



WASHINGTON STATE
CORRECTIONAL INDUSTRIES

MARKET SHARE REPORT



CLASS II INDUSTRIES

FISCAL YEAR 2020

CI MISSION STATEMENT

Correctional Industries is committed to maintain and expand work training programs which develop marketable job skills, instill and promote positive work ethics and reduce the tax burden of corrections.

CI CORE VALUES

Lead - We walk the talk to motivate change.

Humanity - We provide opportunity for second chances.

Connections - We foster understanding and mentor growth.

Teamwork - We build unity and strength through collaboration.

People - We inspire and empower individual success.

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Leadership

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Director

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Scott Edwards
Assistant Director/CFO

EXECUTIVE SUMMARY

Correctional Industries (CI) completed a comprehensive market share evaluation in accordance with RCW 72.09.100 Section 2 d ii. The evaluation considered 13 lines of business and compared CI revenue to Gross Business Income (GBI) for similar businesses, as reported to the Washington State Department of Revenue (DOR).

Each CI line of business was paired with one or more North American Industry Classification System (NAICS) codes. CI calculated market share using DOR GBI data for all identified NAICS codes. CI revenue is not reported to DOR. To ensure an accurate GBI for the State of Washington, CI revenue is added to the GBI for each NAICS code prior to calculating market share.

Similar to private sector businesses, CI operations experience changes from year to year. During the past several years, CI has closed, expanded, or otherwise changed operations. CI's operations did not change in fiscal year 2020, however, a decision was made regarding the reporting of food manufacturing revenue for the fiscal year 2019 report and continued in the fiscal year 2020 report. Prior to fiscal year 2019, CI external revenue resulting from food manufacturing was categorized into three product areas: Frozen Meals and Vegetables, Bakery, and Meat. Beginning with the fiscal year 2019 report, CI external revenue for food manufacturing is reported as a total of all three categories. There were no changes to the associated NAICS codes. The sum total GBI for all eight (8) NAICS codes was used for market share calculation.

The outcome of CI's fiscal year 2020 market share evaluation was consistent with previous years. Of the 13 Class II businesses included in this report, 11 have a market share of less than two (2) percent. The two (2) businesses with a greater than two (2) percent market share, provide services internally to the Department of Corrections.

CI's statewide laundry operation increased in market share from 2.264 percent in fiscal year 2019 to 2.412 percent in fiscal year 2020. The average market share for the past five (5) years is 2.39 percent, and CI's market share is trending down over the same time period.

CI food service operations have not expanded since fiscal year 2017. CI's market share has increased from 3.819 percent in fiscal year 2019 to 4.654 in fiscal year 2020.

OVERVIEW

The purpose of the market share evaluation is to determine CI's percentage of revenue as compared to similar businesses operating within the State of Washington.

Year over year, evaluation outcomes show all CI Class II businesses have insignificant shares of their respective markets within the State of Washington. The result of the fiscal year 2020 evaluation verified and confirmed this same conclusion.

Market share is used during the development of CI's strategic business plan for both the short and long term. The report is used to analyze the current and potential impact on private sector businesses within the State of Washington. Market share also indicates market direction and business demands.

CI is tasked with expanding real-world work training opportunities for incarcerated individuals, while minimally affecting private sector businesses. Balancing the mission of CI with the impacts to private sector businesses has and will continue to be a priority.

MARKET SHARE EVALUATION

Market share evaluation based upon Gross Business Income (GBI) data provided by the Washington State DOR for fiscal year 2020. GBI data is categorized by North American Industry Classification System (NAICS) codes.

According to the United States Census Bureau, the NAICS is the standard used by Federal statistical agencies in classifying business establishments for the purpose of collecting, analyzing, and publishing statistical data related to the U.S. business economy. The most recent revision to NAICS codes was published in August 2016 and was used to calculate market share for fiscal year 2020.

For this report, CI reviewed past NAICS codes as they related to CI businesses, and variations in any changes required to existing businesses as needed. Upon completion, CI submitted a request to DOR for GBI data for specific NAICS codes as assigned to CI lines of business.

Business Line	WA GBI	CI Revenue	CI Market Share
Cardboard Boxes	\$ 1,518,494,832	\$ 491,412	0.032%
Embroidery & Screen Printing	\$ 292,596,710	\$ 1,112,487	0.380%
Field Crops - Wheat	\$ 7,145,027	\$ 87,609	1.226%
Food Service	\$ 715,107,080	\$ 33,284,598	4.654%
Food Manufacturing	\$ 7,133,228,296	\$ 7,269,557	0.102%
Furniture	\$ 2,456,632,789	\$ 20,025,370	0.815%
Janitorial Products	\$ 2,935,355,092	\$ 943,944	0.032%
Laundry	\$ 141,431,356	\$ 3,410,920	2.412%
Mattresses	\$ 252,896,136	\$ 1,207,326	0.477%
Optical Laboratory	\$ 299,464,025	\$ 4,174,578	1.394%
Printing & Signage	\$ 722,762,337	\$ 1,226,878	0.170%
Sanitary Paper Products	\$ 2,114,037,126	\$ 1,553,218	0.073%
Textiles	\$ 394,604,276	\$ 5,760,944	1.460%

This report does not include license plates manufacturing and vehicle validation tabs, where CI is the sole source supplier to the Washington State Department of Licensing.

CHARTS & GRAPHS

FIGURE 1

Washington Market

Shown is the fiscal year 2020 Washington State GBI for businesses within CI's same industry, which totalled over \$18.9 billion and CI's external revenue for fiscal year 2020 of \$80.5 million.

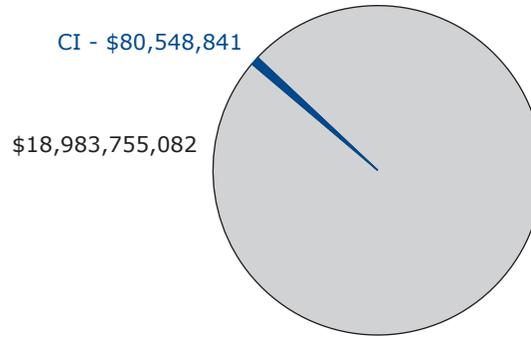


FIGURE 2

CI Five Year (2016-2020) Average Market Share

Shown are the five (5) year average market shares for all CI lines of business included in this report. Three (3) businesses have an average share above two-percent - Field Crops, Food Service, and Laundry.

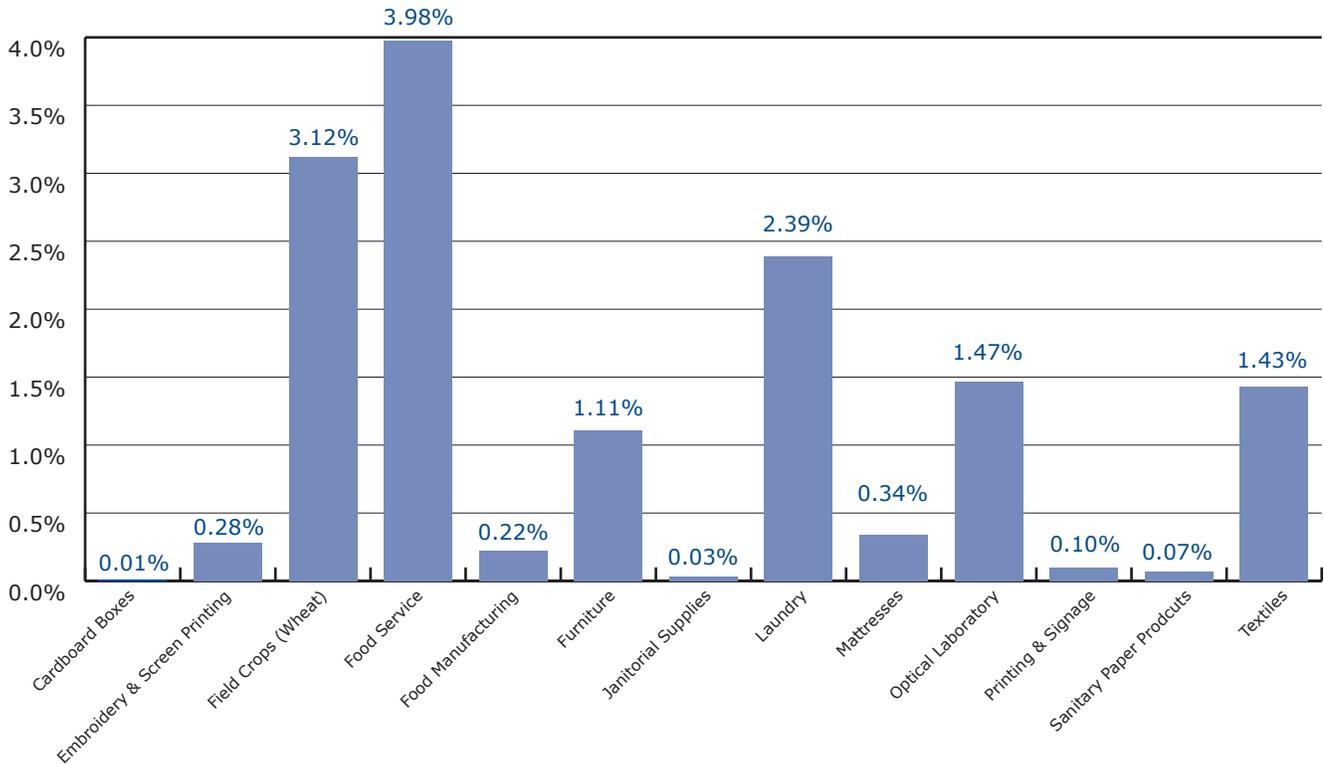


FIGURE 3

CI Annual Market Share

Shown are the total market share for fiscal years 2016-2020. CI's overall annual market share is consistently less than one-half of one-percent of total Washington State GBI.



CHARTS & GRAPHS

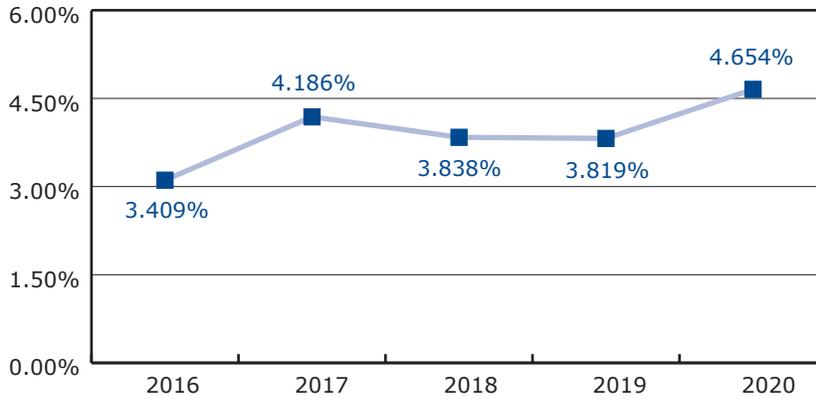


FIGURE 4
Food Service Market Share

Shown are fiscal years 2016-2020 market share percentages for CI's food service operations. CI manages service at Airway Heights Corrections Center, Coyote Ridge Corrections Center, Monroe Correctional Complex, Washington Corrections Center, and Washington State Penitentiary.



FIGURE 5
Furniture Market Share

Shown are fiscal years 2016-2020 market share for CI's furniture division which includes office furniture, lounge seating, dormitory furniture and furniture installation services.

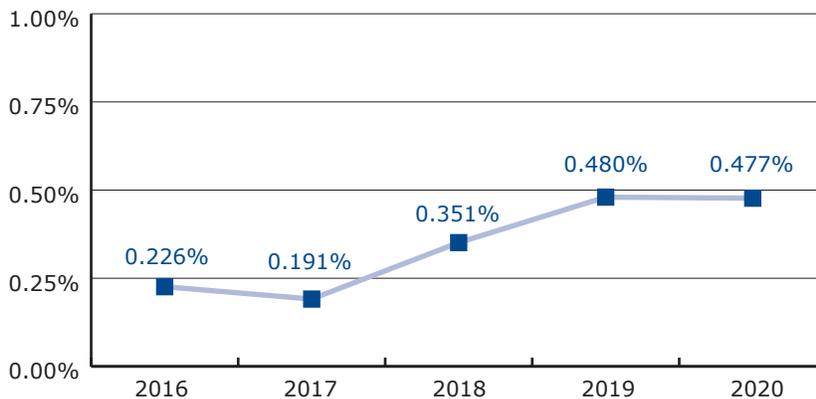


FIGURE 6
Mattresses Market Share

Shown are fiscal years 2016-2020 market share percentages for CI's mattress manufacturing operation.

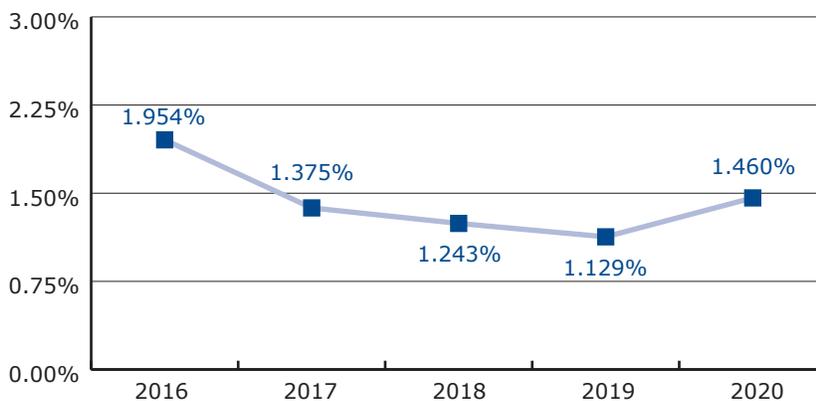


FIGURE 7
Textiles Market Share

Shown are fiscal years 2016-2020 market share percentages for CI's textiles operations.

NORTH AMERICAN INDUSTRY CLASSIFICATION SYSTEM

The following North American Industry Classification System (NAICS) codes were used in the evaluation of Correctional Industries' market share.

Business Line	Code	Description
Cardboard Boxes	322211	Corrugated & Solid Fiber Box
Embroidery & Screen Printing	314999	All Other Miscellaneous Textile
	323113	Commercial Screen Printing
Field Crops	111140	Wheat Farming
Food Service	722310	Food Service Contractor
Food Manufacturing	311411	Frozen Fruit, Juice & Vegetable
	311412	Frozen Specialty Food
	311812	Commercial Bakeries
	311813	Frozen Cakes, Pies & Other Pastries
	311821	Cookie and Cracker Manufacturing
	311612	Meat Processed from Carcasses
	311615	Poultry Processing
	424470	Meat and Meat Product Merchant
Furniture	238390	Other Building Finishing Contractors
	337110	Wood Kitchen Cabinet & Counter top
	337121	Upholstered Household Furniture
	337122	Non-Upholstered Wood Household Furniture
	337124	Metal Household Furniture
	337127	Institutional Furniture
	337211	Wood Office Furniture
	337212	Custom Architectural Woodwork
	337214	Office Furniture (Except Wood)
	337215	Showcase, Partition, Shelving and Locker
	811420	Reupholstery and Furniture Repair
Janitorial Products	424690	Other Chemical & Allied Products
Laundry	812320	Dry cleaning & Laundry Services
Mattresses	337910	Mattress Manufacturing
Optical Laboratory	339115	Ophthalmic Goods
	423460	Ophthalmic Goods Merchant
Printing & Signage	323117	Books Printing
	322230	Stationery Product Manufacturing
	323111	Commercial Printing (Except Screen/Books)
	339950	Sign Manufacturing
Recycle	423930	Recyclable Material Merchant
Sanitary Paper Products	424130	Industrial & Personal Service Paper Merchant Wholesaler
Textiles	315220	Men's/Boys' Cut & Sew Apparel Manufacturing
	315240	Women's/Girls' & Infants Cut & Sew Apparel Manufacturing
	315280	Other Cut & Sew Apparel Manufacturing
	314120	Curtain & Linen Mills
	314910	Other Cut & Sew Apparel Manufacturing