2011		56	2017		12
2012		30	2018		6
2013		39			
2014		23	Total		366



CORRECTIONAL INDUSTRIES INMATE EMPLOYMENT RANK

From Data contained in the 2019 National Correctional Industries Association (NCIA) Directory based on FY 2018 numbers.

Ranking	State	Inmates Employed
1	California*	5,342
2	Texas	4,940
3	*Washington	2,475
4	North Carolina	2,425
5	New York	2,400
6	Arizona	1,886
7	Florida	1,851
8	Minnesota*	1,785
9	Colorado*	1,733
10	MARYLAND	1,719



* States that have canteen/commissary operations

MCE has ranked in the top 10 for inmate employment since 2008. Maryland ranks 23rd in correctional population and 19th in state population.



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

2 MCE was forced to close its Upholstery Plant at North Branch Correctional Institution (NBCI) in October 2013 due to the continuing lock-down situation at that institution. This action resulted in the loss of 25 inmate positions.

3 MCE has a current civilian staff vacancy rate of 25%. Recruiting difficulties have negatively affected FY2018 and FY2019 inmate employment.

In FY2019, MCE provided over 2.4 million hours of inmate employment/training and touched the lives of 2,201 inmates.

INMATE WAGES



MCE Hourly Pay Scale

Hourly Pay Rate 4 or 5 Day Work Week

Employee Skill Level	Pay Scale
Unskilled	17¢ - 26¢
Semi-Skilled	27¢ - 29¢
Skilled	29¢ - 34¢
Craftsman	34¢ - 36¢
Team or Line Leader	37¢ - 39¢
Clerk	34¢ - 36¢
Invoicing Clerk	34¢ - 36¢
Quality Control	34¢ - 36¢
Safety Inspector	34¢ - 36¢

Warehouse Locations Hourly Pay Scale

Employee Skill Level	Pay Scale
Warehouse Worker	\$0.67
Warehouse Delivery	\$1.05
Office Clerk	\$1.05
Team Leader	\$1.16
Sanitation	\$0.79

MCE Institutional Daily Pay Scale

Employee Skill Level	Pay Scale
Laundry Collection	\$1.31/day
Recycle Collection	\$1.31/day

Work Release Employees-are paid minimum wage.

Longevity pay may be awarded to any inmate who has reached their position's top pay rate and has at least one year of employment. They will be reviewed annually by the Business Unit Manager for a pay increase. Hourly pay rate workers may receive a .01 ¢ per hour pay increase, subject to approval by the Regional Manager and the Operations Manager, COO or CEO.

Pre-release warehouse workers who are not asked to report for work on a normal workday by the Warehouse Manager or designee will receive four hours of pay at their current pay rate for the day.

In addition to the base wages above, inmates receive incentive pay based on production. On average, production incentive doubles inmates hourly pay rate.



MARYLAND CORRECTIONAL ENTERPRISES

Inmate Employment Rules and Regulations



STAFF & STAKEHOLDERS



RECRUITMENT, DEVELOPMENT & RETENTION

Maryland Correctional Enterprises relies on qualified managerial, office, and production staff who are committed to the mission of the organization. The agency ensures employees have the tools to do their jobs through certified correctional training. Due to the decline in manufacturing and the rise of service industries in the United States, recruiting workers who are skilled in certain trades – i.e. meat cutting, woodworkers, tractor-trailer drivers, etc. – has become a challenge. The DPSCS Human Resources Services Division oversees and coordinates all MCE recruitment efforts by state law and regulations outlined by the Maryland Department of Budget and Management. At the latest Managing for Results Seminar, staff members established a goal to maximize inmate employment by maintaining a safe staff to inmate ratio. MCE strives to develop staff and promote from within to retain talented staff. MCE also hires ex-offenders, nine returning citizens were employed by MCE at the close of the fiscal year 2019.

In FY 2019, seven years of data from the National Correctional Industries Association revealed an average Civilian Staff/Inmate Employee Ratio of 1:9.2. Eight years of MCE data revealed an average Civilian Staff/Inmate Employee Ratio of 1:11.4 and an average Supervisor/Inmate ratio of 1:18.3.

Fiscal Year	MCE					NCIA		
	Civilian Staff	Plant Supervisors	Inmates Employed	Civilian/Inmate Ratio	Supervisor/Inmate Ratio	Civilian Staff	Inmates Employed	Civilian/Inmate Ratio
2011	171	104	1,855	1:10.8	1:17.8	6,612	70,507	1:10.7
2012	176	115	2,065	1:11.7	1:18.0	6,702	67,891	1:9.9
2013	174	116	2,038	1:11.7	1:17.6	6,953	65,288	1:9.4
2014	170	115	2,091	1:12.3	1:18.2	6,946	56,263	1:8.1
2015	165	108	2,041	1:12.4	1:18.9	6,652	62,602	1:9.4
2016	148	100	2,035	1:13.8	1:20.4	6,601	60,705	1:9.2
2017	146	97	2,042	1:14.0	1:21.0	6,883	62,949	1:9.1
2018	137	93	1,719	1:12.5	1:18.5	6,820	61,654	1:9.0
2019	133	83	1,516	1:11.4	1:18.3			

MANAGING FOR RESULTS (MFR)

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

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

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



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

BACKGROUND AND EXPANSION

Prison industry programs in Maryland have been authorized since at least 1916, and in the United States since the 19th century. Poor prison work conditions, inmate exploitation, and the advent of the Depression caused Congress to enact legislation making the transport of prisoner-made goods in interstate commerce a federal criminal offense and prohibiting the use of prison labor to fulfill federal contracts over \$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-III.) 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 1980s. SUI had to borrow \$2.0 million from the State (FY1983 Operating Loan). To reverse this trend, the General Assembly enacted the State Use Industries Act, effective July 1, 1981. Increased sales and the amelioration of the stigma associated with inmate-made goods were established as major goals by SUI. The entire line of products was completely revamped, with emphasis on production, marketing, and customer service. The \$2.0 million loan from the State was paid back to the State in FY1989 and FY1990. As sales increased, SUI became self-supporting. Increased sales also permitted an expansion of SUI. Thus, the modern era of State Use Industries began in 1982 with the creation of the State Use Industries Act, Article 27, 680-681K of the Annotated Code of Maryland. In FY2000, the State Use Industries Act was rewritten as the Correctional Services Article (Sections 3-501 through 3-528).

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

MCE COUNCILS



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

MANAGEMENT COUNCIL

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

Management Council Members

Dr. H. David Jenkins
Executive Director

Ms. Ashley Lohr
Staff Assistant



Name

Senator Douglas J.J. Peters
Vacant
Mr. Wayne Hill
Mr. Stephen M. Shiloh
Judge Pamela J. Brown
Mr. John Gontrum
Mr. Fred Mason
Ms. Sarah Myers
Ms. Danielle Cox (Pending Appointment)
Mr. Joseph Evans
Jeff Hughes. (Pending Appointment)
Vacant
Mr. Jack Weber
Ms. Nikki Zaahir
Mr. Melvin Forbes

Affiliation

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

CUSTOMER COUNCIL

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

Customer Council Members

Mr. Stephen M. Shiloh
MCE CEO and Council Chair

Ms. Ashley Lohr
Staff Assistant



Name

Mr. John West
Ms. Brenda Lee
Mr. Eric Lomboy
Ms. Zina Gertner
Vacant
Vacant
Ms. Sandra Filippi
Ms. Lois Whitaker
Mr. Calvin Johnson
Vacant
Mr. Stephen Sanders
Mr. Todd Deak
Ms. Nicole Copeland

Affiliation

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

MCE RENOVATION PROJECT

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

FY 2019

March 27, 2018, was officially listed as the completion of the warehouse renovation by the Division of Capital Construction. Although MCE began to move items into the warehouse, the phone system was not installed until May 2018, roof repairs had to be made, mold appeared in July 2018. The six-month Warranty Inspection took place on September 13, 2018. The exterior washing and painting of the MCE Warehouse began on October 2, 2018 and was completed by the end of November. During the winter of 2019, it was discovered that the heating and ventilation system was not operating efficiently. The seven overhead doors were refurbished.

The 12-month Warranty Inspection took place on March 14, 2019. Several items still had to be addressed. The primary issue with the building revolved around the heating system. MCE is concerned with the elevated fuel costs and the reoccurrence of mold in the building due to avoidable airflow. With the existing system, MCE was unable to control the louvers and fans creating an unnecessary airflow and heating system that ran constantly. Another major issue is recruiting difficulties. MCE has a current staff vacancy rate of 25%, which has prevented full occupancy of the warehouse.

In April, MCE approved the following work to be performed: provide CO2 detectors with 120V dampers in five (5) exhaust fans and outside air louvers, one return air grille with the damper in AHU, and provide motion detectors in bathrooms for exhaust fans. This was completed in July, 2019.

Major Renovations to the Warehouse Include:

- Cleaning and painting of the ceiling
- New fire sprinkler system
- New hot water boiler
- New electrical service, including overhead lights
- Priming and painting of all interior walls and steel columns
- New grinder pump
- Tile floors in the showroom area
- Security cameras and alarms
- Seal coat parking lot and re-stripe
- Stormwater management
- New waterline, as required by Anne Arundel County
- New office area including new HVAC system, restrooms, furniture and layout
- Exterior painting





New Showroom & Warehouse

**Office, Lounge,
Classroom, Dorm
furniture & more**

**Clearance Sale
Items Available**



**60,000 sq. ft.
Warehouse & Showroom
located at:
8037 Brock Bridge Road
Jessup, MD 20794**

**Showroom Hours:
Monday, Wednesday, Friday
7am-3pm**

**Schedule Your Visit With Your
Account Representative**





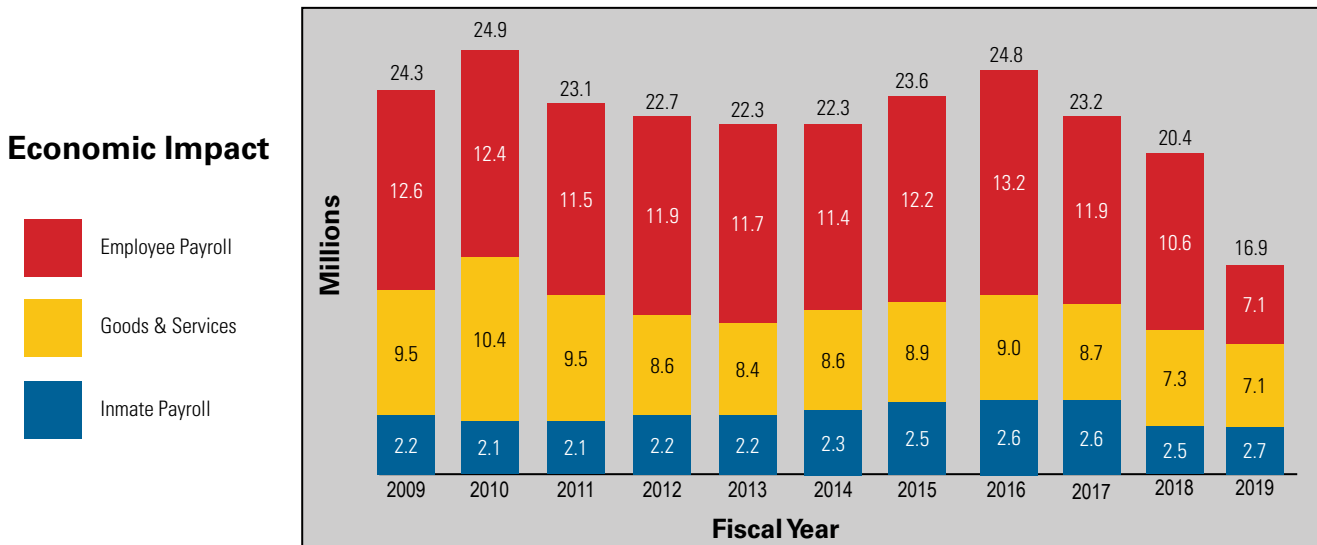
ECONOMIC IMPACT



Economic impact consists of the three major areas where Maryland Correctional Enterprises payments were made during the fiscal year. The three major areas of economic impact are: goods and services, employee payroll, and inmate payroll.

DIRECT ECONOMIC IMPACT - FISCAL YEAR 2019				
AREA	GOOD AND SERVICES	EMPLOYEE PAYROLL	INMATE PAYROLL	ECONOMIC CONTRIBUTION
Annapolis	\$514	0	0	\$514
Baltimore City	\$2,384,937	\$1,606,792	0	\$3,991,729
Baltimore County	\$207,718	\$387,144	0	\$594,862
Eastern Shore	\$159,632	\$673,064	\$236,066	\$1,068,763
Washington & Carroll County	\$328,183	\$2,160,160	\$763,556	\$3,251,899
Jessup	\$2,381,242	\$1,360,698	\$1,639,708	\$5,381,648
Montgomery County	\$89,464	\$40,285	0	\$129,749
Northeast Maryland	\$1,358,138	\$354,118	0	\$1,712,256
Prince George's County	\$196,954	\$421,241	0	\$618,195
Southern Maryland	\$0	\$47,377	\$1,303	\$48,680
Western Maryland	\$2,562	\$59,006	\$46,223	\$107,791
Maryland Total	\$7,109,344	\$7,109,885	\$2,686,856	\$16,906,085
Out of State Total	\$30,200,361	\$823,224	\$0	\$31,023,585
Grand Total	\$37,309,705	\$7,933,109	\$2,686,856	\$47,929,670

Total Economic Impact (Direct and Indirect) for FY 2019 that MCE had on the State of Maryland was \$68.3 million



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

ECONOMIC IMPACT (CONTINUED)



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

Input-Output Model

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

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

Conclusion

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



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

A LOOK AHEAD



1. MCE Graphics/Textile Plant at Jessup Correctional Institution (210 inmate positions). Design funding is anticipated in FY 2022. Construction (FY 2023-2024) for a 21,000sq. ft. pre-engineered metal building to house a Graphics/Textiles plant.

A revised program was submitted to the Division of Capital Construction on October 24, 2013. The revised program reflects the transfer of the existing Sew Plant at JCI (which is currently housed in an old warehouse without temperature/humidity control) and the transfer of the Graphics Envelope operation from MCI-J.

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

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

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



FINANCIAL (FINANCIAL STATEMENTS)



Maryland Correctional Enterprises Statements of Net Position

Statements of Net Position

As of June 30, 2018 and 2019

	(Audited) 2018	(Unaudited) 2019
ASSETS		
Current Assets:		
Cash	\$19,716,260	\$18,889,084
Accounts Receivable, net	\$7,140,609	6,907,518
Inventories	\$10,487,989	12,739,707
Other Assets	\$31,735	55,970
Total Current Assets	\$37,376,593	38,592,279
Capital Assets, Net of Accumulated Depreciation:		
Construction in Progress		
Equipment	\$3,232,128	3,063,836
Structures and Improvements	\$5,132,757	5,246,879
Total Capital Assets, Net	\$8,364,885	8,310,715
Total Assets	\$45,741,478	46,902,994
Deferred Financing Outflows	\$2,534,760	2,534,760
LIABILITIES AND NET POSITION		
Liabilities:		
Current Liabilities		
Accounts Payable and Accrued Liabilities	\$1,985,294	\$1,619,480
Accrued Vacation and Workers Compensation Costs, Net	\$806,378	916,249
Deferred Revenue	\$173,251	295,049
Total Current Liabilities	\$2,964,923	2,830,778
Noncurrent Liabilities:		
Net Pension Liability	\$13,430,842	13,430,842
Accrued Vacation and Workers Compensation Costs	\$705,592	464,100
Total Liabilities	\$17,101,357	16,725,720
Deferred Financing Inflows	\$936,410	936,410
Net Position:		
Invested in Capital Assets	\$8,364,885	8,310,715
Unrestricted	\$21,873,586	23,464,909
Total Net Position	\$30,238,471	\$31,775,624

FINANCIAL STATEMENTS (CONT'D)



Maryland Correctional Enterprises Statements of Revenue, Expenses, and Change in Net Position

Statements of Revenue, Expenses, and Change in Net Position
For the Years Ended June 30, 2018 and 2019

	(Audited) 2018	(Unaudited) 2019
Operating Revenue:		
Sales and Services	\$55,003,182	\$52,457,139
Operating Expenses:		
Cost of Sales and Services	\$41,922,598	40,790,302
Selling, General, and Administrative Expenses	\$5,506,421	5,913,497
Other Selling, General, and Administrative Expenses	\$2,848,629	3,185,965
Depreciation	\$872,370	1,030,004
Total Operating Expenses	\$51,150,018	50,919,768
Operating Income	\$3,853,164	1,537,371
Nonoperating Revenue and Expenses:		
Miscellaneous Income	\$614	-
Loss on Disposal of Assets	(\$8,571)	(218)
Nonoperating Expenses, Net	(\$7,957)	(218)
(Loss) Income Before Transfers and Contributed Capital	\$3,845,207	1,537,153
Transfer to State of Maryland General Fund	\$0	-
Change in net Position	\$3,845,207	1,537,153
Net Position, Beginning	\$26,393,264	30,238,471
Net Position, Ending	\$30,238,471	31,775,624



MARYLAND CORRECTIONAL ENTERPRISES

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