

Management Council Meeting Minutes



Maryland Correctional Enterprises

Location: Virtual

Date: September 15, 2026

Time: 10:00am

MCE Staff:

Stephen Sanders - Tara Smith - Marsha Groover-Graham - Mark Rowley - Robert Epperson

Council Members:

AGENCY	REPRESENTATIVE	PRESENT (Y/N)
DIRECTOR OF THE COUNCIL	Tara Smith	Y
COMMISSIONER (DPSCS)	Keith Dickens	N
COMPTROLLER'S OFFICE	Emily Hollis	Y
CHIEF EXECUTIVE OFFICER (MCE)	Stephen Sanders	Y
MEMBER OF HOUSE OF DELEGATES	Delegate Mark Chang	N
MEMBER OF THE SENATE	Jaylin Hankerson-Strappy 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 AND POLICY	Brandi Cahn	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	N
NON-PROFIT REPRESENTATIVE	Janay Harris (Vehicles for a Change)	Y

CEO Update - Stephen Sanders

Good morning, everyone, and thank you again for joining today's Management Council meeting.

I want to thank you all in advance for your continued cooperation and support of the MCE program. We recognize that budgets remain tight for all state and local government agencies, universities and colleges, and this group, along with our nonprofit partners, make up our small but loyal customer base.

As we find ourselves a few months into FY 27, we remind agency staff to procure and purchase goods and services from MCE, as intended by the Correctional Services Article. Money spent with MCE supports our training, rehabilitation, and reentry programming and is recycled as intended. Money spent outside of MCE on goods and services that we can provide is lost and cannot support the rehabilitation and training needs of Maryland's incarcerated population.

That being said, I will share with you a summary of recent activities. MCE Chief Administrative Officer Mark Rowley is here with us today and will share his financial report before I continue.

Financial Update - Mark Rowley

FY 26 sales finished at \$48,600,000 — down 14% (\$8 million) from FY 25's \$56,675,465.

MCE is a self-supporting agency and closed the year with a loss of over \$4 million. Declining revenue, along with rising raw material and fuel prices and salary increases, has made it difficult to reach our annual profit target of 3%, which was not achieved in FY 25 or FY 26.

- A proposal is being developed to bring to state leadership that would help address pricing. Some agencies have said MCE's pricing is too high and are seeking waivers to purchase around us, which sends money outside the state. The Management Council will be updated as the proposal develops.
- FY 27 sales to date total \$11.1 million.
- Despite the decline in revenue and the loss, MCE remains financially secure with over \$30 million in current assets — cash, accounts receivable, and inventory combined.
- Of that, inventory currently totals \$19.4 million, well above the normal level of roughly \$8–9 million. The elevated inventory is largely tied to capital projects that have been delayed by customers, requiring MCE to rent trailers to store finished goods awaiting installation.
- Some inventory is beginning to move — including the University of Maryland installation — though not fast enough yet to bring inventory back to normal levels. Sales and installation teams are working with customers to get more accurate delivery and installation dates.

Thomas Hickey, University of Maryland System

Thomas Hickey: You said you had \$30 million in reserves — current assets. Can you break out what the inventory is versus accounts receivable and cash?

Mark Rowley: Right now, we have \$19.4 million in inventory. A lot of that inventory is extremely high because we have a large amount of capital projects that have been delayed. We've produced the product and, unfortunately, have had to spend money renting trailers to hold it while we wait on customers' installation dates.

Thomas Hickey: I would consider that a liability, not a cushion. Having inventory that's not going out the door is a liability.

Mark Rowley: It's not good for us. Our normal inventory should be right around \$8–9 million. The good news is some of these projects are beginning to move — the University of Maryland installation is underway — but not fast enough yet. Our sales and installation teams are working with customers to get more accurate delivery dates.

Emily Hollis, Comptroller's Office

Emily Hollis: Is there a fee charged to agencies that must put things in storage?

Stephen Sanders: We charge trailer storage fees, and most agencies understand and pay the fee, which covers storage of the finished goods. But it doesn't help us when that capital is tied up in a completed installation, we can't use the monies that are tied up in finished goods inventory to purchase raw materials for the next project or convert to cash for expenses like salaries.

CEO Update (continued) - Stephen Sanders

Our current vacancy rate is 22%.

- The vacancy rate continues to rise due to retirements that have not yet been backfilled. MCE is now at a point where hiring is essential to sustain business operations.
- One Class A CDL driver was hired for Hagerstown; a second candidate declined our salary offer, and the position will need to be reposted.
- One Class A CDL driver was hired for the Central Warehouse in Jessup, MD, with an additional driver currently in background check. Hiring timelines remain long, often taking up to nine months to bring a driver on board.
- MCE has decided to hire two replacement operators — staff trained across multiple jobs who can be deployed wherever needed, rather than filling one fixed position — to help address the Jessup staffing shortage, along with an additional Class A CDL hire for the Central Warehouse.
- Due to the truck driver shortage, MCE currently relies on contractual trucking to make deliveries, at a cost of about \$800 per truck per day — roughly two-thirds more expensive than hiring a driver with benefits. MCE is working to move away from contractual trucking.
- Four more retirements are expected in October and November.
- The program participant count at the end of August was 861, against a fiscal year target of 950. There is currently not enough sales volume to provide enough work to support additional participants.

Projects:

MCE Graphics Move from MCIJ to JCI

MCIJ closed as an institution in June; however, the MCE graphics plants located there (Plants 132, 140, and 145) continue to operate. These plants will transfer operations and personnel — both incarcerated individuals and staff — to JCI.

- Construction on the new JCI location is not expected to begin until October. Completion of the project and relocation of equipment is not expected until sometime early next year.
- Special thanks to Commissioner Dickens, PC9, Assistant Commissioner Parker, Director of Capital Construction Washington, and the DPS team for coordinating this transfer.
- Graphics Plants 132, 140, and 145 have been consolidated into a single plant, reducing costs and improving efficiency.

Consolidation and Cost Reduction

- Metal Plants 1 and 2 have been consolidated into a single plant (Metal 1), reducing costs and improving efficiency.
- Raw materials and finished goods previously stored in rented trailers are now stored in Metal 2, saving MCE approximately \$300 per month in trailer rental costs.
- MCE's Mailing and Distribution operation has been consolidated with the Sew plant at the women's facility due to a decline in Mailing and Distribution's business volume. The consolidation preserves jobs for incarcerated individuals, provides cross-training opportunities, and allows extra manpower to support Plant 104.

New and Expanded Offerings

- The furniture restoration plant at ECI continues refurbishing furniture. Several state universities and colleges are choosing to refurbish rather than buy new, saving money while recycling furniture instead of disposing of it.
- The MCE Graphics Sign Plant at Patuxent continues to provide vehicle wraps and decaling services. MCE recently received a letter of recognition from the Maryland Department of Natural Resources Police for Plant Manager Mark Odom's work decaling 13 new Ford F-150 response vehicles.
- The MCE Textiles Plant at ECI has developed MCE's first dual-density, radio-frequency sealed mattresses for college and university dormitory use, now available through the MCE catalog. These mattresses have already been supplied to the University of Maryland Eastern Shore.
- In January 2026, MCE transferred cold storage of frozen food used by the MCE meat plant at MCIH from a facility in Chambersburg, Pennsylvania, to Ocelo Cold Storage in Hagerstown, Maryland. The move offers better pricing and terms, is more conveniently located near the meat plant, and keeps MCE's business with a Maryland-based company.
- The New Product Committee introduced 38 new products this fiscal year, including correctional-compliant mops and brooms. The E-Float table system remains a popular and cost-competitive offering compared to similar products from other manufacturers.

- MCE Chief Operations Officer Charles L. Smith has been appointed to the Prison Education Delivery Reform Commission. Congratulations to Mr. Smith.

Price Increases

- Tariffs and the economic impact of the war in Iran continue to drive up the cost of raw materials, fuel, and shipping, with rising diesel prices a significant factor.
- Aluminum prices are expected to spike by approximately 47% worldwide.

MCE's primary goal remains the rehabilitation and reentry of incarcerated individuals who choose to participate in our program. We are proud of what our organization has accomplished and are rewarded by every success story from those who reenter society, better prepared to thrive.

CARES Update - Marsha Groover-Graham

This report provides an overview of the MCE reentry department's activities from July to September.

- During this timeframe, the department extended reentry support to 8 program participants.
- MCE has created a new job-skill training certificate through the Department of Labor for program participants who assist with the annual inventory process. Criteria for the certificate were developed with MCE's Inventory Director Israel. Once awarded by a plant manager or supervisor, participants will receive a certified Department of Labor certificate in inventory expertise.
- MCE has partnered with Page Industrial Services, a construction company seeking to hire former program participants — or those nearing release — for construction superintendent roles on the Eastern Shore. The CARES team is reaching out to eligible participants and plant managers to identify candidates and is assisting with resumes and cover letters.
- CARES classes are continuing at MCIW and are expected to be complete by the first week of November. The next CARES classes will be offered at RCI and in Hagerstown.
- A new workshop has been launched for the roughly 150 program participants at the warehouse, most of whom are work-release eligible. The workshop covers resume development, mock interviews to build confidence and communication skills, refining cover letters to address employment gaps or transition periods, and connecting participants with local, reentry-friendly employers through partners such as Maryland Works.

Members Reports

Next Management Council Meeting: December 15, 2026 (Virtual)
