



MARYLAND CORRECTIONAL ENTERPRISES

FY 2017 ANNUAL REPORT



www.mce.md.gov

STATE OF MARYLAND

LAWRENCE J. HOGAN, JR.
GOVERNOR

BOYD K. RUTHERFORD
LT. GOVERNOR

STEPHEN T. MOYER
SECRETARY

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DEPUTY SECRETARY
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COMMISSIONER OF CORRECTION

STEPHEN M. SHILOH, CCE
CHIEF EXECUTIVE OFFICER



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**Stephen M. Shiloh, CCE
Chief Executive Officer**

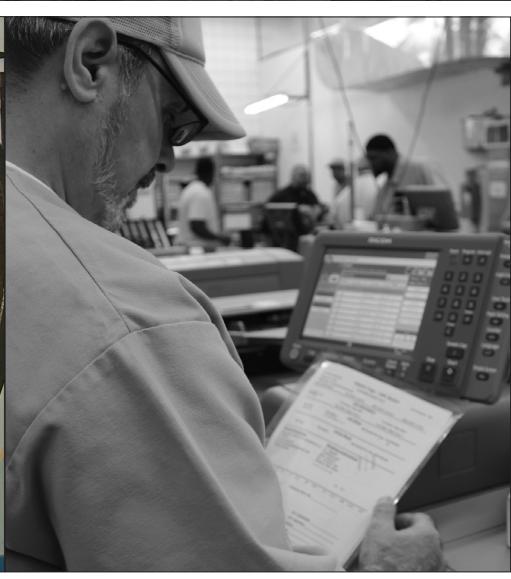
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September 1, 2017

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

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

Dayena M. Corcoran
Commissioner of Correction



Our Cover: In September 2016, Governor Lawrence J. Hogan, Jr. introduced a new Maryland license plate, Maryland Proud, which is manufactured by the Maryland Correctional Enterprises' Tag Plant, No. 119, located in Jessup Correctional Institution. The plate symbolizes both pride in the State of Maryland and the success of our former offenders.

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, enhancing safety and security, reducing prison idleness, producing quality, saleable goods and services, and operating as a financially self-supporting State agency.

Based on the 2017 National Correctional Industries Association (NCIA) Directory, MCE ranked 8th in the U.S. in sales and 7th in the U.S. for inmate employment, while State population and inmate population were 19th and 18th respectively. In FY17, MCE achieved sales in excess of \$59 million while offering employment opportunities to 2,042 offenders. MCE also provided over 2.95 million hours of inmate employment and training and touched the lives of 3,015 inmate workers.

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

On July 1, 2008, MCE implemented CARES (Continuing Allocation of Reentry Services) to assist inmate employees in transitioning to civilian employment upon release. 360 CARES participants have graduated from the program since its implementation. We are proud to say that twelve graduates have already completed the program this calendar year.

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" through community service activities. MCE workers prepare food and textiles that are donated to the Special Olympics. Inmate crews cook and debone turkeys, feeding more than 35,000 needy families for the Annual Bea Gaddy Thanksgiving Dinner. Laundry workers cleaned 1,800 donated bras to raise money for breast cancer awareness and research. These resources, as well as other products and services, are donated annually by Maryland Correctional Enterprises in an effort to help our fellow citizens. Additionally, MCE had a positive economic impact on Maryland's economy of \$93.7 million in FY17.

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

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

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. An annual Marketing and Sales Plan is also published.

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

MCE is continuously striving to change Maryland for the better.

Sincerely,



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

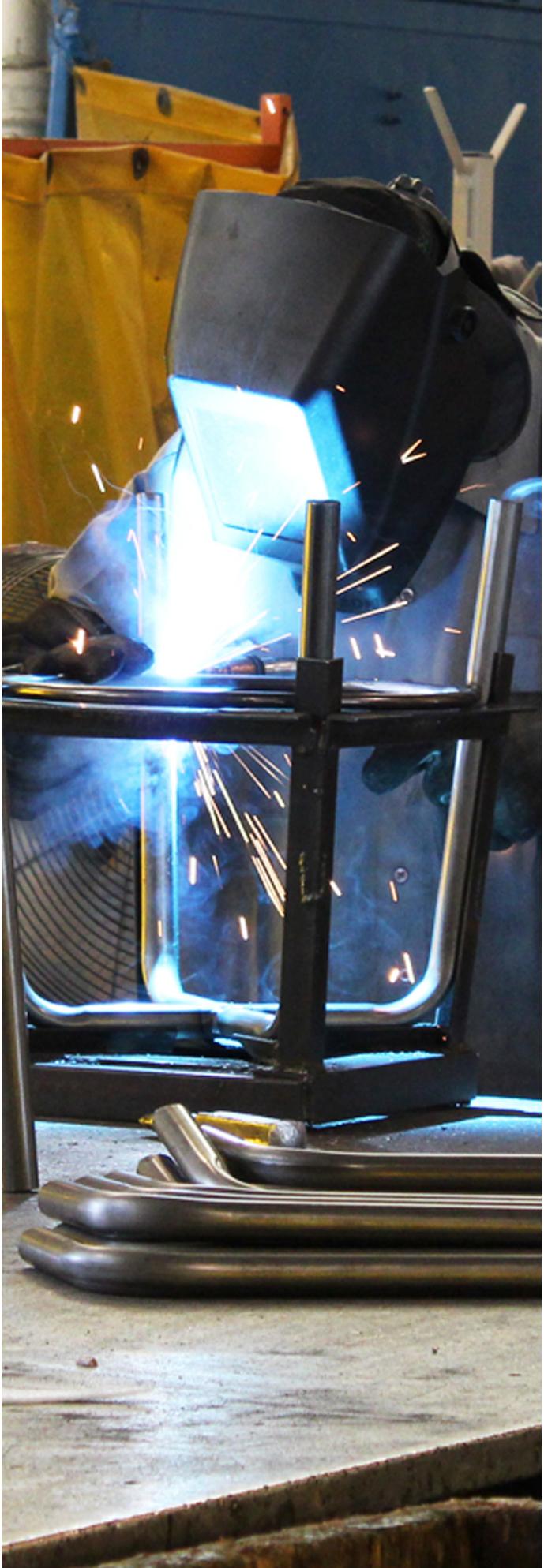






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Mission Statement:

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

Vision Statement:

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

MANAGEMENT

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

REGIONAL MANAGERS

Hagerstown/Cumberland Institutions	Greg Haupt
Jessup/ECI Furniture Restoration	Dan Bickford
Textiles/ECI Liason	Donna Beck
Graphics	Jim Cluster (Acting)
Central Warehouse Manager	Mathew Hall
Hagerstown Warehouse Manager	Ron Brown

MCE IS

*This article was originally published
in the National Correctional Industries
Association (NCIA) newsletter.
Written by Ashley Lohr*



MCE provides an environment which resembles 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 improves the employability of the inmate upon release. Furthermore, the training and employment of inmates reduces idleness, which is a leading cause of violence and disruptions in prisons.

For thousands of incarcerated men and women across America, their first opportunity to gain employment will come in an unlikely place. Growing up, we all have dreams of becoming an astronaut or a rock star, but I can guarantee no one has ever dreamed of becoming inmate number 045-976.

The task that correctional industries face is a multifaceted one. We work with offenders every day. We see their potential and can immediately identify that they are more than a number. So how do we identify and develop the skills that will ultimately lead them to be a productive member of society? How do we create an environment that will replicate the professional struggles of the "real world" in a contained, constantly monitored environment? Are we equipped to help them make that leap to reentry? At Maryland Correctional Enterprises (MCE), we can answer this last question with a confident, "yes." Our keys to instilling success are engraved in every aspect of our program from start to finish. In order to ensure that our offenders are equipped with the skills needed to achieve successful reentry we align every MCE experience to what would be faced in a private sector environment.

Like any job in the private sector, a job with MCE requires certain minimum qualifications. Among those qualifications are standards such as obtaining a high school diploma or GED and remaining infraction free for 90 days. In the private sector, there are very limited job opportunities for individuals that do not have their high school diploma or GED. The first thing we do is encourage offenders to maintain good behavior while also taking advantage of the institutional programming available to assist those that do not already have their diploma. The incentive is the opportunity to join an elite workforce that only ten percent of Maryland's prison population is able to join. At the start of incarceration, we are already promoting self-improvement and one important key to finding post-release employment. Once the minimum qualifications have been met, the application process can begin.

One of MCE's Values Statements expresses, "we are committed to quality training and preparation of our inmate work force to enhance their employment opportunities upon release." In order to prepare inmates for outside employment, we do everything we can to replicate the job search process. Inmates work with case management staff in their institutions in order to submit an application and apply for a job with MCE. By simulating that interview process, offenders receive invaluable experience by interviewing for positions.

Once onboard, MCE workers receive an orientation and the MCE Rules and Regulations. This allows MCE to fully communicate our expectations of the workforce and set guidelines that notify offenders that they will undergo a probationary period. MCE has a zero tolerance policy; any rule violation can result in termination from a position. These guidelines help to encourage a strong attention to detail and work ethic that will follow offenders throughout their time with MCE and even beyond the fence. Like the private sector, inmates also have a chance to earn bonuses and promotions based on their production levels. Promotions include titles and responsibilities such as team leader, quality control clerk, and office clerk. In these coveted positions, offenders are able to gain supervisory and computer skills guaranteed to help them in the modern career world.

Some of our most advanced technological work can be found in the MCE Design Plant at the Maryland Correctional Institution for Women (MCIW). Here, offenders are equipped with skills that help them to navigate a highly advanced Computer Aided Design and Drafting Program. 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 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

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

This is just one of our many positions that help to build pride and confidence in our inmate workforce. By staying on the forefront of this modern technology, MCE also affords these women the opportunity to directly translate these hard skills into a real-world environment.

The MCE Meat Plant provides inmates with valuable meat cutting training and experience to help prepare them for employment in the meat industry upon release. Many inmates have received training through the Meat Apprenticeship program certified by Hagerstown Community College and the Maryland State Department of Labor, Licensing and Regulation.

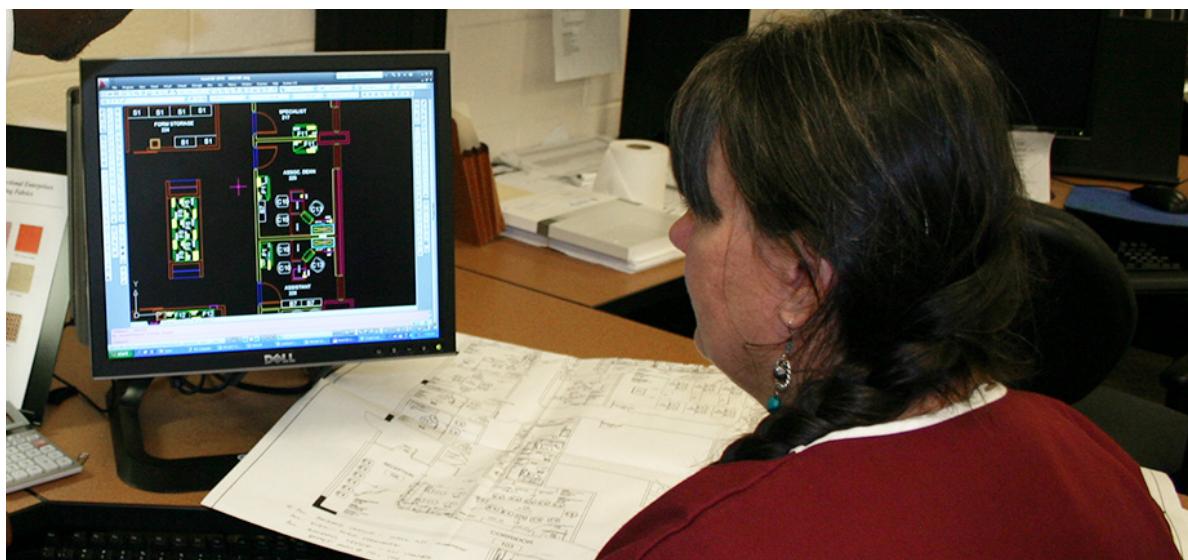
During FY2016 MCE initiated a Forklift Training Program. In FY2017, inmates were trained and certified upon successful completion of each training session. Since initiation, approximately 200 inmates have received forklift safety training.

Inmates nearing release may be eligible for certification from the Continuing Allocation of Reentry Services (CARES) program. This includes the Thinking For A Change three month curriculum which emphasizes social soft skills. The Employment Readiness curriculum emphasizes soft skill development in the work area. Both sessions together round out the social and work ethics essential to successful reentry.

In addition to the CARES graduation certification, every year inmate workers are presented a training certificate by their plant manager which includes the number of days (and years) they were cumulatively employed and notes their job description. This is placed into their records and is available for their resume as an attachment documenting their experience.

No matter the position, MCE workers are consistently building soft skills necessary for success upon their release. MCE annually conducts a survey of inmate concerns which addresses categories such as training, promotional opportunities and job satisfaction and safety. By allowing our offenders to voice their concerns and opinions, we are better equipped to build a stronger program which maintains a focus on rehabilitation. If we do not provide a safe environment, we cannot expect our workers to thrive.

Correctional Industries are tasked with a unique mission – to run a successful business, while creating the ultimate product – the returning citizen. In order to stay true to that mission, we must continue to build our offenders from start to finish while creating a positive pathway for them to find success.



MCE Design Plant #148

AT A GLANCE: SALES & INMATE EMPLOYMENT



BUSINESS UNITS	SALES	INMATE EMPLOYMENT
Jessup Correctional Institution		
Wood – office, lounge and dormitory furniture, tables, library shelving	\$3,021,712	197
Tag – metal motor vehicle license tags, picnic furniture	\$6,089,460	70
Sew – inmate uniform items, DPSCS officer uniform items	\$3,515,825	137
Maryland Correctional Institution – Jessup		
Graphics I – complete line of forms, reports, custom printing, magazines and related special products, four color printing	\$2,510,543	121
Graphics II – envelopes, business cards, letterhead, etc.	\$1,708,380	58
Quick Copy Service – digital b/w and color, high speed digital printing, binding, finishing, packaging, shipping, collating, stapling	\$497,330	41
Maryland Correctional Institution for Women		
Sew/Flag – shirts, gowns, bathrobes, flags, aprons, embroidery, sweatshirts	\$1,535,617	125
Mailing and Distribution – bulk mailing, distribution service, data entry	\$2,343,741	96
Design and Planning – office design using CADD system	\$0	14
Maryland Correctional Institution – Hagerstown		
Metal – shelving, beds, tables, wastebaskets, chairs, benches, lockers, storage, Flexstation office furniture	\$5,355,156	76
Metal (P.I.E.) – fabrication, painting and assembly of electrical switchgear components	\$0	0
Upholstery – task seating, side chairs, lounge furniture, multi-purpose seating	\$8,992,122	80
Meat – ground beef, chopped steaks, meat loaf, roasts, chops, ribs, hotdogs, lunch meats, sausage	\$8,950,912	77
Hagerstown Warehouse – backhaul operations, shipment of products produced in Hagerstown	\$63,121	31
Roxbury Correctional Institution		
RCI Graphics – file folders, interoffice envelopes, report covers, vinyl binders; production of MVA vehicle registrations and special orders	\$2,059,934	122
Recycling – recycling of aluminum and steel cans, cardboard, paper, pallets, and plastic	\$199,313	91
Agriculture – seasonal-landscape/tree and bay grass planting	\$159,841	0
Maryland Correctional Training Center		
Partition – work stations, office panels, sight screens, System XXI, PowerWorks	\$1,321,685	31
Brush & Carton – utility brushes & corrugated cartons, furniture assembly	\$790,226	20
Western Correctional Institution		
WCI Furniture – laminated component parts and various furniture items (Volition, Aristotle & Darwin office furniture)	\$2,470,335	37
Eastern Correctional Institution		
Furniture Restoration – refinishing/restoration of wood, metal, and upholstered furniture	\$1,931,042	136
Textiles – towels, washcloths, hats, uniform clothing/shirts, embroidery, sewn and RF Seal mattresses	\$2,332,043	122
Patuxent Institution		
Sign – street signs, custom made signs to order, vehicle wraps, plaques, picture frames, laser engraving	\$1,373,260	57
Laundry Operations – CMCF, MCI-H, WCI, ECI		
Laundry – industrial cleaning of laundry for institutional and non-profit entities	\$984,830	268
Central Maryland Correctional Facility		
Cleaning Products – all-purpose and germicidal cleaners	\$708,213	6
Jessup Area		
Central Warehouse – shipment of all products produced at Baltimore metropolitan area prisons, moving, labor, and courier service	\$184,399	29
Total	\$59,099,040	2,042

SALES

Maryland Correctional Enterprises is prohibited by law from selling its products and services on the open market. Sales to state agencies in FY 2017 represented 99% of MCE's total sales, with 1% to non-state and not-for-profit agencies.

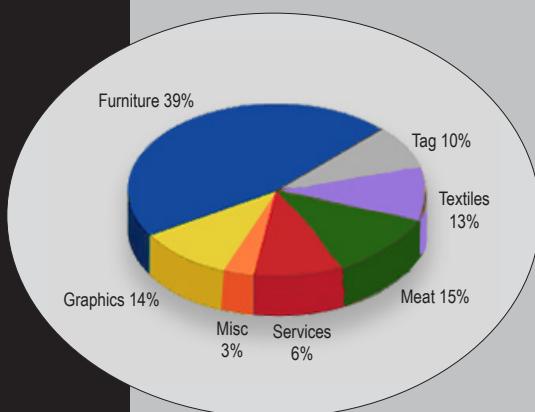
RANKING IN U.S.

From Data contained in the 2017 National Correctional Industries Association (NCIA) Directory based on FY 2016 numbers.

MCE has ranked in the top 10 in sales for the past 12 years

<u>Rank</u>	<u>State</u>	<u>FY 2016 Revenues</u>
1	*California	\$218,542,998
2	North Carolina	\$94,700,000
3	*Washington	\$90,635,267
4	Texas	\$85,095,948
5	Florida	\$75,639,406
6	*Pennsylvania	\$71,268,000
7	*Colorado	\$70,031,564
8	MARYLAND	\$61,162,710
9	New York	\$60,216,955
10	Illinois	\$53,467,108

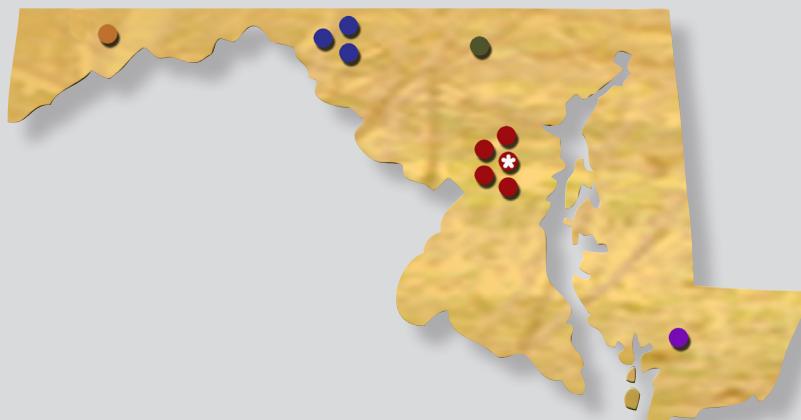
FY2017 SALES BY INDUSTRY GROUP



*States that have canteen/commissary operations

PLANT LOCATIONS

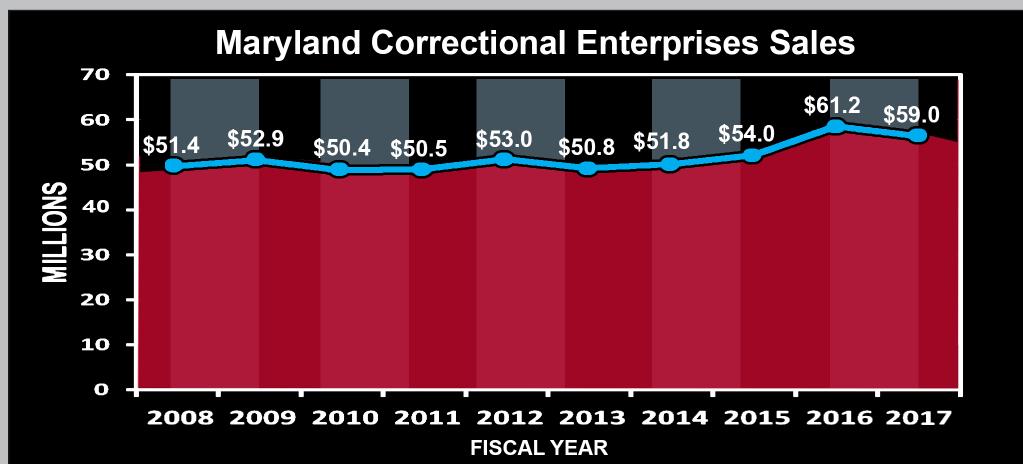
- Western Correctional Institution
- Maryland Correctional Institution Hagerstown
- Roxbury Correctional Institution
- Maryland Correctional Training Center
- Central Maryland Correctional Facility
- Jessup Correctional Institution
- Maryland Correctional Institution - Jessup
- Maryland Correctional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



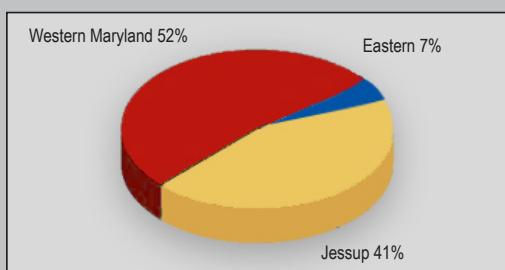


PLANT SERVICE CENTERS FY 2017

	Plant/Services	Institution	FY2017 Sales	% Sales
1	Upholstery	MCI-H	\$8,992,122	15.2%
2	Meat	MCI-H	\$8,950,912	15.1%
3	Tag	JCI	\$6,089,460	10.3%
4	Metal	MCI-H	\$5,355,156	9.1%
5	Sew	JCI	\$3,515,825	5.9%
6	Furniture Manufacturing	JCI	\$3,021,712	5.1%
7	Graphics I	MCI-J	\$2,510,543	4.3%
8	Furniture	WCI	\$2,470,335	4.2%
9	Mailing & Distribution	MCI-W	\$2,343,741	4.0%
10	Textiles	ECI	\$2,332,043	3.9%
Total			\$45,581,849	77.1%



FY 2017 SALES BY REGION



CAPITAL PROJECTS FISCAL YEAR 2017

Maryland Correctional Enterprises worked on Capital Project specifications in FY17 that totaled \$17.5 million. \$12.9 million was delivered in FY17. In FY18 an estimated sales value of \$14.5 million for Capital Projects is projected.

Total Value of Capital Projects Delivered in FY2017: \$12.9 million

- St. Mary's College (Anne Arundel Hall renovation)
- Salisbury University (Student Commons/Library Building)
- Towson University (West Village: Phases III and IV)
- Department of Juvenile Services (Cheltenham Youth Facility)
- Montgomery College (Science Center West renovation)
- University of Maryland – College Park (HJ Patterson Building, Wing 1, Floors 2, 3 and 4)
- Harford Community College (Edgewood Hall renovation)
- Frostburg State University (Public Safety Building)
- College of Southern Maryland – Hughesville (Center for Trade & Energy Training)
- University of Maryland – College Park (Edward St. John Learning and Teaching Center, East Wing)
- Bowie State University (Center for Natural Science, Math and Nursing)
- Howard Community College (Science, Engineering and Technology Building)
- University of Maryland – College Park (Physical Sciences Complex)
- Morgan State University (Behavioral and Social Sciences Center)
- Hagerstown Community College (Learning Resource Center renovation, 2nd Floor)

MCE CASE STUDY: HIGHER EDUCATION

MONTGOMERY COLLEGE SCIENCE CENTER WEST

In April of 2016, MCE entered into a partnership with Montgomery College to provide furniture product for the new Science Center West building in Rockville, MD. Science Center West provides state of the art, hands on learning opportunities for students in the science arena. The MCE team was responsible for designing, manufacturing and installing product for the new building. The center will provide students with the ideal learning environment and create the most comprehensive experience possible.



My Way Lounge Chair, Hub Lounge Chair & Table



Torsion Air Task Chair, Genesis /T-4 and InTandem Tables

TOP 10 CUSTOMERS FY 2017

Ranking	Customer Name	Amount	
1	Department of Public Safety & Correctional Services	\$15,075,045	25.5%
2	Department of Transportation	\$12,211,201	20.7%
3	University System of Maryland	\$12,026,498	20.3%
4	Department of Health & Mental Hygiene	\$4,560,282	7.7%
5	Community Colleges of Maryland	\$3,353,919	5.7%
6	Department of Juvenile Services	\$2,533,648	4.3%
7	Morgan State University	\$2,300,477	3.9%
8	Department of Human Resources	\$1,074,934	1.8%
9	Comptroller	\$706,596	1.2%
10	Department of Labor, Licensing and Regulation	\$577,784	1.0%
TOTAL TOP TEN CUSTOMERS:		\$54,420,384	92.1%
MCE TOTAL SALES:		\$59,099,040	

NEW PRODUCTS

Maryland Correctional Enterprises introduced the following new products in FY2017:

- CPU Lock Box
- Vibe Task Chair
- Cargo Pants
- Flag Presentation Set
- Detention Mattress Fusion Advantage
- Behavioral Health Mattress Fusion Advantage
- University, Dormitory & Shelter Mattress Fusion Advantage
- Scanning & Indexing
- Fire Ring Grill



VIBE TASK CHAIR

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.

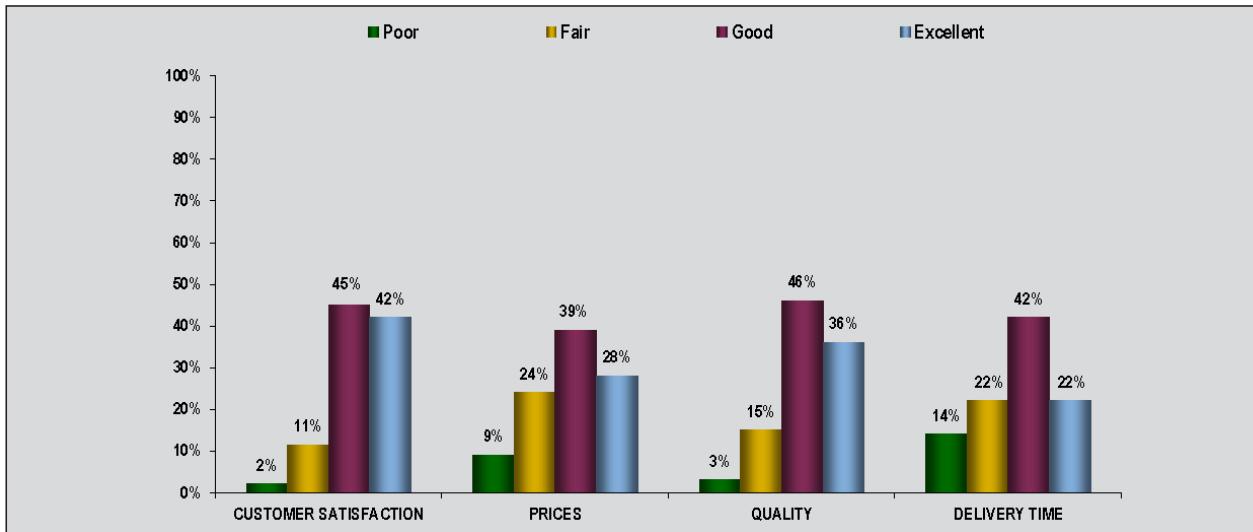
The program has been greatly expanded since inception and currently includes the following items:

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

CUSTOMER SATISFACTION

The following graph represents findings from the Fiscal Year 2017 Customer Satisfaction Survey. Data was collected from 180 participants (Survey was closed 6/30/17).

Overall Customer Ratings for MCE Products and Services – Fiscal Year 2017



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

AVERAGE DELIVERY TIMES (Days)

Fiscal Year	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017
Average Time (Days)	23.9	23.1	23.4	23.5	26.2	31.3	25.4	22.3	22.9

AVERAGE DELIVERY TIMES

Graphics - 2 Weeks Textiles - 6 Weeks Furniture - 7 Weeks Miscellaneous - 2 1/2 Weeks

2017 AVERAGE DELIVERY TIME

Number of Deliveries	Days
8273	22.9



PRISON INDUSTRY ENHANCEMENT (PIE) PROGRAM



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

"Made in the USA"



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

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

MCE CONVENTIONS

MCE displayed at the following conventions in FY 2017:

MD Association of Counties (MACo)	August 17-20, 2016	Ocean City, MD
DNR-MD Park Field Service Day	September 28, 2016	Patapsco State Park, MD
MD Association of Boards of Education (MABE)	October 5-7, 2016	Ocean City, MD
Association of School Business Officials (ASBO)	November 4, 2016	Maritime Institute, MD
MCE Annapolis Showcase	January 26, 2017	Annapolis, MD
MD Association of Elementary School Principals (MAESP)	March 31, 2017	Cambridge, MD
MD Library Association (MLA)	May 10-12, 2017	Cambridge, MD
Association of School Business Officials (ASBO)	May 21-24, 2017	Ocean City, MD
MD Correctional Administrators Association (MCAA)	June 4-6, 2017	Ocean City, MD
MD Firemen's Association (MFA)	June 18-21, 2017	Ocean City, MD
MD Municipal League (MML)	June 25-28, 2017	Ocean City, MD

In addition, MCE conducted fifteen plant tours in FY 2017.

OUTREACH EFFORTS

12



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

- Preparing hundreds of turkeys annually for the Bea Gaddy Thanksgiving dinner in Baltimore
- Donating food and apparel to the Special Olympics
- Manufacturing tote bags for the House of Ruth in honor of National Crime Victims' Rights Week
- Participating in tree planting programs to restore the Antietam National Battlefield
- Donating laundry services annually for various "Bras for a Cause" breast cancer awareness events
- Donating golf towels to the Division of Correction's Annual Wroten-McGuinn Golf Tournament
- Donating puppy food and supplies to the Wicomico County Humane Society

MCE SPONSORS EMPLOYEE DONATION DRIVE FOR ELLICOTT CITY FLOOD

Maryland Correctional Enterprises sponsored an employee collection drive for the victims of the Ellicott City flooding. MCE was deeply saddened by the tragedy that occurred just a few miles from our Headquarters Office. Several employees asked about bringing supplies and starting a collection. MCE worked with the Community Action Council of Howard County and donated several bags of supplies. Donations included: bottled water, granola bars, canned goods, paper products, snacks and cash donations.

ANTIETAM NATIONAL BATTLEFIELD

On Saturday, December 3rd, Antietam National Battlefield hosted its Annual Antietam National Battlefield Memorial Illumination to honor the soldiers who fell during the Battle of Antietam. For the past several years, MCE has contributed to the success of this treasured event by providing and assembling luminary boxes needed to transport candles and other materials. MCE also printed several pieces of marketing collateral, including the official program and poster. Following the event, inmates from facilities in Hagerstown helped clean the Battlefield and return it to its pristine condition.

CHILDREN IN NEED

In addition to creating the banner for the Children In Need Stuff-A-Truck clothing donation drive, MCE had its own employee collection drive to support the cause. We collected a great deal of clothing, shoes, jackets, blankets, toys and books for the organization. MCE is proud to be a partner and support this drive.

FOOD DRIVE FOR THE MARYLAND FOOD BANK

In lieu of cost, MCE collected canned goods for its annual holiday party luncheon. MCE employees generously donated several pounds of food, and we were able to deliver it to the Maryland Food Bank in time for the holiday rush.

MARYLAND DAY TO SERVE

As part of Maryland's Day to Serve community service initiative, MCE employees spent the afternoon sorting and packaging food for the Maryland Food Bank. Our employees worked at the Food Bank warehouse and helped unload donated food and sort them into designated groupings. After the food was sorted and re-loaded, it was donated to various distribution centers across Maryland.

BRAS FOR A CAUSE

On February 16, 2017, inmate workers at the Central Maryland Correctional Facility MCE Laundry Plant washed 1,800 bras that were donated to women's shelters across Maryland. In 2014, Maryland Correctional Enterprises formed a partnership with Katie Walls of Plaza Ford in Bel Air in an attempt to support their "Bras for a Cause" campaign. Each October, Plaza Ford collects bras from the community and donates one dollar to the Upper Chesapeake LifeNet for each bra collected. This year, they were able to raise over \$1800.00. MCE is proud to do its part in raising awareness of this disease that affects so many of us.

INMATE EMPLOYMENT



LEARNING FOR LIFE

MCE's "Learning for Life" core principles focus on performance based job skill training and educational programs structured for the inmate workers. A large part of MCE's mission is to teach strong work ethics and increase 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 30 business units with industry standard production equipment and an environment that closely mirrors society's workforce.

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

The certification from the CARES program includes the Thinking For a Change three month curriculum. This emphasizes soft skills in the social area. The Employment Readiness curriculum emphasizes soft skill development in the work area. Both sessions together round out the social and work ethics basic to successful reentry.

RECIDIVISM

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

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



CORRECTIONAL INDUSTRIES INMATE EMPLOYMENT RANK



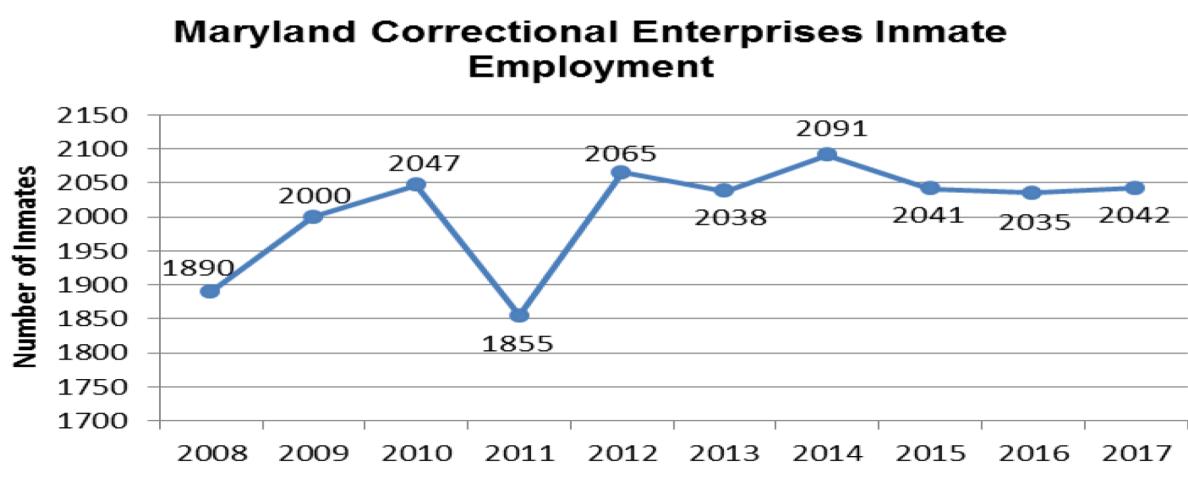
From data contained in the 2017 National Correctional Industries Association (NCIA) Directory based on FY 2016 numbers.

<u>Rank</u>	<u>State</u>	<u>Inmates Employed</u>
1	*California	4,967
2	Texas	4,820
3	*Washington	2,447
4	North Carolina	2,306
5	*Colorado	2,066
6	Florida	2,050
7	MARYLAND	2,035
8	New York	2,017
9	Arizona	1,867
10	*Minnesota	1,695

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

*Maryland ranks 18th
in correctional population and
19th in state population*

**States that have canteen/commissary operations*



In FY 2017, MCE provided over 2.95 million hours of inmate employment/training and touched the lives of 3,015 inmates.



CONTINUING ALLOCATION OF REENTRY SERVICES (CARES)

"We aim to be a collective body of positive and respected leaders representing a multitude of Maryland communities whose members make a choice to live a life that promotes positive growth in all personal areas and who diligently work to create opportunities that benefit the community in which they reside."

The Maryland Correctional Enterprises CARES program is a multi-faceted approach to reentry that constructively challenges program participants' value systems and interpersonal skills. Since its implementation in 2008, the program has focused on aiding participants to achieve meaningful employment and has served as a resource network to assist in their transition process. Throughout the 170 hour curriculum, we aim to enhance the importance that their acquired soft skills will have in achieving their goal of successfully transitioning and contributing to the communities in which they will reside.

The Reentry Services Team consists of the Director of Reentry Services (DRS), Client Services Coordinator (CSC), Business Development Coordinator (BDC), Prosperity Partners Ministry, volunteers and inmate workers serving as program assistants. The team works in tandem to best assist selected program participants in their transition process. Reentry success greatly depends on the partnerships between MCE Plant Managers, Case Management, Parole and Probation, community partners, business partners, and other DPSCS and state departments. All participants must internalize the program vision as they fully commit to the process. Our vision sets the tone for the high expectations that come with becoming a part of the MCE CARES team.

On July 5, 2017, The MCE CARES reentry program graduated 12 participants. This marked the conclusion of a six-month commitment that these men made to continue to lead positive lives. This also served as an important accomplishment that will set the tone for successful reentry to the communities that they will serve. The guest speaker for the graduation was Mike Schindler, MCE employee and former offender.

CARES GRADUATES

<u>Calendar Year</u>	<u>Graduates</u>
2009	79
2010	61
2011	56
2012	30
2013	39
2014	23
2015	25
2016	35
2017 (6 mths.)	12
Total	360





In order for a participant to be accepted into CARES they must meet strict requirements. Requirements include maintaining employment within an MCE business unit for a minimum of one year, receive no infractions for at least 180 days, and receive a letter of recommendation from their plant manager to vouch for their good character and work ethic during their employment. This is a powerful revelation as now participants firmly understand that they would not have received the opportunity to participate in CARES if they had not already been consistently displaying soft skills such as leadership, initiative, creativity, teamwork, hard work, dependability, and confidence.

The first phase of CARES, Thinking for a Change (T4C), is a nationally recognized, certificate-based soft skills curriculum. During this training, participants explore the very difficult question "Who Are You?" CARES facilitators guide them through a process of understanding how their current approach to connecting with people has either positively or negatively affected their personal and professional relationships.

During the second phase of CARES, each participant receives intense career readiness training on how to utilize soft skills to position themselves for meaningful employment post release. The career readiness component of CARES is designed to help participants think from the perspective of a hiring manager. They are challenged to answer the question, "Is it good business to hire an ex-offender?" The MCE reentry staff utilizes their experience as human resources professionals, as well as their experience as Myers & Briggs Personality Type Indicator and Keirsey Temperament facilitators to familiarize participants with gaining a different outlook on their personality as it relates to building a career. By understanding how a hiring manager makes business decisions as it relates to recruiting top talent, participants gain knowledge of all of the potential mental barriers an employer may have with offering an ex-offender employment. Participants are then able to grasp the connection of how important soft skills are when seeking employment, building networks, and growing within their careers. Participants are then able to evaluate their own experience of utilizing soft skills in order to understand how doing so has helped them to navigate the correctional system.

The numerous partnerships made by MCE over time with other agencies, non-profits, and private employers have greatly benefited the Maryland CARES inmate population upon release. Additional coordination of training, work and reentry services are continually researched to impact larger numbers and retain the same success.

MCE has taken the lead by also offering employment to several ex-offenders at MCE Headquarters and Central Warehouse. Given the limited size of the MCE Headquarters' workforce and the specific skills required for many positions, this level of ex-offender employment reflects a strong commitment in providing opportunity to deserving individuals.

The MCE Reentry Services team works diligently to highlight the positive and impactful work of Maryland Correctional Enterprises by providing our inmate workers with the essential skills to be successful once released.

"Champions aren't made in gyms. Champions are made from something they have deep inside them a desire, a dream, a vision. They have to have the skill and the will. But the will must be stronger than the skill." ~ Muhammad Ali

STAFF & STAKEHOLDERS



RECRUITMENT, DEVELOPMENT & RETENTION

Maryland Correctional Enterprises is committed to actively recruiting qualified managerial 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, wood workers, tractor trailer drivers etc. – has become a challenge. MCE has worked to expand its recruitment efforts to target the private sector. MCE also likes to develop staff and promote from within. Promoting from within has allowed MCE to retain talented staff. MCE also hires ex-offenders. In FY 2017 ten ex-offenders were employed by MCE.

In FY 2017, seven years of data from the National Correctional Industries Association revealed an average Civilian Staff/Inmate Employee Ratio of 1:9.7. Eight years of MCE data revealed an average Civilian Staff/Inmate Employee Ratio of 1:12.2 and an average Supervisor/Inmate ratio of 1:18.8.

MCE						NCIA		
Fiscal Year	Civilian Staff	Plant Supervisors	Inmates Employed	Civilian/Inmate Ratio	Supervisor/Inmate Ratio	Civilian Staff	Inmates Employed	Civilian/Inmate Ratio
2010	187	109	2,047	1:10.9	1:18.8	7,705	74,750	1:9.7
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			



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 coordinating objectives and strategies. MCE employees serve as chairpersons and members for each of the strategies.

The development of a MCE Business Plan began in the spring of 1996. "Managing For Results" (MFR) came into being in the early spring of 1998. The first Strategic Business Plan was published and distributed in September 2000. In May 2001, the first MFR Seminar was held at the Maritime Institute of Technology to review the Business Plan and to prepare for the next edition. MCE has held to this schedule ever since. The latest version of the MCE Business Plan is distributed annually in September. During the fiscal year, progress toward achieving the strategies is reflected in Quarterly MFR Reports which are distributed to the administrative staff, plant managers, and unit supervisors.

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

BACKGROUND AND EXPANSION

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

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

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

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

MCE COUNCILS

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

MANAGEMENT COUNCIL

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

Management Council Members

Dr. H. David Jenkins
Executive Director

Ms. Ashley Lohr
Staff Assistant



Name

The Honorable William Folden
The Honorable Gail Bates
Ms. Dayena M. Corcoran
Mr. Stephen M. Shiloh
Judge Pamila J. Brown
Mr. John Gontrum
Ms. Barbara Bice
Ms. Sarah Myers
Ms. Alice Wirth
Mr. Joseph Evans
Mr. Fred D. Mason, Jr.
Mr. Leonard G. (Bud) Schuler
Mr. Jack Weber
Mr. Philip Holmes
Mr. Melvin Forbes

Affiliation

State Delegate
Maryland Senator (Appointed July 18, 2017)
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
Plumbers and Steamfitters Local 486
Uptown Press, Inc.
Center for Automotive Careers, Vehicles for Change
Wilkerson Sports Enterprise

CUSTOMER COUNCIL

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

Customer Council Members

Mr. Stephen M. Shiloh
MCE CEO and Council Chair

Ms. Ashley Lohr
Staff Assistant



Name

Mr. John West
Ms. Lisa Jones
Vacant
Ms. Christina Tabuteau
Mr. Joseph Palechek
Vacant
Ms. Sandra Filippi
Ms. Lois Whitaker
Mr. Thomas Jackson
Mr. Renard Brooks
Mr. Joe Sommerville
Mr. Todd Deak
Ms. Jillian Hughes

Affiliation

Department of Budget and Management
Department of Commerce
Department of General Services
Department of Human Resources
Maryland Department of Transportation
Maryland Higher Education Commission
Montgomery College
Morgan State University
Department of Health and Mental Hygiene
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 will undergo major renovations which will result in a MCE warehouse, showroom and office space.

1. The 50% Construction Documents Design Review meeting was conducted at the Division of Capital Construction on July 5th.
2. On July 19th, the Fire Protection Engineer changed the fire rating from Ordinary Hazard, Group 2 to Extra Hazard.
3. The 75% Construction Documents Design Review meeting was conducted at the Division of Capital Construction on August 30th.
4. On September 14th, a security meeting was held at Warehouse with Kratos, the Division of Capital Construction, and Callas Contractors.
5. The 95% Construction Documents Design Review meeting was conducted at the Division of Capital Construction on October 11, 2016.
6. Pre-Construction meeting was conducted by the Division of Capital Construction at MCE on November 10, 2016.
7. Site visits on November 16, 2016 and November 23, 2016.
8. Progress meeting No. 1 was held at MCE on November 29, 2016.
9. Site visits on December 7, 2016 and December 8, 2016.
10. MCE completed the Warehouse construction sign which was delivered to the site on December 8, 2016.
11. Progress meeting No. 2 was held on site on December 13, 2016, summarized as follows:

- | | |
|---|--|
| <ul style="list-style-type: none">• Construction will start on 12/01/16.• Asbestos and mold remediation is complete.• Boiler will have to be converted from steam to hot water, or be replaced.• Demolition is 95% complete. | <ul style="list-style-type: none">• Waste water pump has to be replaced.• Painting of the ceiling will be done by a private contractor.• Ceiling blasting is completed in Area "B" and Area "A".• Next Progress Meeting will be on 01/10/17 at the Warehouse. |
|---|--|

12. Site visits:

12/28/16	04/11/17	No. 3 – 01/10/17 No. 9 – 04/18/17
01/17/17	04/26/17	No. 4 – 01/24/17 No. 10 – 05/02/17
02/01/17	05/09/17	No. 5 – 02/07/17 No. 11 – 05/23/17
03/01/17	06/20/17	No. 6 – 02/21/17 No. 12 – 05/30/17
03/07/17	06/22/17	No. 7 – 03/21/17 No. 13 – 06/13/17
03/28/17		No. 8 – 04/04/17 No. 14 – 06/27/17

Progress Meetings:

No. 3 – 01/10/17	No. 9 – 04/18/17
No. 4 – 01/24/17	No. 10 – 05/02/17
No. 5 – 02/07/17	No. 11 – 05/23/17
No. 6 – 02/21/17	No. 12 – 05/30/17
No. 7 – 03/21/17	No. 13 – 06/13/17
No. 8 – 04/04/17	No. 14 – 06/27/17

Status as of March 31, 2017: the following has been completed:

- Entire ceiling was blasted with dry ice chips and two coats of white paint have been applied.
- Fire sprinkler system has been installed.
- Electrical conduit has been installed.
- (6) 14ft. fans have been installed.
- New hot water boiler has been ordered.
- Roof leaks have been repaired.

During the final quarter of FY 2017, the following was completed in renovation of the MCE Warehouse located at 8037 Brock Bridge Road.

- | | |
|--|---|
| <ul style="list-style-type: none">• Floor tile and ceramic tile were installed.• Plumbing fixtures were set.• Dock doors and levelers were repaired.• The security system is being installed. | <ul style="list-style-type: none">• Hot water piping.• New hot water boiler was received and installed.• Interior painting was completed.• Permanent electric power into the building was completed. |
|--|---|

At the close of FY17, MCE is still waiting for the water hook-up permit to be issued by Anne Arundel County. A storm water management system has to be installed to provide drainage away from the building. Water, phones, clean-up, and final inspection should be completed during the first quarter of FY 2018.

A LOOK AHEAD: MCE EXPANSION PROGRAMS



1. New 21,000 sq. ft. MCE Graphics/Textile Plant at Jessup Correctional Institution (210 inmate positions).

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

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

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

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

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

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

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

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

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

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

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

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

FINANCIAL ECONOMIC IMPACT



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.

Economic Conclusion

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



The positive impact of MCE in the state are understated above. The results from this study do not include the additional benefit of the impact of MCE participation on the rate of recidivism. These benefits accrue to the state, to the private sector, and to the prisoners participating in MCE. Our published research on the long term implications of prison industries in Ohio indicates that former prisoners participating in prison industries recidivate at a slower rate in the short run and in aggregate over the long run. After 10 years, recidivism rate for prison industries participants is approximately one third lower than for nonparticipating prisoners.

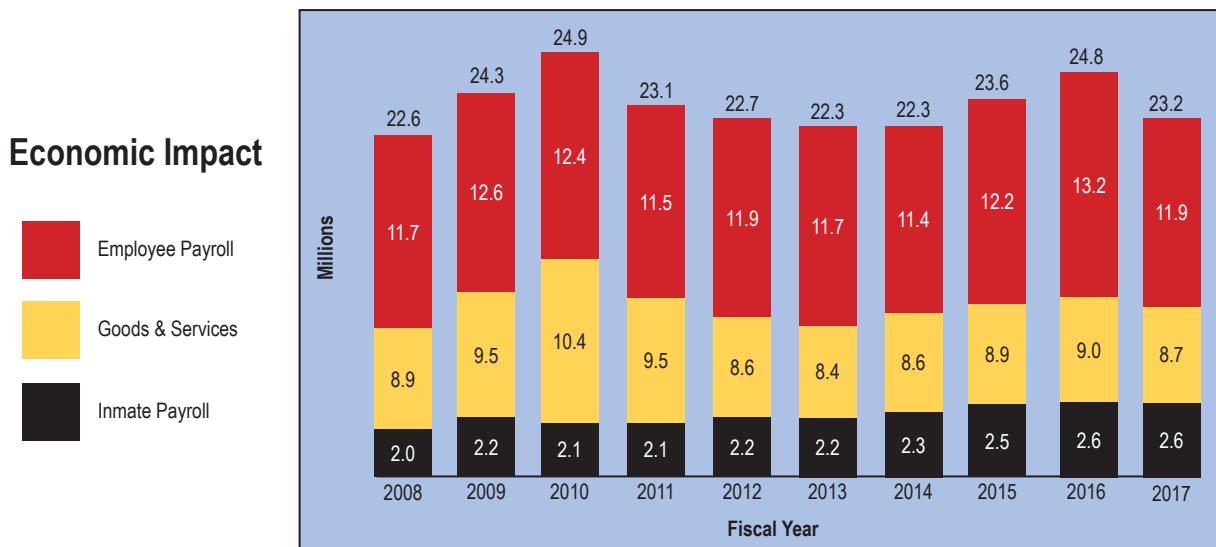
With an average annual incarceration cost in excess of \$38,000 per year per prisoner, the reduced recidivism is a notable savings to the state and allows for the potential reduction in tax rates and/or funding of alternative state initiatives.

ECONOMIC IMPACT

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

DIRECT ECONOMIC IMPACT - FISCAL YEAR 2017				
AREA	GOOD AND SERVICES	EMPLOYEE PAYROLL	INMATE PAYROLL	ECONOMIC CONTRIBUTION
Annapolis	317	0	0	317
Baltimore City	3,265,468	2,773,861	0	6,039,329
Baltimore County	210,100	525,851	0	735,951
Eastern Shore	239,866	1,117,432	275,258	1,632,556
Hagerstown	325,453	4,022,756	851,644	5,199,853
Jessup	1,440,390	2,379,474	1,387,344	5,207,208
Montgomery County	142,625	39,439	0	182,064
Northeast Maryland	2,577,110	499,558	0	3,076,668
Prince George's County	501,023	341,803	0	842,826
Southern Maryland	0	78,878	1,532	80,410
Western Maryland	4,463	157,755	44,413	206,631
Maryland Total	\$8,706,815	\$11,936,807	\$2,560,191	\$23,203,813
Out of State Total	\$29,625,493	\$1,222,602	\$0	\$30,848,095
Grand Total	\$38,332,308	\$13,159,409	\$2,560,191	\$54,051,908

Total Economic Impact (Direct and Indirect) for FY 2017 that MCE had on the State of Maryland was \$93.7 million



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

FINANCIAL STATEMENTS



Statements of Net Position

Statements of Net Position

As of June 30, 2016 and 2017

ASSETS

Current Assets:

	(Audited) 2016	(Unaudited) 2017
Cash	\$13,705,440	\$16,345,688
Accounts Receivable, net	8,735,783	5,626,866
Inventories	11,459,413	10,534,798
Other Assets	174,173	2,043,650
Total Current Assets	34,074,809	34,551,002

Capital Assets, Net of Accumulated Depreciation:

Equipment	3,102,655	3,092,913
Structures and Improvements	2,497,701	2,372,072
Infrastructure	0	0
Total Capital Assets, Net	5,600,356	5,464,985
Total Assets	39,675,165	40,015,987
Deferred Financing Outflows	3,163,940	3,163,940

LIABILITIES AND NET POSITION

Liabilities:

Current Liabilities		
Accounts Payable and Accrued Liabilities	1,448,130	1,426,613
Accrued Vacation and Workers Compensation Costs, Net	864,686	889,611
Deferred Revenue	883,593	138,485
Total Current Liabilities	3,196,409	2,454,709
Noncurrent Liabilities:		
Net Pension Liability	10,746,944	10,746,944
Accrued Vacation and Workers Compensation Costs	627,429	360,400
Total Liabilities	14,570,782	13,562,053

Deferred Financing Inflows	975,215	975,215
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Net Position:

Invested in Capital Assets	5,600,356	5,464,985
Unrestricted	21,692,752	23,177,674
Total Net Position	\$27,293,108	\$28,642,659

FINANCIAL STATEMENTS



Statements of Net Position

*Statements of Revenue, Expenses, and Change in Net Position
For the Years Ended June 30, 2016 and 2017*

	(Audited) 2016	(Unaudited) 2017
Operating Revenue:		
Sales and Services	\$61,440,235	\$59,099,040
Operating Expenses:		
Cost of Sales and Services	48,389,866	45,940,308
Selling, General, and Administrative Expenses	6,444,800	5,797,081
Other Selling, General, and Administrative Expenses	2,403,243	2,569,678
Depreciation	951,893	942,504
Total Operating Expenses	58,189,802	55,249,571
Operating Income	<hr/> 3,250,433	<hr/> 3,849,469
Nonoperating Revenue and Expenses:		
Payment to United States Department of Health & Human Services	0	0
Miscellaneous Income	0	(488)
Loss on Disposal of Assets	3,705	570
Nonoperating Expenses, Net	3,705	82
(Loss) Income Before Transfers and Contributed Capital	<hr/> 3,254,138	<hr/> 3,849,551
Capital Contributed	0	0
Transfer to State of Maryland General Fund	0	(2,500,000)
Change in net Position	3,254,138	1,349,551
Net Position, Beginning	24,038,970	27,293,108
Prior Period adjustment for adoption of new accounting standard	0	0
Net Position, Beginning as restated	24,038,970	27,293,108
Net Position, Ending	<hr/> \$27,293,108	<hr/> \$28,642,659



MARYLAND CORRECTIONAL ENTERPRISES

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