



A Report on the
Sources and Uses of Funds
From the Massachusetts Department of Correction's

Central Inmate Benefit Fund
Central Law Library Fund
and
Central Program Account

For The Period of
July 1, 2016 - June 30, 2017

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A REPORT ON THE CENTRAL INMATE ACCOUNTS/FUNDS FOR THE
PERIOD OF JULY 1, 2016 - JUNE 30, 2017

1. Introduction

The Central Office of the Massachusetts Department of Correction (DOC), pursuant to 103 DOC 476, maintains two separate accounts, the Program Account (476.10) and the Law Library Fund (476.11). These accounts, along with the Central Inmate Benefit Fund (CIB) or Z-1 Account, have been established ostensibly to provide services or benefits to prisoners. The Program Account and the Law Library Fund are funded almost entirely from assessments paid into those accounts by each correctional institution on a monthly basis. The other source of funds comes from interest earned monthly on balances maintained in each account. In the time period covered by this report, the Law Library Fund received 20% of the revenue received into each institution, a reduction from 35% in previous years. [103 DOC 476.11(1)] The Program Account received 10% [103 DOC 476.10(2)]. Each institution is required to submit monthly Inmate Benefit Revenue Reports to the Central Office detailing the institution's total revenue and expenditures for that time period, including the aforementioned assessments.

From July 1, 2016 through June 30, 2017, as in past years, the main source of funds at the institutional level came from commissions received from Keefe Commissary Network (KCN) on purchases made by prisoners at canteens or for clothing and/or appliance items. The commissions are a percentage of the revenue raised by KCN on sales of items to prisoners. KCN commissions alone represent close to 90% of the total revenue received by institutions. Other sources of income for institutions include commissions on sales of products in vending machines, interest, soda bottle refunds, and locker money collected from visitors. Commissions paid on sales of music, MP3/MP4 players and accessories, and Secure Pak sales go directly into the CIB and are not received at the institutional level.

The DOC established the Program Account as "an effort to identify and utilize all available resources ... to supplement existing programs or funding for new programs throughout the Department." [103 DOC 476.10(11)] The DOC does not indicate in 103 DOC 476 the reason why the Law Library Fund was established or how the funds are to be expended. In past years, the Law Library Fund was used to computerize the law libraries in each institution. That work has been completed for some time. What remains is merely to upload the information provided by the courts and vendors on a semi regular basis and to pay for network connections and maintenance.

The CIB (Z-1) is not referenced in 103 DOC 476. Z-1 Accounts are maintained in each institution and are funded by the revenue left over after the Law Library Fund and Program Account assessments have been paid to the Central Office. The CIB appears to be an

extension of the individual Z-1 institutional accounts. The DOC does not assess institutional revenue to support the CIB Fund. In past years, funds have been transferred from the Central Law Library Fund to the CIB when funds were needed in that account.

Superintendents from each institution can petition the Central Office for payment of major institutional expenditures from one of the three central accounts on a case-by-case basis. Any expenditure exceeding \$1,000 from institutional Z-1 accounts, however, must be given written approval from Administrative Services in the Central Office. [103 DOC 476.12(5)] Superintendents are responsible for expending the 70% remaining at the institutional level after the Central Office assessments have been paid. According to 103 DOC 476.12(2): "Expenditures of such funds [at the institutional level] shall benefit the general inmate population or be for any goods or services determined by the Commissioner to be necessary to maintain and/or enhance the delivery of services to inmates."

To review the reports on these three Central Accounts/Funds for Fiscal Years 2014, 2015, and 2016, as well as other reports produced by the Lifers' Group Inc. go to: www.realcostofprisons.org/writing. The author of this report and the members of the Lifers' Group Inc. thank Lois Ahrens, Executive Director of the Real Cost of Prisons Project, for her much valued and long-term support and work on behalf of prisoners nationally and in Massachusetts, including the postings of this report and others on the above noted website. Please direct any comments or questions regarding this report or any others produced by the Lifers' Group Inc. to: Gordon Haas, Chairman - Lifers' Group Inc., MCI-Norfolk, P.O. Box 43, Norfolk, MA 02056.

2. Total Sources and Uses of Funds - Fiscal Year 2017

<u>Account/Fund</u>	<u>Total Sources</u>	<u>Total Uses</u>	<u>Differences</u>
Central Inmate Benefit Fund	\$ 81,320.19	\$142,564.49	(\$ 61,244.30)
Law Library Fund	387,526.70	214,938.72	172,587.98
Program Account	<u>176,784.20</u>	<u>62,580.29</u>	<u>114,203.91</u>
Totals	645,631.09	420,083.50	225,547.59

The total of the Sources of Funds exceeded the total Uses of Funds by \$225,547.59. This overage was \$152,781.03 less than Fiscal Year 2016's overage of \$378,328.62 or a decrease of 40.4%. This difference can be accounted for primarily due to the decrease to 20% in the monthly assessments for the Law Library Fund. The decrease in the Sources of Funds for the Law Library Fund from Fiscal 2016 to Fiscal 2017 was: \$266,402.09 or 40.7%.

3) Central Inmate Benefit Fund (CIB) (Z-1)**a) Balance Sheet**

Beginning Balance (7/1/16)	\$ 446,371.07
+ Sources of Funds	<u>81,320.19</u>
Subtotal	527,691.26
- Uses of Funds	<u>142,564.49</u>
Ending Balance (6/30/17)	\$ 385,126.77

b) Sources of Funds (7/1/16 - 6/30/17)

Secure Pak Commissions	\$ 57,367.00
Music Downloads / MP3/MP4 Commissions	19,032.25
Interest	4,594.94 ¹
Set Top Boxes	<u>326.00</u>
Total Sources of Funds	81,320.19 ²

c. Uses of Funds (7/1/16 - 6/30/17)

Swank	\$ 46,725.00
Phone Interpreting	33,077.00
Libraries	28,068.22
Concourse Sites	10,780.00
Televisions - Shattuck	8,445.96
NEADS - MCI-Norfolk	4,311.73 ³
Freezer - MCI-Norfolk	4,000.00
BSN Sports	3,869.98
Speakers / Breakaway Cables	2,968.43
Frames	240.60
Refunds	<u>77.57</u>
Total Uses of Funds	142,564.49

¹ Includes a one time transfer of \$1,453.03

² The total of the Sources of Funds decreased from \$119,491.57 in Fiscal 2016 to \$81,320.19 in Fiscal 2017 primarily due to a one-time transfer in Fiscal 2016 of \$39,818.34 from the Bay State Inmate Benefit Fund upon the closing of that institution.

³ In addition to the NEADS expenditures from the CIB, the MCI-Norfolk Z-1 Account also expended \$3,444.81 for the NEADS Program at that institution, for a total of \$7,756.54 between the two funds. This does not include any funds expended at other institutions where the NEADS Program functions.

4. Central Law Library Fund (Z-176)a. Balance Sheet

Beginning Balance (7/1/16)	\$1,405,915.17
+ Sources of Funds	<u>387,526.70</u> ¹
Subtotal	1,793,441.87
- Uses of Funds	<u>214,938.72</u>
Ending Balance (6/30/17)	1,578,503.15 ²

b) Sources of Funds (7/1/16-6/30/17)

MCI-Shirley Assessment	\$65,939.95
MCI-Norfolk Assessment	63,891.32
MCI-Gardner Assessment	39,611.30
Souza-Baranowski Assessment	39,221.45
MCI-Concord Assessment	32,115.41
MCI-Framingham Assessment	25,836.05
Old Colony C. C. Assessment	25,432.40
MCI-Cedar Junction Assessment	22,821.42
Concord Farm Assessment	11,393.69
Treatment Center Assessment	11,349.73
So. Middlesex Assessment	9,291.73
Boston Pre-Release Assessment	7,537.98
Briggewater Hosp. Assessment	7,431.04
Pondville Assessment	6,329.28
MCI-Plymouth Assessment	3,968.89
MASAC Assessment	3,734.71
Interest	<u>11,620.35</u> ³
Total	387,526.70

Uses of Funds (7/1/16-6/30/17)

Matthew Bender / Nexis	\$119,181.50
Verizon	43,587.64
West Publishing	27,134.44
Citrix	10,890.00
Lawyers' Weekly ⁴	5,685.00
Otis	4,730.64
Lawyers' Diary ⁴	<u>3,729.50</u>
Total	214,938.72

¹ The decrease of \$266,402.09 from FY 2016 or 40.7% was primarily due to the decrease in monthly assessment percentage from 35% to 20% charged to each institution.

² Despite the 40.7% decrease in revenue, the ending balance increased by \$172,587.98 or 12.3%. Given that increased surplus, the assessment percentage of 20% again needs to be reviewed. In fact, in FY2017, the assessment percentage could have been reduced to 12% and the expenses would have been covered.

³ This averages \$968.36 per month. Given that interest rates hover around 1%, this interest amount reflects the balance, at or over \$1,000,000, maintained in this fund. Why such an amount is left to merely collect interest at a very low rate needs to be investigated.

⁴ Annual subscriptions for Lawyers' Weekly and Lawyers' Diary are ordered separately for each institution and billed separately in different months. It would seem more efficient to order in bulk for the sixteen institutions, pay invoices once, and seek quantity discounts.

5. Central Program Account**a) Balance Sheet**

Beginning Balance (7/1/16)	\$504,263.08
+ Source of Funds	<u>176,784.20</u>
Subtotal	681,047.28
- Uses of Funds	<u>62,580.29</u>
Ending Balance (7/17/17) ¹	618,466.99

b) Sources of Funds ² (7/1/16 - 7/17/17)

7/1/16 - 9/12/16	\$ 25,527.67
9/13/16 - 7/17/17	<u>151,256.53</u>
Total	176,784.20

c) Uses of Funds ² (7/1/16 - 7/17/17)

TVs, Splitters, Earbuds - MASAC	\$24,874.50
Welding Simulators ³	19,917.25
Welding Program Curriculum ³	4,587.99
Indirect Charges	4,513.24
SBCC Smoke Filters	4,071.62
Horticulture Beautification Projects	1,648.39
BPRC T-Passes	1,448.00
Reentry Marketing Posters	845.00
	<u>674.30</u>
Total	62,580.29

¹ The Central Program Account operates on a slightly different Fiscal Year calendar in 2017 from the other two central accounts. For the purposes of this report, based on the data reported pursuant to the Public Records request, the FY 2017 for the Program Account ended on July 17, 2017.

² The primary source of income for this account is the monthly 10% Assessment to each institution against its monthly revenues. The DOC does not break down how much each institution contributed or the amount of interest earned.

³ No specific institutions were noted for this expenditure.

6) Total of Ending Balances of Each Account on June 30, 2017

Central Inmate Benefit Fund (Z-1)	\$ 385,126.77
Law Library Fund	1,578,503.15
Central Program Account 1	<u>618,466.99</u>
Total	\$ 2,582,096.91

1 While the Program Account for FY 2017 ended on 7/17/17, for purposes of consistency, the Ending Balance for the Central Program Account is noted as June 30, 2017.

Total Ending Balances (6/30/17)	2,582,096.91
Total Ending Balances (6/30/16)	- <u>2,356,549.32</u>
Increase in Surplus from FY 2016	225,547.59

The total of the Ending Balances on June 30, 2016 was \$2,356,549.32. (See A Report On The Sources And Uses Of Funds From The Massachusetts Department of Correction's Central Inmate Benefit Fund, Central Law Library Fund And Central Program Account, October 2016, published by the Lifers' Group Inc. at 8.) The total of the Ending Balances on June 30, 2017 was \$2,582,096.91, an increase of \$225,547.59 or 9.6%. The perennial question remains, which has gone unanswered year after year: Why is the Department of Correction simply stockpiling funds in these accounts rather than increasing spending for programs designed to reduce recidivism?

This report is prepared and published on behalf of the Lifers' Group Inc. at MCI-Norfolk. The Lifers' Group Inc. and the writer of this report are responsible for the contents. Comments, questions, or corrections should be directed to: Gordon Haas, Chairman, Lifers' Group Inc., MCI-Norfolk, P.O. Box 43, Norfolk, MA 02056. Copies of this report are available upon request.