

LIFER'S GROUP INC.

A REPORT ON THE INCOME AND EXPENSES 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, 2023 THROUGH JUNE 30, 2024

Prepared For The Lifer's Group Inc.

By

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A REPORT ON THE INCOME AND EXPENSES IN THE MA
DEPARTMENT OF CORRECTION'S CENTRAL INMATE BENEFIT
FUND, THE LAW LIBRARY FUND, AND THE PROGRAM ACCOUNT
FOR FISCAL YEAR 2024 (JULY 1, 2023 - JUNE 30, 2024)

1) INTRODUCTION

The Central Office of the Department of Correction (DOC) pursuant to DOC regulation 103 DOC 476, maintains two separate accounts of funds - the Program Account (103 DOC 476.10) and the Law Library Fund (103 DOC 476.11). These account, along with the Central Inmate Benefit Fund (CIB) or Z-1 Account, were established to provide services and benefits to prisoners. The Program Account and the Law Library Fund are financed by assessments paid by each correctional institution as a percentage of the total revenue received each month in the respective facilities. The Law Library Fund receives 20% of said revenue; the Program Account receives 10%. Interest is earned on each account balance.

Institutional revenue consisted of commissions paid to each institution by Keefe Commissary Network (KCN) as a percentage (11%) of all sales to prisoners for commissary, appliance and clothing items. In addition, commissions from vending machine sales contribute to an institution's revenue. Over 90% of each institution's revenue is generated from such commissions. Other sources of revenue for institutions include: locker fees, soda bottle refunds, unit payments, and bank interest. KCN also pays commissions on sales of tablets, tablet accessories, emails, subscription fees for downloading games, movies, and music, as well as Secure Pak orders. Those commissions are paid directly into the CIB and are not shared with institutions.

The DOC established the Program Account as an "an effort to identify and utilize all available resources ... to supplement existing programs or funding of new programs throughout the Department." [103 DOC 476.10(11)]. The DOC does not indicate why the Law Library Fund was established or any guidelines as to how or where funds are to be expended from that account.

The CIB appears to be an extension of the individual Z-1 Accounts maintained in each institution. Individual superintendents have the authority to expend funds within broad guidelines. According to 103 DOC 476.12: "Expenditures of such funds shall benefit the general inmate population to be for any goods or services determined by the Commissioner to be necessary to maintain and/or enhance the delivery of services to inmates." Superintendents may petition the Central Office for payment of major expenditures, i.e., those in excess of \$1,000, from either the Central Program Account or the CIB on a case-by-case basis.

The data contained in this report were provided by the DOC pursuant to a Public Records Request filed by the Lifer's Group Inc. All balances and percentages were calculated by the author.

2. TOTAL INCOME AND EXPENSES OF EACH FUND/ACCOUNT FOR FISCAL 2024

Account/Fund	Total Income	Total Expenses	Differences
CIB	214,117.53	381,014.80	- 166,897.27
Law Library Fund	288,621.13	312,524.85	- 23,903.72
Program Account	<u>130,276.49</u>	<u>87,417.17</u>	<u>+ 42,859.32</u>
Totals	633,015.15	780,956.82	-147,941.67

Total income decreased by \$118,990.87 or 15% from Fiscal Year 2023, while Total Expenses decreased by \$123,243.00 or 13%.

3. CENTRAL INMATE BENEFIT FUND (CIB)

a) Balance Sheet

Beginning Balance (7/1/23)	515,660.62
+ Income	<u>214,117.53</u>
Subtotal	<u>729,778.15</u>
- Expenses	<u>381,014.80</u>
Ending Balance (6/30/24)	348,763.35

b) CIB Sources of Income (7/1/23 - 6/30/24)

MP3 Commissions	69,969.22
Secure Pak Commissions	52,672.92
SM Commissions	32,662.56
Unidentified Commissions	24,978.29
Interest	15,991.92
Email Commissions	8,298.72
Razors/Shavers	6,450.57
MASAC	1,320.56
Tablets	959.00
Transfers	666.05
Boxes	91.76
Framingham	<u>55.96</u>
Total	214,117.53

The commission revenue from all vendors into the CIB totalled \$188,581.71 for Fiscal 2024. Given the 11% commission rate, the total of these commissions represented \$1,714,379.18 in sales revenue. As of July 1, 2024, the DOC will no longer receive commissions. To date, the DOC has yet to determine, despite repeated requests from the Lifer's Group Inc., where or how or even if the DOC will make up the loss of commission revenue. Nor, has the DOC required Keefe Commissary Network, its principal vendor, to reduce prices it charges to prisoners since Keefe Commissary Network no longer pays commissions. Assuming the DOC continues to allow Keefe and other vendors to keep prices at their present levels, Keefe alone will net a windfall of over \$1.2 million for Fiscal 2025 and each year thereafter.

c) CIB Fund Expenses (7/1/23 - 6/30/24)

Keefe Commissary Network	242,561.07
Orijin	31,950.00
Swank	31,800.00
Reading Materials	25,000.00
BPRC - Upgrade Antenna	22,518.31
Pondville - Basketball Court	17,400.00
SHI International	2,940.00
Corner Electronics	2,000.00
Curbell Medical Products	1,964.62
Barnes & Noble	1,635.23
Lionbridge	883.57
Glasses	180.00
Ockers	146.00
MassCor	<u>36.00</u>
Total	381,014.80

The multiple entries of payments to Keefe Commissary Network represent 63% of the total expenditures. According to the DOC's response to a Lifer's Group Inc. Public Records Request, of the \$242,561.07 paid to Keefe in Fiscal 2024, \$163,050 was spent to purchase tablets for Souza-Baranowski, Framingham, Bridgewater, MASAC, and the Central Office; \$46,400 for chargers, \$6,000 for covers and \$92.00 for earbuds.

4. CENTRAL LAW LIBRARY FUND (Z-176)

a) Balance Sheet

Beginning Balance (7/1/23)	1,024,001.17
+ Income	<u>288,621.13</u>
Subtotal	1,312,622.30
- Expenses	<u>312,524.85</u>
Ending Balance (6/30/24)	1,000,097.45

b) Sources of Income (7/1/23 - 6/30/24)

1) Institutional Assessments

MCI-Norfolk	49,562.48
MCI-Shirley	41,476.04
SBCC	38,252.00
NCCI	33,595.78
OCCC	25,074.92
MCI-C	17,714.23
MA Treatment Center	15,470.92
MCI-Framingham	12,290.26
NECC	11,487.38
Pondville	5,749.40
Bridgewater	5,474.61
BPRC	2,269.91
MASAC	1,424.54
MCI-CJ	1,321.83
SMCC	<u>* 465.66</u>
Total Assessments	261,629.96

2) Interest 26,991.17

Total Sources of Income 288,621.13

c) Law Library Expenses. (7/1/23 - 6/30/24)

Matthew Bender	119,400.00
Thomson Reuters	81,628.00
Coverage One	37,614.62
Comcast	30,606.57

Intra Systems	25,764.20
Bridge Tower	8,774.45
Lawyer's Diary	5,035.10
Grainger	2,105.00
Corrections	<u>1,596.91</u>
Total Expenses	312,524.85

With the loss of commissions which represent at least 90% of each institution's revenue, the Law Library Fund can expect to lose nearly \$260,000 in revenue in Fiscal 2025. Given that expenses each year have averaged over \$300,000, the Law Library Fund will run out of funds in Fiscal Year 2028, unless the DOC finds alternate sources of income.

5. CENTRAL PROGRAM ACCOUNT

a) Balance Sheet

Beginning Balance (7/1/23)	661,876.41
+ Income	<u>130,276.49</u>
Subtotal	792,152.90
- Expenses	<u>87,417.17</u>
Ending Balance (6/30/24)	704,735.73

b) Sources of Income

The 10% monthly assessments paid by each institution is reportedly the sole source of funds for the Program Account. The DOC does not provide a breakdown of each institution's monthly contributions. In Fiscal 2024, the total of the income into the Program Account was \$130,276.49, a decrease of 6% from Fiscal 2023.

c) Program Account Expenses (7/1/23 - 6/30/24)

BRAVE Program	33,327.48
NCCI	16,397.28
MCI-F Cosmetology	10,174.55
CRA Incentives	6,180.64
NEADS	4,731.38
HQ Diesel Program	4,405.94
Motivational Speaker	3,500.00

HQ DVD Seta	3,160.50
MCI-N Project Youth Booklets	2,962.75
Multisensory Room	1,202.36
Indirect Costs	1,102.63
NECC - CRA Shirts	<u>271.66</u>
Totals	87,417.17

There are two areas of concern regarding the expenses from the Program Account. First, why was over \$8,000 paid out in "incentives" - \$6,180.64 for the CRA and \$1,970.00 for the BRAVE Program? Who or what behavior needs to be incentivized? At MCI-N, at least, it has been reported that products from Keefe Commissary Network are distributed for good behavior. Spectrum operates the CRA Program to the tune of over \$7 million in Fiscal 2023, over 70% of all funds expended by the DOC on Inmate Programs. The trainers in the NEADS program use treats as incentives to train the dogs. One would think that the CRA and BRAVE programs works on a higher level of behavior modification. If such incentives are productive and necessary, then what is the DOC receiving for the vast sum of money paid to Spectrum? Perhaps, it would be more economical to just pay for incentives if the rest of CRA Program and BRAVE have proven ineffective. And, why pay for the incentives from the Program Account? surely, Spectrum can afford to fund incentives from the over \$7 million it receives from the DOC. This is particularly relevant given the loss of income due to the end of commissions on July 1, 2024.

Second, regarding the NEADS Program, the question needs to be posed: Why does the DOC Program Account pay for items such as: over \$300 for peanut butter, over \$2,000 for beds and toys, \$977.06 for a washing station, and \$376.32 for soap? While no one questions the value of the NEADS Program or the work done by the trainers, who, by the way, are unpaid. But, NEADS retails naming the dogs, those dogs who do not pass, and those who succeed for thousands of dollars. So, what does NEADS pay for? Given the substantial loss of income into the Program Account, the DOC ought to require NEADS to shoulder all of the financial burden.

6. TOTAL OF ENDING BALANCES FOR EACH CENTRAL OFFICE FUND/ACCOUNT

OIB	348,763.35
Law Library Fund	1,000,097.45
Program Account	<u>704,735.73</u>
Total Ending Balance (6/30/24)	2,053,596.53

The total of ending balances decreased by \$147,941.67 or 6.5% from the total ending balances of 6/30/23.

7. DISCUSSION

July 1, 2024 ushered in a sea change in the funding of the three Central Accounts as well as each institution's Inmate Benefit Account (Z-1). On that date, vendors were no longer required to pay commissions to the DOC for rendering contracted services to prisoners. As noted earlier, at the institutional level, commissions accounted for over 97% of all income. For the Central Inmate Benefit Fund, commissions accounted for 88% of the total income into that fund. For the Law Library Fund, the loss is even higher percentage wise as that fund relies on assessments from the various institutions whose income will drop by 97% or more. Lastly, the Program Account will be similarly affected as the Law Library Fund as the Program Account's revenue is also based on a percentage of each institution's revenue which will be reduced to a few thousand dollars annually.

Attempts were made by the Lifer's Group Inc. and outside supporters, notably Lois Ahrens of the Real Cost of Prisons Project in Northampton, to amend the legislation ending commissions to include a provision that once commissions were eliminated, the DOC would have been required to fund the three Central Accounts and programs at the institutional level at the same levels as the prior fiscal year. Despite the support of a few legislators, no action was taken. While the ending balances in each of the three Central Accounts may allow the accounts to continue for a time, the end is just around the corner. At the institutional level, at least at MCI-N, the end is now as the Inmate Benefit fund will run out of money in late September or early October.

If the DOC's position regarding the prices of items sold to prisoners by Keefe Commissary Network is any indication, then the funding of programs now in jeopardy does not appear likely to happen. With the ending of commissions, which Keefe surely had factored into its prices, many reasonably expected either that Keefe would lower its prices on its own or that the DOC would require Keefe to do so. Neither expectation proved true. Prices have not been reduced. When queried by the Lifer's Group Inc. whether the DOC would be ordering Keefe to lower prices, the response from the Central Office was that the DOC was "following the law." The DOC's position is technically true, but morally reprehensible as the legislature did not explicitly require prices to be lowered when it terminated commissions, even if that had been the legislators intent. The result is that Keefe will now be handed an annual windfall of over \$1.2 million.

What the DOC will actually do about funding programs in the Central Office and/or at the institutional level is unknown. In classic DOC speak, inquiries from the Lifer's Group Inc. as to what, if any, the DOC's plans are have been answered that they are "looking into" the situation. Frankly, there is not a lot to look into. The figures tell the tale. Ultimately, the question before the DOC is: Does the DOC consider the programs and services previously funded through commissions worth saving? Since the DOC spends a mere 2% of its own budget on Inmate Programs, there is little optimism that the answer will be: "Yes."

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