

# CLASS II INDUSTRIES MARKET SHARE REPORT

## WASHINGTON STATE CORRECTIONAL INDUSTRIES

***Our Vision:*** Transform lives and increase successful reentry through training and mentoring.

***Our Mission:*** 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.

### ***Our 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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Jamie Dolan  
Interim Director

Todd Cunnington  
Assistant Director

Scott Edwards  
Assistant Director/CFO

Lindsey Konrad  
Interim Assistant Director

Ryan Sadler  
Assistant Director

## 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 11 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. In fiscal year 2022, CI completed the closure of the field crops and box manufacturing operations.

The outcome of CI's fiscal year 2022 market share evaluation was consistent with previous years. Of the 11 Class II businesses included in this report, 10 have a market share of less than one (1) percent. CI food service is the only business with a greater than two (2) percent market share provides services internally to the Department of Corrections.

CI food service operations have not expanded since fiscal year 2017. CI's market share decreased from 7.035 percent in fiscal year 2021 to 4.509 in fiscal year 2021. CI food service revenue remained consistent with previous years and the Washington State GBI for commercial food service operators increased 54.6 percent between fiscal year 2021 and 2022. The significant increase in GBI resulted in a 2.5 percent decrease in CI's market share.

## 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 2022 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 2022. 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 December 2021 and was used to calculate market share for fiscal year 2022.

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
Embroidery & Screen Printing	\$ 289,324,682	\$ 675,024	0.233%
Food Service	\$ 728,325,968	\$ 32,842,48	4.509%
Food Manufacturing	\$ 8,691,009,411	\$ 9,271,535	0.107%
Furniture	\$ 2,756,236,080	\$ 9,511,480	0.345%
Janitorial Products	\$ 3,388,377,894	\$ 574,589	0.017%
Laundry	\$ 133,168,062	\$ 2,530,166	1.900%
Mattresses	\$ 253,459,119	\$ 1,726,927	0.681%
Optical Laboratory	\$ 391,566,351	\$ 4,257,888	1.087%
Printing & Signage	\$ 1,127,715,043	\$ 628,568	0.056%
Sanitary Paper Products	\$ 2,239,216,015	\$ 1,548,298	0.069%
Textiles	\$ 417,317,562	\$ 5,252,737	1.259%

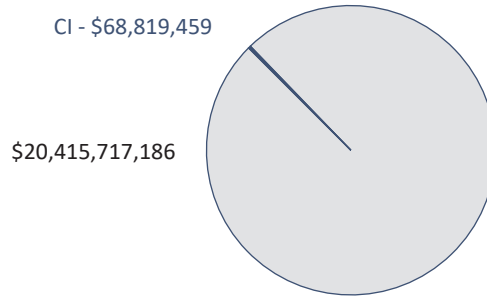
This report does not include license plates manufacturing and vehicle validation tabs, where CI is the sole source supplier to the Washington State Department of Licensing.

CHARTS & GRAPHS

**FIGURE 1**

**Washington Market**

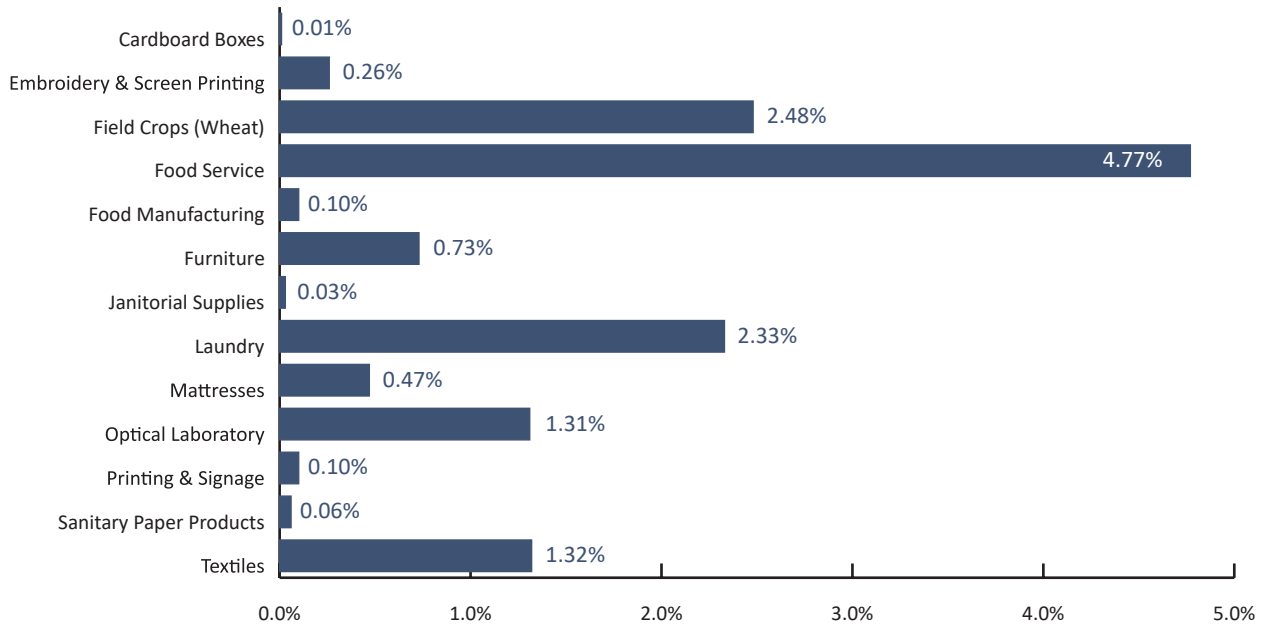
Shown is the fiscal year 2022 Washington State GBI for businesses within CI's same industry which totaled over \$20.4 billion and CI's external revenue for fiscal year 2022 of \$68.8 million.



**FIGURE 2**

**CI Five Year (2018-2022) Average Market Share**

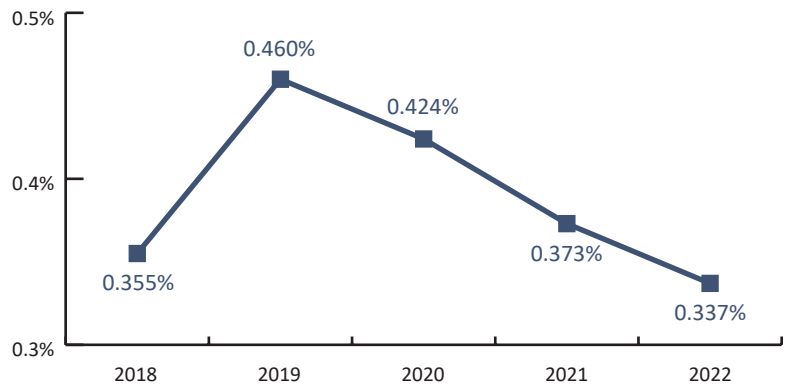
Shown are the five (5) year average market shares for all CI lines of business included in this report. Three (3) businesses have an average share above two-percent - field crops, food service and laundry. Note: CI closed cardboard box manufacturing and field crop operations in FY22.



**FIGURE 3**

**CI Annual Market Share**

Shown are the total market share percentages for fiscal years 2018-2022. CI's overall annual market share is consistently less than one-half of one-percent of the total Washington State GBI.

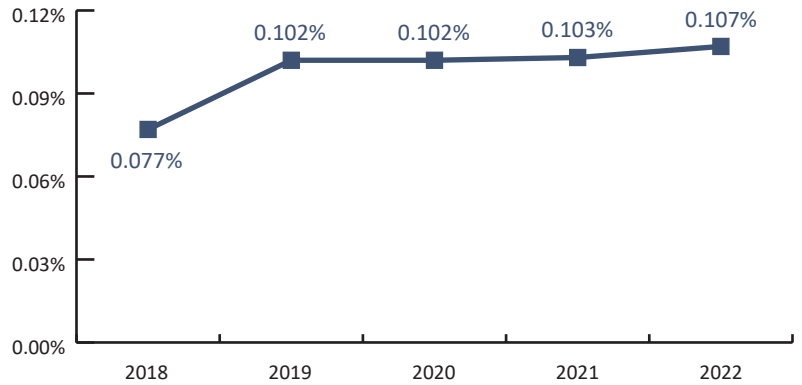


CHARTS & GRAPHS

**FIGURE 4**

**Food - Frozen Meals and Vegetables, Bakery, and Meats Market Share**

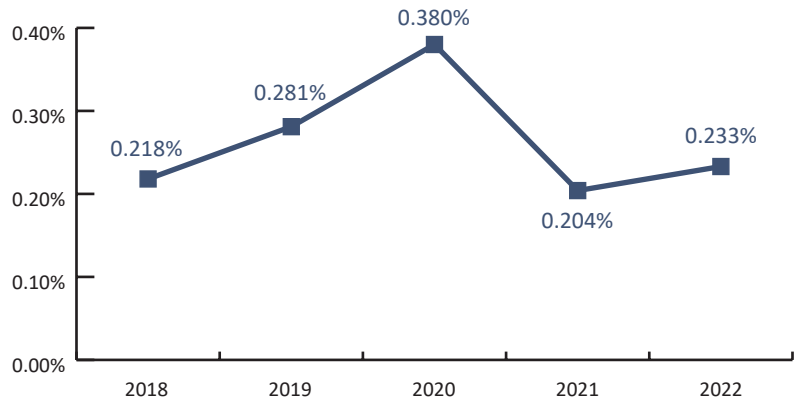
Shown are fiscal years 2018-2022 market share percentages for CI's food manufacturing operation at Airway Heights Corrections Center.



**FIGURE 5**

**Embroidery & Screen Printing Market Share**

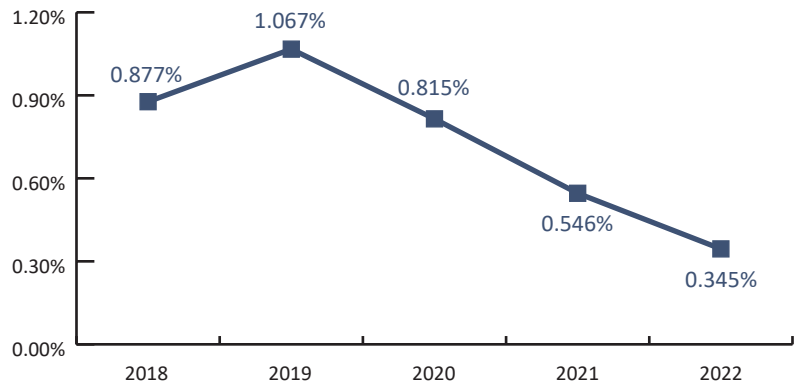
Shown are fiscal years 2018-2022 market share percentages for CI's embroidery and screen printing operations at Airway Heights Corrections Center and Washington Corrections Center for Women.



**FIGURE 6**

**Furniture Market Share**

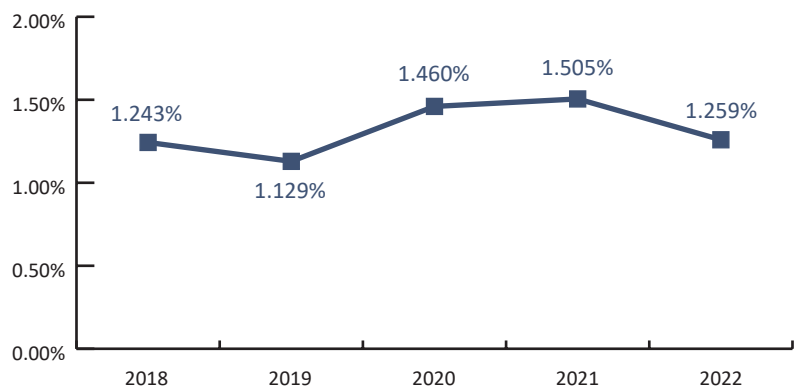
Shown are fiscal years 2018-2022 market share percentages for CI's furniture operations at Stafford Creek Corrections Center.



**FIGURE 7**

**Textiles Market Share**

Shown are fiscal years 2018-2022 market share percentages for CI's textiles operations at Airway Heights Corrections Center, Coyote Ridge Corrections Center, and Washington Corrections Center.



## 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
Embroidery & Screen Printing	314999	All Other Miscellaneous Textile Product Mills
	323113	Commercial Screen Printing
Food Service	722310	Food Service Contractors
Food Manufacturing	311411	Frozen Fruit, Juice, and Vegetable Manufacturing
	311412	Frozen Specialty Food Manufacturing
	311812	Commercial Bakeries
	311813	Frozen Cakes, Pies, and Other Pastries Manufacturing
	311821	Cookie and Cracker Manufacturing
	311612	Meat Processed from Carcasses
	311615	Poultry Processing
	424470	Meat and Meat Product Merchant Wholesalers
Furniture	238390	Other Building Finishing Contractors
	337110	Wood Kitchen Cabinet and Countertop Manufacturing
	337121	Upholstered Household Furniture Manufacturing
	337122	Nonupholstered Wood Household Furniture Manufacturing
	337126	Household Furniture (except Wood and Upholstered) Manufacturing
	337127	Institutional Furniture Manufacturing
	337211	Wood Office Furniture Manufacturing
	337212	Custom Architectural Woodwork and Millwork Manufacturing
	337214	Office Furniture (except Wood) Manufacturing
	337215	Showcase, Partition, Shelving, and Locker Manufacturing
	811420	Reupholstery and Furniture Repair
	Janitorial Products	424690
Laundry	812320	Drycleaning and Laundry Services (except Coin-Operated)
Mattresses	337910	Mattress Manufacturing
Optical Laboratory	339115	Ophthalmic Goods Manufacturing
	423460	Ophthalmic Goods Merchant Wholesalers
Printing & Signage	323117	Books Printing
	322230	Stationery Product Manufacturing
	323111	Commercial Printing (except Screen and Books)
	339950	Sign Manufacturing
Sanitary Paper Products	424130	Industrial and Personal Service Paper Merchant Wholesalers
Textiles	314120	Curtain and Linen Mills
	314910	Textile Bag and Canvas Mills
	315250	Cut and Sew Apparel Manufacturing