

Management Council Meeting Minutes



Maryland Correctional Enterprises

Location: Virtual

Date: September 24th, 2024

Time: 10:00am

MCE Staff:

Stephen Sanders Tara Smith Janet Lane Mark Rowley Adam Cummings

Council Members:

AGENCY	REPRESENTATIVE	PRESENT (Y/N)
DIRECTOR OF THE COUNCIL	Tara Smith	Y
COMMISSIONER (DPSCS)	Phil Morgan	Y
COMPTROLLER'S OFFICE	Emily Hollis	Y
CHIEF EXECUTIVE OFFICER (MCE)	Stephen Sanders	Y
MEMBER OF HOUSE OF DELEGATES	Delegate Mark Chang	Y
MEMBER OF THE SENATE	Senator Alonzo Washington	N
UNIVERSITY OF MARYLAND SYSTEM	Thomas Hickey	Y
DEPARTMENT OF EDUCATION	Krishnanda Tallur	N
DEPARTMENT OF LABOR	Vacant	N/A
GOVERNOR'S OFFICE OF CRIME PREVENTION	Bethany Young	Y
ORGANIZED LABOR (PUBLIC SECTOR)	Thomas Myers (AFSCME)	N
ORGANIZED LABOR (PRIVATE SECTOR)	Vacant	N/A
MARYLAND JUDICIARY	Judge Lisa Broten	N
BUSINESS COMMUNITY	Jack Weber	N
BUSINESS COMMUNITY (CHAIR)	Melvin Forbes	Y
NON-PROFIT REPRESENTATIVE	Janay Harris (Vehicles for a Change)	N

CEO Update - Stephen Sanders

- Good morning and welcome, to the September 24, 2024 Management Council Meeting and our first meeting for FY25.

- I would also like to take a moment to welcome our newest member to the Management Council representing the Comptroller's Office, Deputy Chief of Staff Emily Hollis. Thank you Emily for joining our team.
- I would also like to announce that Ashley Lohr will no longer be the MCE Executive Director for the Management Council. Ashley has been working for HRSO for over a year now and unfortunately, her job duties are so extensive in her new position that she will no longer be able to assist us as MCE Management Council Director.
- However, I am very happy to announce that MCE Marketing Director, Tara Smith, will be our new MCE Executive Director for the Management Council.
 - Thank you Tara for volunteering to take on this important role.
- Special thanks to our former members in FY 2024: Carly Seidman, Governor's Office of Crime Control and Prevention and Justin Hayes, Maryland Comptroller's office.
- SB 194 State Procurement - Preferred Provider Requirements – Waiver
 - As of October 1st, 2024: This bill authorizes the Pricing and Selection Committee for Preferred Providers to grant a waiver, under specified conditions, to a State or State-aided or -controlled entity from the statutory requirement to purchase supplies or services first from Maryland Correctional Enterprises (MCE). It also requires MCE to report annually on the length of time between each order and delivery of supplies and services. The Department of General Services (DGS) must adopt regulations to implement the bill. This legislation takes effect October 1, 2024.
- MCE September Sales are \$2,163,147
 - FY 25 sales thus far are \$16,263,719 million.
- The MCE program participant count at the end of FY 24 were 1,150. September participant count is holding at 1,150.
 - We plan to reduce the number of participants through attrition to 1100 to ensure that all our program participants are benefitting from the program as the volume of sales is dropping and with it, the volume of work.
- Our current staff vacancy rate is 21%.
- The bulk of the FY24 State Office Complex projects are complete aside from punch items.
- I am very proud to announce that the MCE Financial results for FY 24 are in. Mr. Rowley will provide you with a snapshot of this record-breaking performance by the MCE team and our proud program participants in FY 24.
- State Office Complex Progress:
 - SDAT has been completed
 - Comptroller:

- 2nd, 3rd, and Mezzanine floors have been completed
- 4th and 5th floor are on punch (95% complete)
- Maryland Dept. of Labor:
 - 2nd and 5th floor have been completed
 - 9th floor is on punch (95% complete)
 - 3rd floor delivery and install began on September 23rd, 2024
- Dept. of Information Technology:
 - Punch delivery scheduled for September 25th, 2024
- Office of the Public Defender:
 - 1st floor is on punch(99% complete)
 - 2nd, 3rd, 5th, and 6th floors have been completed
- Dept. of Human Services:
 - Basement, 10th, 16th, and 17th floors are on punch (99% complete)
 - 11th, 12th, 13th, 18th, and 19th floors complete
- As the 100% self-supporting vocational arm of the Department of Corrections, it is Maryland Correctional Enterprises' (MCE) goal and mission to provide participants with the needed opportunities to help them succeed upon release while contributing over \$2.5 million in participant compensation in FY24.
- The average compensation in FY 24 for MCE program participants was \$220 per month.
- The highest compensation in FY 24 for MCE program participants assigned to the Partition Plant located within MCIH in Hagerstown was in excess of \$600 per month.
- For years, Maryland, and MCE has been recognized by the NCIA as being in the top ten Correctional Industries in the nation for Total Sales (reported by NCIA in FY 24 report for FY 23, #6) and Incarcerated Individuals participating in the program (reported by NCIA in FY 24 report for FY 23, #6). MCE is also dedicated to be a leader in Incarcerated Individual stipend compensation.
 - Maryland is 9th in daily stipend average for incarcerated individuals in the United States. However, Maryland, MCE has the highest daily stipend rate in the country that does not take any deductions from its participants.
- Since 2020, MCE has spent nearly \$5 million with sixteen MBE Maryland businesses.
 - Our Records indicate that our MBE spending totaled \$ 1.1 million in fiscal year 2024 alone. In fiscal year 24, MCE approved waivers in excess of \$30 million to our small customer base

- of State and Local Government agencies, State Universities and Colleges, and non-profit entities.
- These waivers equate to additional opportunities that are available to businesses who have registered as an MBE with the State.
 - With the assistance of Mr. Jack Weber and coordination with DPSCS Reentry Director Renard Brooks, A PSA is being filmed to educate and highlight some of the highlights of MCE to those unfamiliar with our program.
 - MCE Program Participant Rules and Regulations that you all should have received for your review will soon be printed and distributed to all of the MCE business units and those who participate in MCE programming.
 - The last time that this handbook was distributed was in July Of 2018. A lot has changed since then and we recognized the need to provide an updated version.
 - This document has approved by the Department of Public Safety and Correctional Services Executive Team.
 - I am sure that you are all aware that MCE achieved American Correctional Association (ACA) Accreditation in 2009, 2012, 2015, 2018 and 2022. MCE is up for re accreditation once more. The ACA auditors will arrive the week of October 7, 2024.
 - Planning for FY25:
 - MCE has been able to improve delivery time as well as customer service through the Quick Ship Program. The Quick Ship Program provides pre made standard products on hand in the warehouse for those who need it fast. We will deliver Quick Ship products within fifteen business days of receiving the order.
 - Unfortunately, the great majority of our customers order specials or custom furniture, which are made to order products based on the end user's specifications.
 - Furniture restoration and reupholster is an area that MCE intends to improve its delivery times.
 - Currently, customers request an evaluation and quote to reupholster their furniture. MCE picks up the furniture at the customer's request, which starts the clock.
 - It may take weeks before the fabric, cushions or component parts arrive for the restoration.
 - To reduce the time in which it takes MCE to complete the restoration, once a purchase order is input into the MCE ERP system, MCE will order the fabric, cushions or component parts for the job in question. When the materials arrive, MCE will schedule the pickup of the furniture. The work may begin when the furniture arrives at the plant.
 - Thus shortening the time that the furniture is out of the customer's possession.
 - To improve delivery time and customer service further, MCE Sales Industry Reps will request individual lead times of the Furniture Restoration Plant to provide to their customers so that they have

a true understanding of how long the job will take. Instead of telling every customer twelve to sixteen weeks.

- Knowing that the process time for restoration completion is also affected by the volume of work in the plant at the time of arrival, scheduling restoration work during slow times will result in a quicker turn around and happier customers.
- Scheduling during winter or summer break which is often the case for colleges and universities will require honest assessments.
- To improve customer service, MCE has hired additional customer service representatives
- To improve customer service, MCE is researching a new website to make the ordering process more user friendly.
- To improve customer service and reduce delinquencies by our customers, MCE has hired additional staff for Accounts Receivable.

Financial Report – Mark Rowley

- Good morning everyone.
- For FY24, statements show a record of \$68.7 million in revenue generated, a 25% increase from last year's revenue.
 - Much of these sales are due to the large capital projects we've been going through.
- MCE generated \$2.7 million in profits for FY24. Compared to \$1.7 million in profits for FY23.
 - With an annual goal of 3% profit, we are at 4% for FY24.
 - These numbers are unaudited numbers. We have our auditors on hand. They are hired by DBM for the entire State of Maryland.
 - November 15th they will give their official opinion.
- Continuing to work with our new ERP system. We've had some challenges, but we are learning and doing better with it.
- Accounts Receivable has a corrective action plan in place stemming from the OLA Audit.
- We had received an \$8.2 million dollar budget amendment in FY24.
- Cash is returning to us and we are financially healthy.

Melvin Forbes: How was the system coming along? Has the vendor become more customer friendly and responsive to your needs?

Mark Rowley: The vendor comes on site. It has been a challenge to implement this, especially during the pandemic. Trying to get the internal control. The vendor is being a bit more responsive. It has created a lot more work. The technology has added steps. We are improving overall.

Melvin Forbes: I am familiar with the antiquated system that was in place.

Reentry Update – Janet Lane

- We completed the C.A.R.E.S program at ECI for all three shops. 155 attended the classes.
- As you may remember, we are in the process of a series of classes taught by the Pivot Program for our Women shop participants at MCI-W. The topic is Reentry & Coping with the effects of Trauma. On July 23, second class had their graduation. The women were so appreciative to Pivot and their peers for what they learned and how they connected as human beings. Two weeks ago, we began the third cohort of women taking this seven-week course. 25 women have completed this training.
- One of our managers, Marsha Groover at MCI-W Shop #113 designed and implemented a six-week class on conflict resolution. 41 women attended and received certificates.
- We are currently still at JCI for our C.A.R.E.S classes. The facility has had some challenges and we had to postpone many classes. We hope to complete all of the classes by November 12.
- Our next C.A.R.E.S program will be at RCI. There are 67 men in our #149 graphics shop to receive this training.
- There are 14 people who were released in August.
- After two years of waiting for approval, we are finally able to bring virtual workshops to our MCE shops from Industrial Bank who provides valuable financial information and how people can open a savings account via mail application. This bank has been providing this service for many years to people in the DC Detention Center and now can assist MCE participants and others. Personal bankers are assigned to all those opening a bank account.
 - So far, 82 MCE participants have received these workshops. 53 women will have this training this Thursday.
- 18 MCE participants were released in September and we assisted 16 of those. So far, 13 people will be released in October.

Members Reports

Phil Morgan: Nothing to report at this time.

Thomas Hickey: Received from the Board of Public Works – revised procurement policies and procedures. Highlights – service contracts using university employees, can cancel solicitation, policy and liquidated damages.

Stephen Sanders: The MCE Business Luncheon is scheduled for Friday, September 27th, 2024 at the Sykesville VFD in Sykesville, MD from 9am to 1pm. If you haven't received an invite and need one let me know. We look forward to everyone being here and talking with us.

Upcoming Events: Annual Business Luncheon: September 27th

Management Council Meeting: December 17th, 2024 at 10:00am (Virtual)