

A REPORT ON THE SOURCES AND USES OF
FUNDS FROM THE MASSACHUSETTS
DEPARTMENT OF CORRECTION'S

CENTRAL INMATE BENEFIT FUND (Z1)
CENTRAL LAW LIBRARY FUND (Z176)
and
CENTRAL PROGRAM ACCOUNT

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A REPORT ON THE CENTRAL INMATE ACCOUNTS / FUNDS

For the Period July 1, 2013 - June 30, 2014

1) Introduction

Pursuant to a Public Records Request, with the assistance of the Public Records Division of the Office of the Secretary of State, I received from the MA Department of Correction (DOC) data concerning the DOC's Central Inmate Benefit Fund (Z1), the Central Law Library Fund (Z176), and the Central Program Account for FY 2014 (July 1, 2013 - June 30, 2014). These accounts were established by the DOC and are regulated through 103 DOC 476. The data received from the DOC covered income into and disbursements from each of the three accounts.

2) Central Inmate Benefit Fund (Z1)

a) Balance Sheet

Beginning Balance (7/1/13)	0.00*
+ Income (Sources of Funds)	<u>881,180.61</u>
Subtotal	881,180.61
- Expenses (Uses of Funds)	<u>140,876.08</u>
Ending Balance (6/30/14)	740,304.53

* Calculated by author based on Ending Balance given in data provided by the DOC, plus total expenses, minus total income.

b) Sources of Funds (7/1/13 - 6/30/14)

Transfer of Funds from Law Library Fund	800,000.00
Secure Pac Commissions	76,361.56
MP3 Commissions	2,662.75
Interest	1,967.05
Rebates	127.25
Converter Boxes	<u>62.00</u>
Total Sources	881,180.61

c) Uses of Funds (7/1/13 - 6/30/14)

Swank Contract	46,575.00
Phone Interpreting Services	40,011.77
Books	25,000.00
ACH Charges - Check Printing	18,218.85
BSH - Exercise Equipment	6,499.48
BSH - Chairs	3,663.60
Digital Quran	207.00
Transfer to IBF (Inmate Benefit Fund)	200.00
BSH - Replacement Remotes	194.50
Cartridges for Printer	181.00
MCI-N Sesame Street	75.00
Bob Barker Co.	<u>49.88</u>
Total Uses of Funds (7/1/13-6/30/14)	140,876.08

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d) The net for 7/1/13 - 6/30/14 was an increase in the Fund 740,304.50. Note: the transfer of 800,000.00 from the Law Library Fund (Z176). This occurred on October 25, 2013 (see section 3 below) and covered a potential shortfall of 59,695.47 for the period of July 1, 2013 - June 30, 2014.

3) Central Office Law Library Fund (Z176)

a) Balance Sheet

Beginning Balance (7/1/13)	1,051,643.43 *
+ Income (Sources of Funds)	<u>736,571.30</u>
Subtotal	1,788,214.73
- Expenses (Uses of Funds)	<u>1,208,127.06 **</u>
Ending Balance (6/30/14)	580,087.67 ***

* Calculated by author by subtracting Total Expenses of 5,030,474.34 from Total Income of 6,082,117.77 as noted on the Z176 report for before the period 7/1/13 - 6/30/14.

** The Law Library uses of funds, excluding the 800,000.00 transfer to the Central Inmate Benefit Fund, totaled 408,127.06.

*** Calculated by author.

Note: The source of funds for the Law Library Fund is a 35% assessment levied against the income received in each institution, primarily from commissions paid to the DOC from Keefe Commissary Network (KCN). The ending balance exceeds total uses of funds for the period, excluding the 800,000.00 transfer to the Central Inmate Benefit Fund. Assuming the uses of funds for July 1, 2014 - June 30, 2015, i.e., for actual law library purchases were similar in total amount as the previous year, the ending balance would have been sufficient to have paid for those expenses and there would have been no need for assessments of funds from the various institutions for fiscal year 2015. For reference, the uses of funds for fiscal year 2013 totaled 378,892.25. It is clear that the 35% income assessment required from each institution is excessive and could be reduced to 20% without jeopardizing the payment for Law Library Fund expenses. For instance, in the period July 1, 2013 - June 30, 2014, using a 20% assessment would have garnered 420,897.89 for the Law Library Fund, leaving a surplus of 12,760.83.

b) Sources of Funds (7/1/13 - 6/30/14)

Institutional Assessments*	685,325.59
Unidentified	45,179.25
Refunds	3,773.40
Interest	1,355.19
Posting Errors	<u>937.87</u>
Total Sources of Funds	736,571.30

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* As indicated in the Note on page 2, each institution is required, pursuant to 103 DOC 476, to pay each month 35% of their total revenues into the Law Library Fund. Those revenues come primarily from commissions received by the DOC on purchases by prisoners from institution commissaries, as well as clothing and appliance sales. In the period from July 1, 2013 - June 30, 2014, MCI-Shirley (medium and minimum combined) contributed 98,074.66, or 13.3% of the total revenue received into the Law Library Fund. In the same period, MCI-Norfolk contributed 94,634.55 or 12.9%; MCI-Concord contributed 80,315.88 or 10.9%; and SBCC contributed 73,397.95 or 10.6%. All other institutions each contributed 8% or less of the revenue for the Law Library Fund for the period July 1, 2013 - June 30, 2014.

c. Uses of Funds (7/1/13 - 6/30/14)

Transfer To Central Inmate Benefit Fund (Z1)	800,000.00
West Publishing Co.	144,598.83
Matthew Bender	117,569.90
Verizon	58,979.13
Lexis Nexis	58,448.00
Thomas Reuters	8,299.00
Lawyers Weekly	5,685.00
Integration Partners	5,101.64
BNA	4,264.14
Lawyers Diary	3,795.50
Hewlett Packard	573.75
CDW	507.96
Walters Kluwer	195.46
Enterprises	<u>108.75</u>
Total Uses of Funds	1,208,127.06**

** The Total Uses of Funds minus the 800,000.00 transfer to the Central Inmate Benefit Fund was 408,127.06. That Ending Balance on June 30, 2014 would have been sufficient to meet the expenses for the Law Library Fund for Fiscal 2015, assuming those expenses would have of a similar amount as spent in Fiscal 2014. See Note on Page 2.

4) Central Program Account

a. Balance Sheet (July 1, 2013 - June 30, 2014)

Beginning Balance (7/1/13)	249,511.41 *
+ Income (Sources of Funds)	<u>208,973.32 **</u>
Subtotal	458,484.73
- Expenses (Uses of Funds)	<u>92,438.98</u>
Ending Balance (6/30/14)	366,045.75

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* Calculated by author based on Ending Balance provided by the DOC for June 30, 2104, plus Total Uses (see 4b below), less Total Sources (see 4a below).

** The DOC did provide the amounts of income received in five separate periods from July 1, 2013 - June 30, 2014. (See 4a below.) The DOC did not provide a detailed listing of income into the Central Program Account by institutions. Possible sources of income include monthly assessments, refunds, interest, and rebates. The actual amounts, if any, of those possible sources were not provided.

b. Sources of Funds *** (July 1, 2013 - June 30, 2014)

7/1/13 - 9/6/13	40,387.99
9/6/13 - 10/31/13	12,335.75
11/1/13 - 12/20/13	38,925.52
12/21/13 - 2/28/14	15,365.39
3/1/14 - 6/30/14	<u>101,958.67</u>
Total Sources of Funds	208,973.32

*** Each institution is assessed 10% of its revenues monthly to fund the Central Program Account. (See ** above.)

c. Uses of Funds (July 1, 2013 - June 30, 2014)

SBCC Secure Treatment Program	45,950.00
Pondville Career Workshop	15,361.00
MCI-Plymouth Automotive	11,157.44
MCI-Concord Barber Supplies	10,529.60
MCI-Framingham Greenhouse	2,694.78
MCI-Concord Barbers	1,684.98
BSH Caps and Gowns	390.60
BSH - STS Listen Center	369.11
Indirect Charges	<u>4,301.47</u>
Total Uses of Funds	92,438.98

5) Conclusion

Based upon the data provided by the DOC in response to a Public Records Request, all three account, as calculated by the author, ended Fiscal 2014 with substantial balances of unused funds. The Central Inmate Benefit Account on June 30, 2014 totaled: 740,304.53. The Law Library Fund on June 30, 2014 totaled 580,087.67. The Central Program Account on June 30, 2014 totaled 366,045.75. The grand total of all three ending balances on June 30, 2014 was 1,686,437.95.

This raises the question: Why is the DOC amassing funds in Central Accounts which could be utilized by the various institutions? Each institution is better attuned to its needs than a Central Office not involved in the daily running of the prisons. It must also be remembered that the vast bulk of the income into these funds was, and still is, generated from commissions paid to the individual institutions by Keefe Commissary Network (KCN) from purchases made by prisoners in those institutions for commissary, clothing, and appliance items.

Certainly, institutions with fewer prisoners and, as a result lower sales to KCN, need

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support from larger institutions. But, as noted earlier, the 35% assessment for the Law Library Fund is clearly excessive. A good start on correcting the imbalance of funds held by the DOC's Central Office, thereby leaving funds at the institutional level, would be to reduce the assessment for the Law Library Fund to 20%. Even at 20%, sufficient funds would still be deposited into the Law Library Fund each fiscal year to meet its expenses.

The Ending Balance of 366,045.75 in the Central Program Account on June 30, 2014 is similarly insupportable. Why would such a large amount be left when the need for meaningful programs at each institution was, and remains, critical? If the DOC is serious about preparing prisoners to rejoin society successfully and to reduce its recidivism rate, how can a surplus of over 366 thousand dollars be justified? To put that surplus into perspective, the Ending Balance in the Central Program Account was over three times the amount from that account in Fiscal 2014. Additionally, less than 100,000.00 was spent in Fiscal 2014, nearly one-half of which was for only one program - the Secure Treatment Program at SBCC. Yet, more than twice what was spent was taken in as income. At that rate of expenditures, the surplus in the Central Program Account on June 30, 2014 would pay for the expenses in Fiscal 2015, 2016, and 2017. The DOC needs to look into ending or reducing substantially the 10% assessment and to allow more funds to be left for the institutions to spend.

Another area which needs to be addressed by the DOC is the current pay levels for prisoners other than those in Industries who received an increase recently. The prices of items in the commissaries, for clothing and for appliances have increased each year. Wages, however, have remained stagnant for non Industry jobs for over three decades. A study recently conducted by the Norfolk Lifers Group showed that for a sample of thirty-six items in the Norfolk Commissary, there has been an overall 7.5% increase in prices since 2010. Whenever pay increases have been broached, the answer from the DOC has been a lack of funds. The overall surplus of nearly 1.7 million dollars on June 30, 2014 belies that claim. Certainly, a portion of the overall surplus of that nearly 1.7 million dollars could have been used to increase prisoner wages. There would have been at least two benefits. First, most of the increases would have been spent in the various commissaries, or for appliances, or for clothing and a percentage of those expenditures would have returned to the DOC in commissions from KCN. Secondly, and more importantly, some of the additional burden placed on families to help support prisoners due to the price increases would have been moderated. A copy of the report on this survey is available from the Norfolk Lifers Group (Attn: Gordon Haas, MCI-Norfolk, P.O. Box 43, Norfolk, MA 02056).

Finally, part of the mission of the DOC is to prepare prisoners to rejoin society successfully and, thereby, reducing the recidivism rate which continues to linger at or above 40%. To achieve that mission, the DOC needs to provide programs which will directly assist returning prisoners to function as law abiding citizens. Included in such programs would be vocational education so prisoners can be gainfully employed, college and high school level education, and programs which enhance and help to maintain family relationships. There is also a growing crisis in the MA DOC regarding the aging population and the treatment, or, more specifically, the lack thereof, for terminally ill and debilitated prisoners. The need for hospice care and assisted daily living units is growing and will soon reach the crisis point if not addressed.

Leaving nearly 1.7 million dollars languishing in Central Accounts, when those funds can and should be far better spent by the individual institutions to meet their program needs, is not consistent with protecting society or rehabilitating prisoners. It is time to end unfair taxation of individual institutions just to fill the coffers of the DOC's Central Office.

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