

FY 2021

MANAGEMENT COUNCIL REPORT



www.mce.md.gov



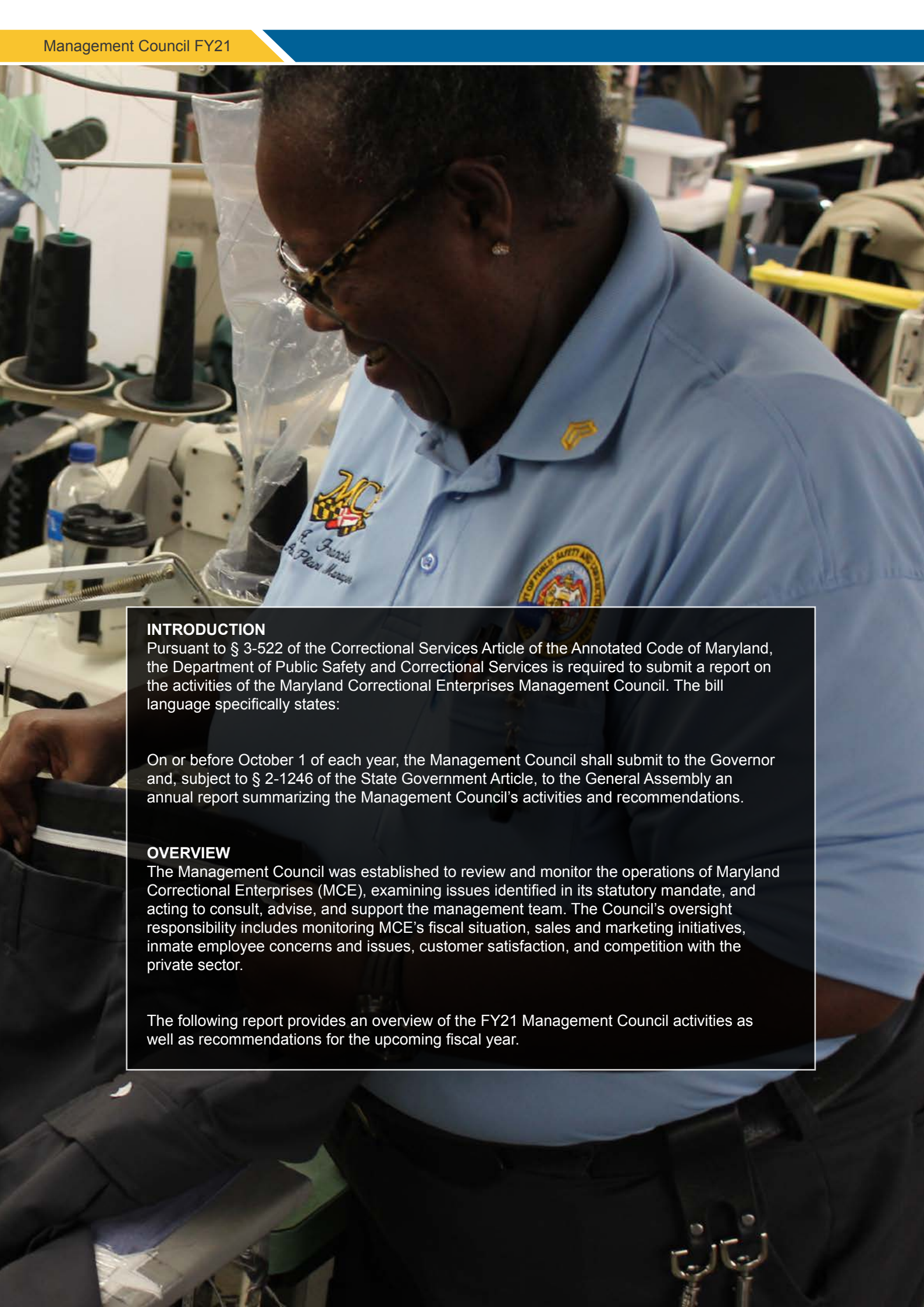
**DEPARTMENT OF PUBLIC SAFETY
AND CORRECTIONAL SERVICES**

Maryland Correctional Enterprises
Management Council Report

OCTOBER 1, 2021

Governor Lawrence J. Hogan
Lt. Governor Boyd K. Rutherford
Secretary Robert L. Green
Deputy Secretary of Operations Wayne Hill
MCE Chief Executive Officer Stephen Sanders
MCE Management Council Executive Director H. David Jenkins, PhD.





INTRODUCTION

Pursuant to § 3-522 of the Correctional Services Article of the Annotated Code of Maryland, the Department of Public Safety and Correctional Services is required to submit a report on the activities of the Maryland Correctional Enterprises Management Council. The bill language specifically states:

On or before October 1 of each year, the Management Council shall submit to the Governor and, subject to § 2-1246 of the State Government Article, to the General Assembly an annual report summarizing the Management Council's activities and recommendations.

OVERVIEW

The Management Council was established to review and monitor the operations of Maryland Correctional Enterprises (MCE), examining issues identified in its statutory mandate, and acting to consult, advise, and support the management team. The Council's oversight responsibility includes monitoring MCE's fiscal situation, sales and marketing initiatives, inmate employee concerns and issues, customer satisfaction, and competition with the private sector.

The following report provides an overview of the FY21 Management Council activities as well as recommendations for the upcoming fiscal year.





STATE OF MARYLAND

LAWRENCE J. HOGAN, JR.
GOVERNOR

BOYD K. RUTHERFORD
LT. GOVERNOR

ROBERT L. GREEN
SECRETARY

H. DAVID JENKINS
EXECUTIVE DIRECTOR

Department of Public Safety and Correctional Services

Maryland Correctional Enterprises Management Council
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October 1, 2021

Greetings!

It is with great pride that I present the Management Council's 2021 Annual Report. This year has proven to be a challenging year for Maryland Correctional Enterprises (MCE) and the state as a whole. Despite the detrimental impact of the COVID-19 Pandemic, we look forward to the successful year ahead with the guidance of our Council members.

MCE achieved revenues in excess of \$50 million while continuing to offer meaningful training opportunities to over 1,000 incarcerated individuals over the course of FY21. Throughout the course of the year MCE provided over 1 million hours of work and training. By providing these men and women a work skill and work ethic, MCE is further able to assist in helping them find successes upon release from prison.

The Management Council looks forward to rebuilding the successes of MCE in the upcoming year. We are confident that the work being done at Maryland Correctional Enterprises is helping to create a stronger, safer Maryland.

Sincerely,

H. David Jenkins, PhD.
Executive Director
Maryland Correctional Enterprises Management Council

Management Council Overview



Background

The Maryland Correctional Enterprises Management Council was created in 1999 through legislation codified under Sections 3-517 through 3-522 of the Correctional Services Article of the Annotated Code of Maryland.

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

(a) (1) The Management Council shall:

- (i) advise Maryland Correctional Enterprises on its specific proposals to establish new industries and improve the quality and quantity of job training programs; and
- (ii) recommend the establishment and maintenance of industrial plants and service centers to be used for implementing the programs developed by the Commissioner and Chief Executive Officer under § 3-511 of this subtitle.

(2) Maryland Correctional Enterprises shall operate industrial plants and service centers recommended under paragraph (1)(ii) of this subsection primarily with inmates in a manner that benefits the State and the training of inmates by producing goods or providing services that are practical and adaptable for a prison industry.

(b) The Management Council shall:

(1) review the operation of the programs of Maryland Correctional Enterprises to determine whether:

- (i) there is undue competition with private enterprise and recommend necessary adjustments to prevent undue competition; and
- (ii) there is any negative impact on workers in the State, including wage depression or job displacement;

(2) review the standards for goods and services and the pricing schedules as recommended by the Chief Executive Officer; and

(3) review the occupational health and safety record of programs and other working conditions of inmates in the programs of Maryland Correctional Enterprises.

Management Council Overview

(c) The Management Council shall:

(1) review the success of Maryland Correctional Enterprises in:

- (i) meeting the employability development needs of inmates; and
- (ii) coordinating work programs with other rehabilitative programs;

(2) solicit and review information pertaining to concerns of participating inmates; and

(3) recommend changes as necessary to meet the goals and objectives of Maryland Correctional Enterprises.

(d) The Management Council shall:

(1) solicit ideas, proposals, and suggestions from business representatives, nonprofit organizations, government entities, and members of the public as to how Maryland Correctional Enterprises could enhance the work experience of inmates and increase the ability of inmates to obtain gainful employment after release;

(2) review and recommend opportunities with private sector employers to expand the Prison Industries Enhancement Program;

(3) review and identify ways to improve the business practices of Maryland Correctional Enterprises in its sales, marketing, inventory, warehousing, and product line operations;

(4) monitor customer satisfaction with price, quality, delivery, and after delivery service; and

(5) review and comment on the operating and capital budgets of Maryland Correctional Enterprises, including cash forecasts.

Membership

The membership, appointing authority and term of service for individuals serving on the Council have been established by statute. All members serve a term of three years and continue to serve until a successor is appointed. The following page includes the FY21 Management Council Roster, including all new appointments occurring during the fiscal year.

Meeting Format

At each meeting, members receive a briefing from MCE's CEO, the Commissioner of Correction from the Department of Public Safety and Correctional Services and the Executive Director on pertinent issues related to MCE. Public Safety related initiatives, newsworthy events, research findings, and articles and reports of significance pertaining to the Council's statutory mandate are also provided. Members of MCE's staff are invited to showcase particular industries or to make special presentations on surveys, projects, and topics that impact MCE operations. At each meeting, members provide an update or development in their organization/agency related to the Council's mission and are provided with Customer Council Meeting Minutes.



Management Council

Not Pictured

Appointed by the Chief Judge of the
Maryland Court of Appeals
Judge Lisa Broten
District Court of Maryland



Ms. Danielle Cox
Department of Labor
Awaiting Appointment



Mr. Melvin Forbes
Business Representative
Wilkerson Sports Enterprise
Member



Appointed by the Chancellor of the
University System of Maryland
Mr. Tom Hickey
University System of Maryland
Member



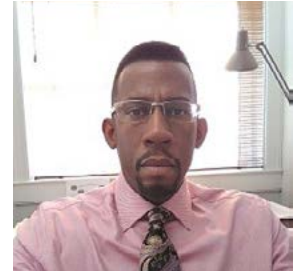
Annie Harvey
Commissioner of Correction
Department of Public Safety and
Correctional Services
Ex-Officio Member



Mr. H. David Jenkins
Management Council
Executive Director



Appointed by the Comptroller of the
Treasury
Ms. Anne Klase
Comptroller's Office
Member



Mr. Fred Mason
Maryland State Department of
Education
Member



Juliana Palmer
Director of Justice Reinvestment
Governor's Office of Crime Prevention,
Youth, and Victim Services



Appointed by the Senate President
Senator Douglas J. J. Peters
Member



Mr. Stephen Sanders
Chief Executive Officer
Maryland Correctional Enterprises
Ex-Officio Member



Mr. Jack Weber
Business Representative
Uptown Press
Member

Not Pictured

Janell Johnson
Director of Education and Training
Vehicles For Change/ Full Circle Training
and Service Center

Not Pictured

Joe Cox
Field Director
AFSCME

Thank you to former member
Daniel Atzmon for all your contributions
to MCE and the Management Council.



Council Meetings

The MCE Management Council meets regularly to discuss MCE Operations. The full minutes from Fiscal Year 2021 can be found on the Maryland Correctional Enterprises website at mce.md.gov. A brief summary of each meeting has been provided below.

July 21, 2020

Via Conference Call

Commissioner Hill provided an update on COVID-19 trends for the Management Council and continued efforts to promote health and safety in all institutions.. He noted that MCE was assisting in the production of PPE for the Department and State. The Council was then notified of the appointment of CEO Stephen Sanders; the appointment was upheld. The Council then watched the new Telling Their Stories series, which highlights MCE successes. The Council discussed being more proactive in sharing the mission of MCE. It was also announced that Janell Johnson would be representing Vehicles for Change on the Council.

September 8, 2020

Via Conference Call

CEO Sanders provided a financial update. Sales are down due to effects of the pandemic. Participant numbers have decreased in order to encourage social distancing. MCE continues to make PPE and investigate new COVID-19 related product lines. Dr. Jenkins reviewed vacancies and the plans for the Inmate Concerns Survey. Members shared reports on behalf of their respective agencies.

December 8, 2020

Via Conference Call

The Council reviewed the financial and operational reports of MCE. CEO Sanders announced that our financial audit was completed successfully with no findings. Deputy Secretary Hill provided an update on the Department's COVID Response initiatives. Dr. Jenkins updated the Council on the progress of the concerns survey. Reentry Director, Janet Lane, provided an update on MCE's reentry efforts. Members provided individual reports.

March 9, 2021

Via Conference Call

DSO Hill provided vaccination updates and announced that Acting Commissioner Annie Harvey would be taking over on the Management Council. CEO Sanders provided an update on MCE operations and financials. Dr. Jenkins provided the results for the Concerns Survey. Councilmembers provided updates on behalf of individual agencies. The Council also discussed legislation that may have an impact on the Department and MCE.

June 8, 2021

Via Conference Call

Acting Commissioner Harvey provided an update regarding DPSCS. CEO Sanders provided an update on financials, operations, ERP acquisition, and participant compensation. CAO Mark Rowley advised that MCE would be studying inmate compensation. Director of Marketing Nicole Copeland provided an overview of the FY22 Catalog. Acting COO, Ashley Lohr, provided an update on PIECP expansion efforts as well as an analysis on MCE's impact on the private sector. Based on data, from the National Association of Manufacturers, MCE has no negative impact on the State's private manufacturing sector. Councilmembers provided individual reports.



Sales & Training Participation

AS OF JUNE 30, 2021

BUSINESS UNITS FY 2021

	SALES	TRAINING PARTICIPATION
Jessup Correctional Institution		
Wood – office, lounge and dormitory furniture, tables, library shelving	1,562,344	51
Tag – metal motor vehicle license tags and picnic furniture	5,646,688	44
Sew – institutional uniform items and DPSCS officer uniform items	2,215,305	51
Maryland Correctional Institution – Jessup		
Graphics I – complete line of forms, reports, custom printing, magazines and related special products, four color printing	1,004,613	62
Graphics II – envelopes, business cards, letterhead, etc.	1,548,793	30
Quick Copy Service – digital b/w and color, high speed digital printing, binding, finishing, packaging, shipping, collating, stapling	419,046	15
Maryland Correctional Institution for Women		
Sew/Flag – shirts, gowns, bathrobes, flags, aprons, embroidery, sweatshirts	775,946	31
Mailing and Distribution – bulk mailing, distribution service, data entry	2,259,708	17
Design and Planning – office design using CADD system	0	9
Maryland Correctional Institution – Hagerstown		
Metal ¹ – shelving, beds, tables, wastebaskets, chairs, benches, lockers, storage, Flexstation office furniture	6,034,759	35
Laundry – industrial cleaning of laundry for institutional and non-profit entities	161,602	17
Upholstery – task seating, side chairs, lounge furniture, multi-purpose seating	6,520,703	25
Meat – ground beef, chopped steaks, meat loaf, roasts, chops, ribs, hotdogs, lunch meats, sausage	9,328,765	39
Hagerstown Warehouse – backhaul operations and shipment of products produced in Hagerstown	72,763	8
Roxbury Correctional Institution		
RCI Graphics – file folders, interoffice envelopes, report covers, vinyl binders, production of MVA vehicle registrations and special orders	2,359,081	70
Recycling and Agriculture – recycling of aluminum and steel cans, cardboard, paper, pallets, and plastic	60,782	0
Maryland Correctional Training Center		
Partition – work stations, office panels, sight screens, System XXI, PowerWorks	2,023,307	13
Brush & Carton – utility brushes, corrugated cartons, and furniture assembly Cleaning Products – all-purpose and germicidal cleaners	1,480,825	13
Western Correctional Institution		
WCI Furniture – laminated component parts and various furniture items (Volition, Aristotle & Darwin office furniture)	2,122,651	44
Eastern Correctional Institution		
Furniture Restoration – refinishing/restoration of wood, metal, and upholstered furniture	657,241	50
Textiles – towels, washcloths, hats, uniform clothing/shirts, embroidery, sewn, and RF Seal mattresses	2,550,918	59
Laundry Operations – industrial cleaning of laundry for institutional and non-profit entities	141,481	7
Patuxent Institution		
Sign & Engraving – street signs, custom made signs to order, vehicle wraps, plaques, picture frames and laser engraving	681,905	30
Central Maryland Correctional Facility		
Laundry Operations ² – industrial cleaning of laundry for institutional and non-profit entities	417,007	106
Jessup Area		
Central Warehouse – shipment of all products produced at Baltimore metropolitan area prisons, moving, labor, and courier service	129,825	7
Total	50,176,058 (Unaudited)	833

¹ Includes eight Prison Industry Enhancement Certification Program (PIECP) workers

² Includes laundry collection workers from Jessup Correctional Institution



PARTICIPANT CONCERNS SURVEY

.....

THE FY'21 MCE WORKFORCE CONCERNS SURVEY FINDINGS



9

How would you rate your plant in terms of health and safety?

8

How would you rate your plant in terms of training?

6

How would you rate your salary?

7

How would you rate your plants in terms of promotion?

ABOUT US

.....
The summary of the 2021 concerns survey provides feedback on the annual survey conducted earlier this year. The survey was administered to a randomly selected sample of MCE participants to obtain information regarding four areas of concern: plant safety, training opportunities, wages, and promotional opportunities. Our participants were also given the opportunity to raise concerns not addressed in these areas of concern.

INSTRUCTIONS

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Survey participants were asked to rate their concerns using a 1-10 scale where a rating of 1 would be unsatisfactory, a rating of 5 would be satisfactory and a score of 10 would be outstanding. The individual scores were tallied and averaged for each plant. The scores and comments for each question are presented above.

Financial Statement



Maryland Correctional Enterprises Statements of Net Position

Statements of Net Position

As of June 30, 2020 and 2021

	(Unaudited) 2021	(Audited) 2020
ASSETS		
Current Assets:		
Cash	\$11,736,072	\$12,702,969
Accounts Receivable, net	16,741,120	12,251,050
Inventories	11,832,009	14,851,461
Other Assets	57,911	136,470
Total Current Assets	40,367,112	39,941,950
Capital Assets, Net of Accumulated Depreciation:		
Construction in Progress		
Equipment	5,812,196	6,220,508
Structures and Improvements	2,444,001	1,943,404
Total Capital Assets, Net	8,256,197	8,163,912
Total Assets	48,623,309	48,105,862
Deferred Outflows Related to Pensions	4,123,315	4,123,315
LIABILITIES AND NET POSITION		
Liabilities:		
Current Liabilities		
Accounts Payable and Accrued Liabilities	\$1,656,090	2,052,264
Accrued Vacation and Workers Compensation Costs, Net	991,185	866,360
Customer Deposits	37,643	10,329
Deferred Revenue	645,777	302,130
Total Current Liabilities	3,330,695	3,490,416
Noncurrent Liabilities:		
Net Pension Liability	15,248,392	15,248,392
Accrued Vacation and Workers Compensation Costs	503,200	762,451
Total Liabilities	19,082,287	19,242,008
Deferred Financing Inflows	1,575,974	1,594,949
Net Position:		
Invested in Capital Assets	8,256,197	8,163,912
Unrestricted	23,832,166	23,247,420
Total Net Position	\$32,088,363	\$31,411,332

Financial Statement (Cont'd)



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

	(Unaudited) 2021	(Audited) 2020
Operating Revenue:		
Sales and Services	\$50,176,058	\$55,772,210
Operating Expenses:		
Cost of Sales and Services	40,569,595	45,577,678
Selling, General, and Administrative Expenses	5,554,174	6,495,562
Other Selling, General, and Administrative Expenses	2,821,424	2,614,769
Depreciation	555,946	1,007,652
Total Operating Expenses	49,501,139	55,695,661
Operating Income	674,919	76,549
Nonoperating Revenue and Expenses:		
Miscellaneous Income	(2,475)	1,665
Gain (Loss) on Disposal of Assets	4,639	153
Nonoperating Expenses, Net	2,164	1,818
Income Before Transfers and contributed capital	677,083	78,367
Transfer to State of Maryland General Fund	-	-
Change in net Position	677,083	78,367
Net Position, Beginning	31,411,280	31,332,965
Net Position, Ending *	\$32,088,363	\$31,411,332

*Net Position is the difference between an entity's assets plus deferred outflows of resources and its liabilities plus deferred inflows of resources represents its net position. Net position has the following three components: net investment in capital assets; restricted net position; and unrestricted net position. This **does not** represent profit.*

Fiscal Year 21 Management Council Recommendations



1. The MCE Management Council recommends investigating further involvement in the Justice Reinvestment Act to identify where MCE can assist in the successful reintegration of returning citizens to the State of Maryland. An ability to grow training, apprenticeship and job opportunities in alignment with the Act has the potential to positively impact more lives, providing men and women with the needed work skills and work ethics that encourage successful reentry.



2. The MCE Management Council recommends investigating current and future Prison Industries Enhancement (P.I.E.C.P.) opportunities based on the economic climate. The program offers the potential to hire additional inmate workers and expand training opportunities for inmates participating in this program. Additionally, as the P.I.E.C.P. program provides prevailing wages this would provide inmate workers with a greater incentive to save for their release. The National Correctional Industries Association publication of participating state correctional systems and the products produced under their P.I.E.C.P. programs should be reviewed and monitored for future opportunities in Maryland.

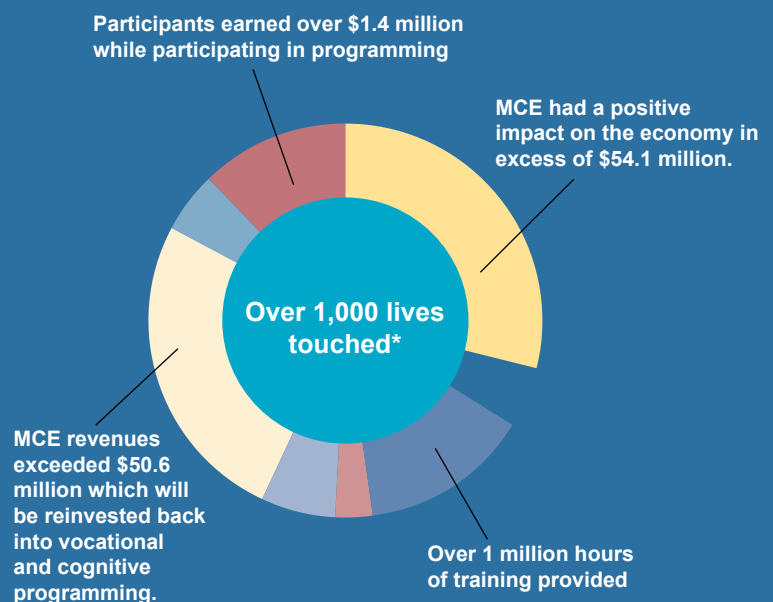


3. The MCE Management Council recommends the expansion of a program to improve the financial literacy of the MCE workforce in preparation for release. It is suggested that research continue to be conducted in order to find the most efficient method to share financial literacy training and materials to all offenders within the MCE workforce. The program should be continuously monitored for accessibility, functionality, and improvement.

4. The MCE Management Council recommends reviewing, updating, and expanding the C.A.R.E.S. curriculum in alignment with evidence based practices and expanding programming to additional facilities.

Conclusion

Despite overwhelming obstacles faced in FY2021, MCE persevered and was able to achieve revenues in excess of the Business Plan goal. Overall, MCE was seeing positive progress until the onset of the COVID-19 pandemic. MCE is continuing to investigate strategies to adapt to the current climate so that we can continue to be successful while increasing revenues, increasing inmate employment, and maintaining institutional safety as a top priority. MCE continues to investigate national best practices to ensure we remain one of the leading vocational programs in the country. We are proud to do our part in creating a better, safer Maryland for all.



*The MCE lives touched figure accounts for all participants who participated in programming throughout FY21



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