

Customer Council Meeting Minutes



Maryland Correctional Enterprises

Location: Virtual

Date: October 29th, 2024

Time: 10:00am

MCE Staff:

Charles Smith Stephen Sanders Adam Cummings

Council Members:

AGENCY	REPRESENTATIVE	PRESENT (Y/N)
CHIEF EXECUTIVE OFFICER (MCE)	Stephen Sanders	Y
DEPARTMENT OF BUDGET AND MANAGEMENT	Katherine Thomson	N
DEPARTMENT OF COMMERCE	Rachel Cruse	Y
DEPARTMENT OF GENERAL SERVICES	Cristen Ervin	Y
MARYLAND DEPARTMENT OF HEALTH	Calvin Johnson	N
DEPARTMENT OF HUMAN SERVICES	Vacant	N/A
DEPARTMENT OF TRANSPORTATION	Valerie Radomsky	Y
MD HIGHER EDUCATION COMMISSION	Daniel Schuster	Y
CUSTOMER (DPSCS)	Latoya Gray	N
CUSTOMER (DEPARTMENT OF JUVENILE SERVICES)	Joseph Hester	Y
CUSTOMER (MOTOR VEHICLE ASSOCIATION)	Jessica Mettle	N

CEO Update - Stephen Sanders, Chief Executive Officer

- Welcome to our council meeting everyone.
- General Updates:
 - MCE FY25 Sales as of October 24, 2024 are at \$20 million.
 - October sales are approximately \$1.9 million.
 - Unaudited sales for FY24 came in at 68.7 million. A record.
 - Previous record was in 2016 with \$61.4 million in sales.
- Cash is now stable:
 - Many customers are still delinquent when making payments for services and products rendered.
 - Per the OLA audit, 96% of past due payments to MCE are by other State of Maryland agencies.
 - Thank you to our members for reaching out and assessing if your agency is past due.
- Thanksgiving and Bea Gaddy:

- As you are probably aware, each year MCE processes hundreds of turkeys for the annual Bea Gaddy Thanksgiving Feast. This year is no different.
 - On November 4th, the turkeys will arrive at the MCE Meat Plant within MCI-Hagerstown.
 - The turkeys will be processed by MCE program participants on November 12th and 13th.
 - MCE will deliver the turkeys on November 22nd for the Baltimore community.
 - This is one of the ways that MCE and our program participants are able to give back; it means a lot to our participants, to give back during the holidays.
- Program participant count is currently at 1,117 total.
 - 1,150 is target, but we have let the number drop by attrition.
 - Our intent is to keep all of our participants engaged and occupied. However, when budgets are being constrained, so too are the orders placed with MCE.
 - As of the last Customer Council in July, vacancy rates were @ 22% due to resignations and retirements.
 - I am happy to say we are down to 20% as of this meeting.
- SB194, written by Senator Hayes, changes the waiver process for MCE.
 - As of October 1st, all waiver requests for MCE goods and services must go through DGS via the Pricing and Selection Committee.
 - The bill authorizes the Pricing and Selection Committee for preferred providers to grant waivers, under special conditions, to a State or State aided or controlled entity from the statutory requirements to purchases supplies of services first from MCE.
 - SB194 also requires MCE to report on the annual length of time between each order and delivery of supplies and services.
 - DGS has adopted regulations to implement this bill. DGS has instructed us to process waivers the way we have in the past. Customers who receive a waiver denial will be referred to the Pricing and Selection Committee for further evaluation.
 - Since October 1st, 2024 all waivers have been approved.
 - In FY24, MCE has approved 100% of waiver requests.
- SB420/HB1151: Bill designed to remove MCE's preferred provider statute by Senator Hayes and Senator Washington. This bill did not pass, however a DGS work group was created to evaluate the removal of the preferred provider status for MCE.
 - After a summer of DGS work group meetings and tours, we are awaiting the work group to provide its recommendations. I am positive this will work out fine for all of us. There is no benefit to eliminating our preferred provider status. The consequences would be devastating to the State of Maryland.
 - The consequences of losing our preferred provider status would be devastating to MCE, the program participants and the State of Maryland. The legislature is fully aware of this.

Sales Update – Charles Smith, Chief Operating Officer

- Incoming Orders:
 - Sales for October at \$1.9 million (FY24 @ \$2.1 million)
 - FY25 sales approximately \$20 million (FY24 @ \$16.6 million through October)

- Projects currently installing:
 - MD Department of Labor: 3rd floor is finishing this week
 - University of MD @ Baltimore: MLK 4th Floor starting
 - Harford Community College: (Chesapeake Welcome Center, Phase 1)
 - Department of Public Safety and Correctional Services: ITCD starting soon
 - MD State Police: Berlin Barracks (Construction delays, potentially starting in November)
- Waivers, per Department of General Services, will still be reviewed and issued by MCE. In the instance that MCE denies a waiver, the end user can object and request a review at the Pricing and Selection Committee.
- New Employees:
 - Account Representatives: Bridgitt Kiah and Cherlyn Phillips
 - Designers: Irma Lopez
 - Install Coordinator: Jerome Lyle

Marketing Update – Adam Cummings, Executive Assistant

- Catalog Updates:
 - We have started on FY26 catalog updates.
 - Our plants have until December 16th to submit all catalog change requests.
 - Change requests consist of: price increases, removal from catalog due to discontinuation or lack of sales, and adding new items where appropriate.
 - We will conduct market studies on all price increase requests, ensuring that we stay below the average market price for those items.
 - All price increase requests are sent to the Pricing and Selection Committee for final approval.
 - We are looking to add new seating options with a focus on side and conference chairs.
 - We have met with a few vendors and are exploring our options.
 - Once all price increases and new catalog product offerings are approved, updates will be made to the website, and we will print and have digital catalogs available on July 1st, 2025.
- MCE will be partnering with the Bea Gaddy Foundation again to assist with feeding those in need on Thanksgiving.
 - Last year, over 200 turkeys were donated and processed at the MCE plant from local Baltimore grocers.
 - The foundation brings the turkeys to the MCE plant in Hagerstown where it is defrosted, deboned, seasoned, and cooked by program participants in the apprenticeship program.
 - Turkeys will be delivered on November 4th and the DPSCS/MCE communications teams will be in attendance to capture receipt of the turkeys.
 - November 12th the program participants will prepare the turkeys for distribution. The DPSCS communications team has invited several news media outlets to capture the event and shine light on our program.

Council Member Reports

- **Joseph Hester:** Regarding Mr. Smith's sales presentation, do you have available the sales generated from your clearance sales? In the past it had been wonderful opportunity for DJS to grab new items that have been discontinued. It is a great impact, from the open houses and clearance sales, to the State of Maryland.
- **Stephen Sanders:** Todd would be able to give you exact figures. However, we sell most of the clearance items below cost, so our customer is the one who makes out in these instances.

Upcoming Events:

Customer Council Meeting: *January 21st, 2025 at 10:00am (Virtual)*

Maryland Correctional Enterprises

Location: Virtual

Date: January 21, 2025

Time: 10:00am

MCE Staff:

Tara Smith

Stephen Sanders

Adam Cummings

Todd Deak

Council Members:

AGENCY	REPRESENTATIVE	PRESENT (Y/N)
CHIEF EXECUTIVE OFFICER (MCE)	Stephen Sanders	Y
DEPARTMENT OF BUDGET AND MANAGEMENT	Katherine Thomson	N
DEPARTMENT OF COMMERCE	Rachel Cruse	Y
DEPARTMENT OF GENERAL SERVICES	Cristen Ervin	Y
MARYLAND DEPARTMENT OF HEALTH	Calvin Johnson	N
DEPARTMENT OF HUMAN SERVICES	Vacant	N/A
DEPARTMENT OF TRANSPORTATION	Valerie Radomsky	Y
MD HIGHER EDUCATION COMMISSION	Daniel Schuster	Y
CUSTOMER (DPSCS)	Latoya Gray	N
CUSTOMER (DEPARTMENT OF JUVENILE SERVICES)	Joseph Hester	Y
CUSTOMER (MOTOR VEHICLE ASSOCIATION)	Jessica Mettle	Y

CEO Update - Stephen Sanders, Chief Executive Officer

- Welcome to our first meeting of 2025 and happy New Year.
- For our sales updates:
- Sales for January are \$1,502,630
- Total Sales for FY 25: \$34,476,897.
- Incoming December and January sales are slow. Capital projects are also down. We believe this to be the result of the belt tightening in Annapolis.
- We will have to take a hard Look at the third quarter and see what it looks like.
- Program Participant count as of January is 1,052.
- Regarding the Office of Legislative Affairs audit, MCE is doing very well with our collections activity.
 - We are struggling with a few state agencies. For example, the Department of Labor has \$6M in past due invoices.
- I am not going to share all of the accomplishments from the prior year. But there are some highlights that will be interesting to everyone here:

- Expanded the Continuing Allocation of Reentry Services (CARES) Program to include two new courses:
 - The Banking Program, in partnership with Industrial Bank, allows program participants to open bank accounts while incarcerated. Including checking, savings, and CD accounts.
 - Through the PIVOT Program out of Baltimore, the Trauma Response Program was instituted.
 - 61 CARES Program alumni in 2024.
 - Trained 8 work release participants at Headquarters prior to their transition back to society.
 - 1,150 incarcerated individuals participated in MCE programming.
 - 374 certificates earned through the Department of Labor and MCE's Job Skills Training Partnership with over 1.7 million hours of participant training.
 - Instituted a \$100 bonus education incentive for college degree completion.
 - 70% of our participants surveyed in our programming reported a 90% or higher approval rating in key areas such as plant safety, training opportunities, opportunities for advancement, and wages.
 - Achieved profit of \$4.4 million:
 - MCE sales record of \$68 million.
 - Generated \$888k in sales via the e-commerce website.
 - Achieved an unqualified audit opinion on our financial statements.
 - Purchased 36,670 lbs. of blue catfish in FY24 to support Maryland Fisherman and improve environmental control of this invasive species.
 - Purchased 959,480 lbs. of Maryland grown chicken leg quarters in FY24 to support Maryland Chicken Farmers through a cooperative agreement with Purdue.
 - Recycled 302,421 lbs. of aluminum.
 - Recycled 78,600 lbs. of steel.
 - Participated in the Bea Gaddy Thanksgiving tradition of preparing over 200 turkeys, in the MCE/DOL Meat Cutter Apprenticeship Program, for distribution throughout Baltimore City.
 - Phase 1 of our new ERP system, Global Shop Solutions, was completed.
 - Phase 2 began in FY25.
 - Finalized new contract for license plate sheeting, all testing approved by the MVA, product in production. Seamless transition.
 - We revived the Vehicle Wrapping Program in Patuxent Institution.
 - Revised the Participant Program Handbook to align with modern day practices.
 - Coordinated with all Maryland State Office Complex stakeholders, resulting in a successful relocation for numerous Maryland agencies.
 - Researched and developed a plan for a new program involving cold storage warehousing in Hagerstown.
- The year passes us quickly, but when you take a step back and count your accomplishments, we have done an amazing job recently.
 - Lastly, I recommend the blue catfish. If you've never had it, it's delicious.

Sales Update – Todd Deak, Director of Sales

- Incoming orders processed:
 - FY2025 January: \$777K.
 - FY2024 January: \$4.5M.
 - As Stephen had discussed earlier, this has really slowed down compared to years past.
 - FY2025 YTD: \$17.9M.
 - FY2024 YTD: \$37.7M.
- Current and upcoming projects to be installed:
 - Montgomery College:
 - Library Resource Center: Currently installing
 - University of Maryland, Baltimore
 - School of Medicine: Currently installing
 - Maryland State Police:
 - Berlin Barracks: Currently installing
 - Community College of Baltimore County:
 - Student Services Building: Currently installing
 - University of Maryland, Eastern Shore
 - Agricultural Research and Education Building: Beginning in May
 - University of Maryland Center for Environmental Sciences:
 - Chesapeake Biological Lab: Beginning in June
- We have several projects in the design phase:
 - Maryland School for the Deaf, Frederick, MD:
 - Veditz Building
 - Harford Community College:
 - Chesapeake Welcome Center (phase 2)
 - Department of Military, Frederick, MD:
 - Resource Center
 - University of Maryland College Park:
 - Stanley Zupnik Building
 - University of Maryland Baltimore County:
 - Sherman Hall West/East Wing
 - Prince Georges Community College:
 - Marlboro Hall
- The new Products Committee is starting back this month. Meetings will be held quarterly.
- We have clearance offerings still available at the MCE Showroom. Please contact your sales reps and come see our offerings at a discounted price.

Marketing Update – Tara Smith, Director of Marketing

- We have starting working on our FY26 catalog updates:
 - This is the time that we evaluate the products that we offer. We determine what products, if any, we will no longer offer due to decline in sales or no sales in the past year.
 - We meet with our existing vendors to review new product offerings.
 - We also meet with new vendors and educate them on MCE and review their product offerings.
- For FY26 we are looking to add new seating options with a focus on side and conference
- chairs.
 - We have already met with a few vendors and are currently in the process of testing out some of their seating options.
- We have re-introduced the New Products Committee, which allows existing vendors and new vendors to come to MCE to present products that they offer to MCE staff and customers.
 - We will hold our first meeting on Wednesday, January 29th, with two vendors, National Public Seating and Allermuir/Senator.
 - In our first few meetings, we are focusing on new vendors with the hopes of building relationships with them.

Council Member Reports

- Director of General Services for the Department of Juvenile Services, Joseph Hester suggested that we revisit our MCE moving services program.
- No other comments or suggestions from the members at this time.

Next Customer Council Meeting: April 22nd, 2025 at 10:00am (Virtual)

Maryland Correctional Enterprises

Location: Virtual

Date: April 22, 2025

Time: 10:00am

MCE Staff:

Tara Smith Stephen Sanders

Council Members:

AGENCY	REPRESENTATIVE	PRESENT (Y/N)
CHIEF EXECUTIVE OFFICER (MCE)	Stephen Sanders	Y
DEPARTMENT OF BUDGET AND MANAGEMENT	Katherine Thomson	Y
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DEPARTMENT OF GENERAL SERVICES	Cristen Ervin	Y
MARYLAND DEPARTMENT OF HEALTH	Calvin Johnson	N
DEPARTMENT OF HUMAN SERVICES	Vacant	
DEPARTMENT OF TRANSPORTATION	Valerie Radomsky	Y
MD HIGHER EDUCATION COMMISSION	Daniel Schuster	N
CUSTOMER (DPSCS)	Latoya Gray	N
CUSTOMER (DEPARTMENT OF JUVENILE SERVICES)	Joseph Hester	N
CUSTOMER (MOTOR VEHICLE ASSOCIATION)	Jessica Mettle	Y

CEO Update - Stephen Sanders, Chief Executive Officer

- **Welcome Customer Council Members.**
- **Thank you all for your continued dedication and support of our program. As members of the Customer Council, you understand better than most that what we do here at MCE is more than the products and services that we provide. It is about the people. Your support means so much to the incarcerated individuals that participate in our program. Buying from MCE changes lives.**
- **For our sales updates:**
- **Sales thus far for April are \$2,010,406**
- **Total Sales for FY 25: \$47,038,351.**
- **We are still on target to make our MFR goal of \$50 million for the fiscal year.**
- **Incoming sales are continue to be slow. Capital projects are also down. We believe this to be the result of the budget deficit and may be the trend for the near future.**
- **Program Participant count as of April 15, 2025 is 1083.**
- **Our lower than normal participation count a direct result of slow sales due to shrinking State budgets.**

- We intend to make our goal of 1165 incarcerated individuals participating in our program by the end of the fiscal year.
- MCE current staff vacancy rate is the lowest it has been in recent memory. We are down to a 17% vacancy rate.
- I am sure that you are all aware that MCE achieved American Correctional Association (ACA) Accreditation in 2009, 2012, 2015, 2018 and 2022. I am happy to report that MCE has once again achieved ACA Re-Accreditation in October of 2024.

MCE Fiscal Updates:

- I am also happy to report that we are making substantial progress collecting on our Accounts Receivables. MCE has reduced its total outstanding receivables balance from \$19.4 million at the beginning of FY25 to \$7.6 million as of March 15, 2025. A decrease of \$11.8 million or 60%.
- As of the time of this writing, MCE reduced its total outstanding receivables balance from \$19.4 million at the beginning of FY 25 to \$6.7 million as of April 21, 2025, a decrease of \$12.7 million, or 65%.
- MCE has followed the directions provided by the OLA. Non State Agencies, i.e. non-profits, with past due invoices over 80 days were referred to CCU. State Agencies with past due invoices over 90 days: we compiled a list of the top ten State Agencies with past due invoices over 90 days and sent the list to DPSCS Secretary Scruggs. Secretary Scruggs sent letters containing this information to the appropriate agency Secretaries. We are very appreciative of Secretary Scruggs for her assistance and support.

Special Program Updates: Maryland Blue Catfish and Chicken Leg Quarters:

- Maryland Blue Catfish
 - MCE has provided 36,670 lbs. of blue catfish to its customers in FY24 to support Maryland Fisherman and improve environmental control of this invasive species.
 - Thus far, in FY 25, MCE has provided 25,500 lbs. of Blue catfish filets to its customers.
 - Average sales per month in FY 24 were 3,116 lbs.
 - Average sales so far in FY 25 is 3,187 lbs.
 - MCE has done this through our partnership with Reliant Seafood. A Maryland CLFF.
 - DPSCS will be able to count their purchases of the Maryland Blue catfish fillets towards their 20% goal.
- Chicken Leg Quarters
 - MCE has purchased 959,480 lbs. of Maryland grown chicken leg quarters in FY24 to support Maryland Chicken Farmers through a cooperative agreement with Purdue. What you may not know is that MCE started purchasing chicken leg quarters from Perdue in December 2020 and they remain our provider of chicken leg quarters to this day.
 - FY 2020 purchased / sold 31,360 lbs.

- FY 2021 purchased / sold 412,900 lbs.
- FY 2022 purchased / sold 614,000 lbs.
- FY 2023 purchased / sold 790,040 lbs.
- FY 2024 purchased / sold 959,480 lbs.
- FY 2025 purchased / sold 723,240 lbs.
- Total since 2020 = 3,531,020 lbs. of fresh chicken leg quarters purchased from Maryland Farmers.
- MCE has provided this information to the Department of Agriculture.

Tariffs:

- Tariffs on all countries around the world may have an impact on MCE.
- At the top of the list, Tariffs on Chinese goods announced by the President will have a considerable impact on the prices of many of our products. MCE is doing everything we can to lessen these impacts.
- Tariffs on Chinese goods are at 145%.
- The uncertainty of the Trade War makes it difficult for any company to navigate and make plans for the future. Rest assured that MCE is working to minimize this impact on our valued customer base.
- Due to the fluctuations in pricing from our vendors, MCE will not be printing a paper catalog next fiscal year until we see pricing stabilize. We will continue to have our digital catalog on line.

Sales Update – Tara Smith, Director of Marketing

- Incoming Orders Processed:
 - FY25 April: \$1.4M (last April: \$3.5M)
 - FY25 YTD: 24.8M (YTD last year thru April. 48.6M)
- **Current / Upcoming Projects to be Installed:**
 - DSS Hagerstown (Install date May 19th)
 - Comptroller (Install date May 30th)
 - UMES Agricultural Research & Education Bldg. (Install Date Aug.)
 - UMCES Chesapeake Biological Lab (Install Date Dec.)
 - HCC (Chesapeake Welcome Ctr. Ph2 (Install Date June)
 - UMBC Sherman Hall West Wing PO came in last week (Install Date July)
 - MD School for the Deaf VEDITZ Bldg.

- **Projects in Design Mode:**
 - PG Comm. College Marlboro Hall
 - MSP Tactical Bldg.
 - DMIL Frederick Resource Ctr.
 - HCC (Chesapeake Welcome Ct. Ph3)
 - Cecil Comm. College (Facilities Bldg.)
 - MSU (Science Bldg.) Kick off meeting 4/25/25

- **General:**
 - Next Products Committee Meeting is tomorrow (HumanScale and Pineapple furniture)
 - 2 New Customer Service Reps. will be starting in May
 - Clearance offerings still available

Marketing Update – Tara Smith, Director of Marketing

- We have completed market studies for various products for our FY26 catalog. This includes existing products as well as new seating options that we would like to offer.
- Our Director of Sales is currently in the process of suggesting pricing for those items that we have completed market studies on.
- Once pricing has been suggested, we will be sending those market studies to the Pricing and Selection Committee for review and approval.
- MCE has added a new product to our Harbor Line Collection. The Harbor Credenza with Storage Cabinet. This product offers customers two box/file pedestals and a center storage cabinet with an adjustable shelf. This is a product that has been requested by many customers and is offered at \$643.00. The unit is available in our Quick Ship Program as well as through our regular product offerings.
- We have started a new initiative with “Featured Items of the Month” focusing mainly on our Quick Ship items with the hopes of increasing sales. We advertise the featured item on our website’s home page and send out email blasts to our customers.
- MCE attended the National Correctional Industries Association (NCIA) training conference last week and met with many of MCE’s current vendors and new vendors with the hopes of introducing new products to our catalog for FY27.
- MCE will be attending the Earth Day event on Wednesday, April 30th hosted by DGS. This is a free event and MCE will market Environmentally Friendly products which consist of cleaning products, business cards, envelopes, and seating options.

Council Member Reports

None at this time

Next Customer Council Meeting: July 22, 2025 at 10:00am (Virtual)