

Management Council Meeting Minutes



Maryland Correctional Enterprises

Location: Virtual

Date: September 16, 2025

Time: 10:00am

MCE Staff:

Stephen Sanders Tara Smith Todd Deak Mark Rowley Marsha Groover-Graham

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	Desmond Jordan for Senator Alonzo Washington	Y
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	Brandi Cahn	Y
ORGANIZED LABOR (PUBLIC SECTOR)	Thomas Myers (AFSCME)	Y
ORGANIZED LABOR (PRIVATE SECTOR)	Vacant	N/A
MARYLAND JUDICIARY	Judge Lisa Broten	N
BUSINESS COMMUNITY	Jack Weber	Y
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 16, 2025 Management Council Meeting.
- Thank you all for your continued dedication and support as members of the MCE Management Council.

For FY 25

- The unaudited total sales figure for FY 25 was **\$56,772,524**. A very good performance and over our MFR goal of \$50 million per FY.
- Sales for July, August and November of 2025, gave MCE a very good start for FY 25 (from the State Office Complex Projects). After that, we saw a consistent decline starting in December.

For FY26

- As of September 12, 2025, the total sales for FY26 is \$10,693,962.
- As of September 1, 2025, total sales for MCE was \$5,600,000 behind last year's total sales for the same time period.
- As anticipated, this is the impact of the State's reduced budget and spending on MCE's sales.

Program Participant counts

- The MCE program participant count at the end of June 2025 was **1074** participants.
 - As previously reported, our program participant target for the end of FY25 was **1,165**. We fell short of our goal. There was not enough work in the shops to justify additional hiring or to keep the program participants busy.
 - Our current program participant target is **1000**.
 - Our current program participant count is **1000**.
 - Again, this is a direct result of the reductions in the State budget plan to address the deficit for the State of Maryland.
 - MCE, as a self-supporting State Agency, rely on the support of our valued customer base of State and local government, State Universities and Colleges and non-profit organizations.
 - We have never seen a reduction in incoming sales like this, all at once across all of our divisions.
 - MCE has taken steps to minimize the impact through a reduction in force through attrition for both civilian and incarcerated individuals. In addition, we will combine business units where we can to minimize cost and maximize production capabilities. Curtail overtime and investigate new business opportunities to expand our offerings.
 - The prices of raw materials and component parts have risen across the spectrum just as they have in private industry. We are managing the best we can but price increases are inevitable for all of our products and services.

Civilian staffing

- Our civilian staff vacancy rate is holding at 16%. This is the lowest vacancy rate for MCE in recent history.
- We are operating under the State hiring freeze.

Follow up

- As a follow up to the license plate sheeting initiative that we discussed during the June Management Council Meeting.
- MCE is receiving our license plate sheeting from Avery Denison, an American Company instead of Nippon Carbide, a Chinese company. We are no longer subject to the fluctuations of the tariffs imposed on China for this raw material.
- As a result, the MVA/MDOT and the State of Maryland will not be subject to tariff generated price increases for license plate sheeting.

Potential new product

- MCE currently produces mattresses for the institutions. Both sewn and Radio Frequency sealed mattresses. The RF sealed mattresses can come with or without integrated pillows with blue or clear covers.
- MCE is looking into producing mattresses for university and college dormitories. We are currently engaged with MTJ America (who provides us with the mattress materials that we now use), for mattress materials to make both eight inch and nine inch dormitory mattresses using the same construction process that we use now.
- We have requested mattress samples to show our university and college partners, to see if they are interested in this product.
- The intent is to provide a quality mattress intended for dormitory use at a lower price point than the Universities and Colleges currently pay. Saving the State of Maryland money while allowing them to contribute to the MCE program.
- If successful, this additional product will be added to the MCE catalog once the pricing is approved by the Pricing and Selection Committee.
- We plan to produce this product at Plant #109 located within Eastern Correctional Institution. Our program participants will learn new skills while adding much needed work to this business unit.

Coming Events

- The MCE Annual Business Luncheon will be held Friday, September 26, 2025.

Sales Update – Todd Deak

- **Incoming Orders Processed:**
 - FY26 Aug: \$2.7M (last Aug: \$2.9M)
 - FY26 YTD Thru Aug: 11.1M (Last YTD Through Aug. 8.4M)
 - FY26 Sept as of the 10th: 1.9M (Last Sept. 2.4M)

- **Website Sales:**
 - FY26 Aug: 77k (last Aug. 108k)
 - YTD: 258k (YTD Last Year: 275k)
- **QS Sales:**
 - FY26 July: 113k (last July 75k)
- **Capital Projects Currently Installing:**
 - UMBC Sherman Hall (1st and 2nd floors) 837K
 - PG Comm. College (Marlboro Hall) 774k
- **Upcoming Capital Projects to be Installed:**
 - Cecil Comm. College (Maintenance Bldg.) Sept. 115k
 - Harford Comm. College (Welcome Center Ph2/3) Oct./Nov. 834k
 - Clifton T. Perkins (Oct./Nov.) 2.1M
 - UMES (Agriculture Research and Ed) Nov. 230k
 - UMCES (Chesapeake Biological Lab) Dec. 274k
 - MD School for the Deaf Frederick (VERDITZ Bldg) 300k (Date TBD)
- **New Products:**
 - Working with 5 new potential vendor partners and 4 current vendor partners regarding furniture products.

Marketing Update – Tara Smith

Catalog

- We recently removed one of our seating products, Comfort Rx chair, due to issues with component parts.
- The FY26 digital catalog, seating catalog, and QS catalog have been updated as well as our website to reflect that change.
- We recently sent out a blast email to our customers promoting clearance seating consisting of stools and a few task and side chairs.

Events

- The Annual Business Meeting & Employee Luncheon will be held Friday, September 26th from 9:30am – 1:00pm at the Sykesville Freedom District Fire Department. We hope to see you all there.
- If you have not RSVP'd and would like to attend, please feel free to send me an email and I will be sure to add you to the list.

Management Council

- We have completed the FY25 Management Council report. It has been sent to the DPSCS Legislative team for review. Once approved we will provide the Management Council with print copies.

- Bethany Young from the Governor's Office of Crime Prevention and Policy is no longer on the committee. We appreciate Bethany for her time and dedication to the committee. Brandi Cahn has officially taken her place. Brandi has been sitting on the committee with Bethany for the past few quarters. We appreciate you Brandi for continuing to represent the Governor's Office of Crime Prevention and Policy on the committee.

Reentry Update – Marsha Groover-Graham

- For the months of July, August and September, MCE CARES team was able to provide reentry support to 12 program participants.
- MCE CARES have completed Health Relationship classes at MCIW on 7/22/2025. We had a total of 18 program participants.
- Ms. Davis taught her first class to our warehouse program participants on Personal Accountability, she had a total of 4 program participants.
- We are currently conducting our MCE CARES program at CMCF. We have a total of 11 program participants. So far they have completed Conflict Resolution in the Workplace and today they are having a class with the organization Prepare. Which helps them prepare them for parole hearings. We have 3 more classes to teach before we complete the CARES program. I'm looking to have a graduation at the end of the year or sooner.
- MCE CARES team conducted an industrial Bank Workshop survey. The finds of the survey are as follows: We had 235 program participants who took the workshop from August 2024- May 2025. The surveys went out in July and we had a total of 116 participants who completed the survey. The data shows we had 39 pp who open an account and 2 who recently applied. That's a total of 41 pp. Most of the pp said their knowledge increased with the workshop.
- We are in the process of getting a certified welding program with Hagerstown Community College and the Department of Labor at our Metal Plant in Hagerstown. HCC has submitted their application to the Department of Labor. We are waiting to hear if their application has been approved.

Members Reports

Melvin Forbes: Thank you for all of the work that you do. You all are like unsung heroes because of the things that you do. You don't get any major accolades for it but I want you to now that I have sent a letter to the Governor about MCE's ability to help with the tariff situation as a result of the materials. I will forward you the letter that I sent to him informing him about what had occurred and the impact that it would have on the State of Maryland. Because I thought that if no one knew about it, they wouldn't understand the significance of it. And I know he, as the Governor, who is responsible and facing many fiscal challenges right now, would appreciate it. I will forward you a copy of that letter that I sent on behalf of MCE.

Stephen Sanders: Thank you so much Melvin, I really do appreciate it. I appreciate your support and I think it's known that MCE supports all of you, and we support the Governor and his mission and the State of Maryland. Again, thank you for that. It really means a lot.

Jack Weber: Marsha, welcome aboard. Reentry and the CARES program is really near and dear to me because that is the end result of all of the efforts of these men and women coming out of prison for the next steps. That is a huge deal, so thank you for taking on that huge role.

I'm sorry to see that revenues have gone down on that level. My hope is that on the website that we are taking P-cards or credit cards. They also help with cash flow issues. I don't know if we are doing credit cards or not but I know all State agencies have credit cards available to them for purchases. But, there are other ways to generate. I love the mattress idea and I wonder if it can go national. But any support that you need as far as business, insight, and other things, I'd be more than happy and available to chat.

Stephen Sanders: Thank you Mr. Weber. We certainly do appreciate that.

Commissioner Phil Morgan: Thank you for everything you do. You guys are awesome.

Stephen Sanders: Thank you Commissioner.

Next Management Council Meeting: December 16, 2025 at 10:00am (Virtual)

Upcoming Events:

MCE Annual Business Meeting & Employee Luncheon – Friday, September 26, 2005 from 9:30am-1:00pm at the Sykesville Freedom District Fire Department – 6680 Sykesville Rd, Sykesville, MD 21784

Maryland Correctional Enterprises

Location: Virtual

Date: December 16, 2025

Time: 10:00am

MCE Staff:

Stephen Sanders Tara Smith Marsha
Groover-
Graham

Council Members:

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DIRECTOR OF THE COUNCIL	Tara Smith	Y
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MEMBER OF HOUSE OF DELEGATES	Delegate Mark Chang	N
MEMBER OF THE SENATE	Senator Alonzo Washington	N
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CEO Update - Stephen Sanders

- Good morning and welcome to the December 16, 2025 Management Council Meeting.
- Thank you all for your continued dedication and support as members of the MCE Management Council.

For FY 26

- FY26 sales are \$22.5 million vs. \$34.2 million in FY25, a decline in revenue of \$11.7 million or 34%. Obviously this is not good news for our agency. The State's budget deficit is affecting spending throughout the State. Our FY26 estimated revenues are revised down from over \$50 million to \$45 million.
- Accounts Receivables - \$5.8 million with only \$.9 million past due. We have made substantial progress collecting monies owed to MCE. Currently, only 15 % of receivables are delinquent over 90 days.
- The OLA report (June 20, 2024) (the finding for June 30, 2023), of 12.9 Million in Accounts Receivable, 7 million was outstanding over 90 days. At that time, 53% of receivables were delinquent over 90 days.

Program participant counts

- The MCE program participant count for the end of November was 975 program participants.

Civilian staffing

- Our civilian staff vacancy rate in November was 17%.
- Our current vacancy rate is a bit misleading due to the most recent initiative to reallocate PINs to Correctional Officer PINs. MCE lost 28 PINs to the reallocation process bringing our vacancy rate down to 3%.
- We are operating under the State hiring freeze.

Follow up:

- As a follow up to the license plate sheeting initiative discussed during our June and September meetings:
 - MCE is receiving our license plate sheeting from Avery Denison, an American Company instead of Nippon Carbide, a Chinese company. Maryland is not subject to the fluctuations of the tariffs imposed on Chinese goods for this raw material.
 - Considering a 40% tariff rate, the data indicates a savings to the MVA and the State of Maryland of \$522,826.43 per year. As license plate sales increase and tariffs increase, this savings projection will increase over time as well.
- With the closing of MCIJ scheduled for June of 2026, MCE has provided DPSCS with our proposal and plan to relocate the three Graphics Plants currently located within MCIJ to JCI. To accommodate this relocation, MCE has cleared the North side of MCE Furniture Plant to make room for the Graphics Plant transfer. The milling and assembly portions of the Furniture Plant have absorbed the Furniture operations from the North side.
 - MCE and DPSCS will transfer 120 MCE incarcerated individuals participating in the Graphics programs at MCIJ to JCI as well as the MCE staff assigned to these locations.

- MCE is working with DPSCS Capitol Construction and Regional Maintenance to accomplish the massive undertaking.

Potential new product

- As previously stated, MCE is looking into producing mattresses for university and college dormitories. We are currently engaged with MTJ America (who provides us with the mattress materials that we now use), for mattress materials to make dormitory mattresses using the same construction process that we use now.
 - We now have mattress samples to show our university and college partners, to see if they are interested in this product.
 - The intent is to provide a quality mattress intended for dormitory use at a lower price point than the Universities and Colleges currently pay. Saving the State of Maryland money while allowing them to contribute to the MCE program.
- MCE research and development is very busy these days. We are now evaluating a new business unit. MCE Auto Services. Automobile repair will be offered to State Agencies here in Jessup. Services such as oil and filter changes, tire replacements, tire mount and balance, front end alignment, exhaust system replacement, tune ups and brakes.
 - The MCE business model requires the hiring of three certified automobile mechanics to train the MCE program participants in automobile repair with the intent of preparing them for job opportunities in a high demand field. This automobile repair initiative will save the DPSCS, MCE and State vehicle fleets, money by providing these services internally while training returning citizens to be vehicle service professionals.

Coming Events:

The MCE Holiday sub day. Once a year, in December, MCE provides a holiday celebration lunch that includes a submarine sandwich, a bag of chips and a soda to every MCE program participant. We shut down the shops at lunch, allow the program participants an opportunity to enjoy their lunch and celebrate the holidays together.

Marketing Update – Tara Smith

Catalog

- We have added a new item to our seating offerings, VXO mid back stool. This item is currently available for purchase on the MCE website as well as our digital and seating catalogs.
- We have removed one of our seating options, the Comfort RX, due to a design change that removed a feature that attracted customers.
- We are currently working on the FY27 catalog which will be released in July of 2026. During the review process our team reviews products and product lines that have had no sales as well as products that may require price increases. We also seek new items to add to our catalog

offerings. Currently we are reviewing additional seating options as well as height-adjustable desks and tables.

- We continue to promote sales of Overstock/Clearance items utilizing blast emails.

Events

- MCE and the DPSCS Communications team held Media Day Wednesday, November 12th to showcase MCE's Meat Plant and its partnership with Bea Gaddy Family Centers. This year, Bea Gaddy Family Centers dropped off 218 turkeys to the MCE meat plant to be processed for the Bea Gaddy Family Center's Thanksgiving dinner. The story was covered by a Washington DC news station, DC News Now. MCE also wrote a short blog on the partnership and shared it with customers and staff. The blog is also posted on the MCE website.

Management Council Business

- We will be conducting our annual participant survey as mandated. Previously a thirteen question survey was created that provided participants the opportunity to analyze the safety and quality of the programming which included quality of training, stipends, and promotional opportunities. Participants were also able to provide additional comments as well as recommendations for reentry programs and operations overall.
- The results from the last two year's survey were pretty favorable utilizing the thirteen questions presented and we would like to move forward with the same survey questions for a new group of program participants pending approval by the council.

Reentry Update – Marsha Groover-Graham

- This report provides an overview of the CARES department's activities from October to December. During this timeframe, the department extended reentry support to three program participants. It is also important to note that the late fall and winter months typically correspond with a reduction in program participant releases.
- We are currently conducting CARES classes at CMCF. To date, the following courses have been successfully completed: Conflict Resolution in the Workplace, Prepare, Healthy Relationships, and Financial Literacy. The remaining courses are Employment Readiness and Personal Accountability. Upon completion of these final courses, we will conclude our first cohort under my leadership, and we will host our inaugural graduation ceremony.
- On December 17, 2025, Pivot, a provider specializing in "The Effects of Trauma and How to Cope with Trauma," will conclude their 6th class. Our program participants at MCIW participate in a six-week course designed to equip them with coping mechanisms and tools to address trauma. This program has consistently received positive feedback from the participants.
- The CARES department has implemented a new certificate tracking program. This program provides plant managers and supervisors with individual Google folders, allowing them to

download certificates for our program participants. This tracking and cataloging of participant accomplishments will allow the CARES team the ability to provide the listing of certificates earned to those who are preparing for release. In addition, this will assist the CARES team's monitoring the types of certificates (skilled covered), the total number of certificates awarded and the frequency of their distribution.

- The department has implemented a new resume program. This program assists program participants scheduled for release within thirty days. The program facilitates the creation of professional resumes and cover letters. Recognizing the prevalent employment history gaps among participants, the program enables them to concisely address these gaps, highlight acquired skills, and articulate their future aspirations. We will provide both printed and digital copies of the resumes, with the digital version available upon request. Resumes will be retained by the CARES team and categorized by skill set. When employers reach out to MCE inquiring about any participants eligible for employment, the CARES team will be able to provide resumes of those who meet the employer's needs.

Success Stories

- We received an email in reference to a former program participant, Ms. J. Ms. J was incarcerated as a teenager and served over twenty years. While incarcerated, she participated at MCE's Mail and Distribution Plant, serving as a lead clerk in the Data Entry Department. During her time with MCE, she trained over fifty program participants, and MCE staff, including myself. On our annual "sub day" MCE J was called to case management and informed of her upcoming release. This news was met with great celebration throughout the plant.
- Ms. J was released about 8 years ago and commenced her reentry journey with the Marion House, successfully completing their program. Since completion of the program, she became a homeowner and is currently employed with Johns Hopkins.

Members Reports

Next Management Council Meeting: March 17, 2026 at 10:00am (Virtual)

Maryland Correctional Enterprises

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Date: March 17, 2026

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MCE Staff:

Stephen Sanders Tara Smith Marsha Groover-Graham Mark Rowley

Council Members:

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DEPARTMENT OF EDUCATION	Krishnanda Tallur	Y
DEPARTMENT OF LABOR	Vacant	N/A
GOVERNOR'S OFFICE OF CRIME PREVENTION AND POLICY	Brandi Cahn	N
ORGANIZED LABOR (PUBLIC SECTOR)	Thomas Myers (AFSCME)	Y
ORGANIZED LABOR (PRIVATE SECTOR)	Vacant	N/A
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CEO Update - Stephen Sanders

- Good morning and welcome to the March 17, 2026 Management Council Meeting.
- Thank you all for your continued dedication and support as members of the MCE Management Council.

For FY 26

- FY26 sales are \$33,830,316 vs. \$45 million in FY25, a decline in revenue of approximately \$11.2 million or 25%. Obviously this is not good news for our agency. The State's budget deficit is affecting spending throughout the State. Our estimated end of FY26 estimated revenues are revised down from over \$50 million to \$ 47,982,000. Currently 7 out of our 21 shops have expenses exceeding revenues. This has lead us to watch our expenditures very closely.
- Accounts Receivables - \$4.8 million with only \$.9 million past due (19%). We have made substantial progress collecting monies owed to MCE. In June of 2024, 53 % of receivables were delinquent.

Program participant counts

- The MCE program participant count for the end of February was 946 program participants.
- Despite the decline in revenues and the challenges associated with it, we remain mission focused. We currently have 216 program participants working on computers and 79 other participants working with computer enhanced production equipment. Safety and Training remains our priorities.

Civilian staffing

- Our civilian staff vacancy rate is 17%.
- The PINs that were taken from MCE have been returned. With that said, I am happy to report that:
- We are interviewing for the Central Warehouse Regional Manager Position shortly.
- We have a Class A CDL driver applicant in the pipeline to fill one of our many vacancies at Central Warehouse.
- We have hired a contractual Class A CDL driver to work part time at the Hagerstown Warehouse.

Follow up

- The closing of MCIJ is still scheduled for June of 2026. All plans have been submitted.
- All MCE staff, both civilian and incarcerated, will transfer from MCIJ to JCI.
- MCE is working closely with DPSCS Capitol Construction and Regional Maintenance to accomplish this massive undertaking.

New product launch – University and College mattresses

- MCE is now producing mattresses for university and college dormitories. We are offering a six inch and an eight inch dormitory mattresses using the same construction process that we currently use.
- Mattress production will take place at MCE Textiles Plant # 109 located within ECI.
- Mattress samples will soon be on display at the MCE Brock Bridge Road showroom and the MCE University of Maryland College Park showroom. Samples will also be available for evaluation at the Sales Department at MCE HQ.

- The mattresses measure 36x80x6 or 36x80x8. They are dual density and reversible. Marketing collateral is complete and ready to share if anyone is interested.
- We are very happy to announce that we have received our first order of 341 of the eight-inch-thick mattresses for the University of Maryland, Eastern Shore.

MCE Vehicle Repair program:

- We continue to develop the plan for our new Automobile repair business unit here in Jessup. The plan is to provide services such as oil and filter changes, tire replacement, tire balance, front end alignment, exhaust system replacement, minor tune ups and brake pad and rotor replacement.
- The MCE business model requires the hiring of two certified automobile technicians to train the MCE program participants in automobile repair with the intent of preparing them for job opportunities in a high demand field. This automobile repair initiative will save DPSCS, MCE and state fleet vehicles, money by providing these services at a discounted rate while training returning citizens to be vehicle service professionals.

New Product search and integration:

- MCE and its New Product Committee recognizes the need to find new products at competitive pricing for our valued customers.
- We have several new products soon to be released while others will be discontinued.
- The product launches will feature modern tables and chairs and sit stand work stations, to name a few.

Coming Events:

MCE CARES, Continuing Allocation of Relocation Services, Graduation Ceremony. Tuesday March 24, 2026. 12-1:30 PM at Central Maryland Correctional Facility, Sykesville Maryland.

We are thrilled to celebrate the outstanding achievements of our program participants, who have diligently completed a comprehensive series of C.A.R.E.S classes. The CARES program is uniquely designed to provide our participants with the essential tools, foundational knowledge, and practical skills that are needed to successfully navigate the complexities and challenges they may experience on their reentry journey.

Second Chance Reentry Resource Fair, Baltimore MD. -March 25, 2026

We are looking forward to attending this event next week which will help us further connect with community partners for our returning citizens exiting our program.

The NCIA National Training Conference April 11-16th, 2026.

CARES Update – Marsha Groover-Graham

This report provides an overview of the CARES department's activities from January to March.

- During this timeframe, the department extended reentry support to 13 program participants 2 of our program participants are being released to ICE.
- We have completed our CARES program at CMCF. Our graduation ceremony is scheduled for March 24, 2026. We have 5 program participants graduating. The following courses have been successfully completed: Conflict Resolution in the Workplace, Prepare, Healthy Relationships, Financial Literacy and Employment Readiness. Each program participant completed a resume worksheet and has received a hardcopy of their resume and cover letter. Digital copies can be requested once released.
- Our 7th cohort for Pivot, a provider specializing in "The Effects of Trauma and How to Cope with Trauma," will start on April 15, 2026. Our program participants at MCIW participate in a six-week course designed to equip them with coping mechanisms and tools to address trauma. This program has consistently received positive feedback from the participants.
- Our CARES certificate tracking program is officially operational and has begun receiving initial certificate submissions from plant managers. To ensure comprehensive tracking, a reminder email regarding the critical importance of submitting these certificates was distributed to all plant managers two weeks ago with Q3 coming to an I anticipate a surge in certificate submissions.
- Currently we are teaching Employment Readiness classes to our 150 warehouse program participants. Our next CARES program will be at MCTC, we are currently working out the details and should be starting our CARES classes in April 2026.
- We are continually working on resumes and cover letters for our program participants who will be released within the next 30 days. To date, we have successfully completed and finalized 8 resumes, and cover letters.

Melvin Forbes: There were some legislative issues that came about. Is there any new or additional information about those issues?

Stephen: Nothing yet. Two bills have been introduced. One bill will allow the MVA to provide one tag for vehicles. Studies have shown that Maryland will lose \$35 million a year with no front plate.

Jack Weber: How is the move coming along with the print shop? (MCI-J)

Stephen: The move is coming along well. We had to put the rigger out to bid according to MD's procurement law.

Jack Weber: Is the ERP system fully operational?

Stephen: Yes, the ERP system is almost fully operational but not fully integrated.

Jack Weber: How is Accounts Receivables doing? What are your 2026 projections?

Mark: The AR balance is \$4.8 million, a little low but our revenues are affected by the State. We received 0.9% of the \$4.8 million this past week, about 19%. So we're working well with State agencies collecting revenue. Projections, it's estimated that we're going to come in below \$50 million for the first time in probably 15 years, if things continue to go the way they are going now. However, we do anticipate at some point in time that the revenue will come back.

Jack Weber: As far as the general trend, is the ERP helping and making things more efficient and increasing profitability?

Mark: I wouldn't say that it's increasing profitability. There are some wins and some losses with this system as we continue to learn it. We have seen tremendous efficiencies in our inventory. That was a challenge for us previously, accounts payable tremendous efficiency. We have definitely made some improvements, maybe about 65% where we're really going. We are probably about two years away from having everything we want, such as scanning things. There is still a lot that we can gain from the system. Again, with our revenues being where they are, we have to be really cautious as to what we are investing in. Right now, we can collect money and we can pay our bills. And we have financial statements that are gaining some credibility.

Jack Weber: As far as balance sheets are concerned on our retained earnings or reserves, are we about \$10 million, \$15 million in reserves?

Mark: Retained earnings are about \$33-34 million. We currently have about \$20 million in inventory. Our cash has flowed into inventory and eventually when we deliver them that will flow back into cash.

Thomas Hickey: Did you mention Senate Bill 8-15? I don't think I heard you say anything about that. This is Senator Antonio Hayes' bill.

Stephen: I watched the hearing on that. I don't think the bill was well received. But I haven't heard anything as of yet.

Mark: Just for the members, you might want to let them know what the bill entails.

Thomas Hickey: The bill requires MCE to contract with an Institution of Higher Education to do a study. Stephen and I discussed that there are 12 institutions of higher education within USM, plus Morgan, plus St. Mary's College in MD. I mentioned that none of them are going to do this study for free and will probably cost between \$150,000-\$200,000. That is just an estimate. It did make its way to the fiscal note. They did kind of agree with that but then they questioned where did this number come from and it was just an estimate. The bill was heard last week and it's still in committee.

Thomas Hickey: The only other thing that I wanted to mention Stephen is that I still have not heard back from the group. This is a perennial issue. We have students come through our institutions and spend 4 or 5 years with us and they move on. And it's a perennial issue where students don't understand what MCE is and why are we purchasing from them. They have this belief that it's

exploitative to the incarcerated individuals. I do my best to educate them, but one thing that I always offer to do when this issue comes up is helping to arrange a tour so that they can actually get real information from the participants in the program. Stephen was kind enough to try to coordinate with our student regent, he's a member of the Board of Regents. Unfortunately, I have not heard anything. The last information that I shared with him was, MCE does not do afternoon tours, only morning tours. So he has not gotten back to me. I will follow-up again.

Stephen: We will work with him as best as we can. Most of our plants close at 1:30pm. They start early. The participants in the Jessup area are usually done and go in around 12:00pm. The best thing for him, if he really wants to see and be able to speak with the incarcerated individuals directly, would be a morning event.

Mark: We did a tour, maybe 8 years back, with 6 students from different universities, and after the first stop, they were so shocked by what they saw that they were apologetic. They had no idea the participants were actually working on computers with the latest technology. It wasn't what they thought. I appreciate you advocating for us Mr. Hickey and we are certainly available.

Thomas Hickey: Yes, I remember that group that did the tour. They were actually the President of the Student Association for all institutions and he stood in front of the Board of Regents and explained how his eyes were opened. So it really is helpful to those students and we'll see if we can get this on the books for this year.

Stephen: On a closing note, we talk many times about our Meat Plant Apprenticeship program. It is by far our premier training program. What you're looking at here (*shares image of Certificate of Completion*) is the actual certificate of completion of the apprenticeship program that each one of the program participants receives in the meat plant. This is not a "coming out of your printer" type of document. This is a diploma type of document and comes with laminated cards that are filled out that they can put in their wallets. It's a big thing and its supported by the Department of Education. I thought as Management Council members, you would like to see something like this. There are 10 that are recent graduates and they will all get this. And these men that graduate, they get jobs in the industry, in some of the places in Hagerstown and throughout Maryland that provides meat products.

Members Reports

Brandi Cahn, Governors Office of Crime Prevention and Policy:

GOCPP reentry update – The GOCPP currently has funding available through the Performance Incentive Grant Fund to support reentry initiatives for State agencies, local government organizations, and community-based nonprofits. More information about the funding can be found [here](#).

Next Management Council Meeting: June 16, 2026 at 10:00am (Virtual)