

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, 2015 - JUNE 30, 2016

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OCTOBER 2016

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A REPORT ON THE CENTRAL INMATE ACCOUNTS/FUNDS FOR THE  
PERIOD OF JULY 1, 2015 - JUNE 30, 2016

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) (Z-1), 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 on balances maintained in each account. In the time period covered by this report, the Law Library Fund received 35% of the revenue received into each institution. [103 DOC 476.11(1)] The Program Account received 10%. [103 DOC 476.10(2)] Each institution is required to submit a monthly Inmate Benefit Revenue Report to the Central Office detailing the institution's total revenue and expenditures for that time period, including the aforementioned assessments.

From July 1, 2015 through June 30, 2016, the main sources of funds at the institutional level came from commissions received from Keefe Commissary Network (KCN) on purchases by prisoners at canteens or for clothing and/or appliances. The commissions are a percentage of the revenue raised by sales, e.g., commissary or canteen sales are reimbursed to each institution at a rate nearly equal to 15% of total revenue. Commissary commissions represent close to 90% of the total commissions received from KCN. 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 any 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 (Z1) is not referenced in 103 DOC 476. Z1 accounts are maintained in each institution and are funded by the revenue left over after the Law Library Fund and Program

Central Inmate Accounts/Funds for 7/1/15 - 6/30/16 cont.

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. Superintendents of each institution can petition the Central Office for payment of specific institutional expenditures on a case by case basis. Any expenditure over \$1,000 at the institutional level must be given written approval from Administrative Services in the Central Office. [103 DOC 476,12(5)] Institutional superintendents are responsible for expending the 55% 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."

The instant report presents data and comments on the sources and uses of funds into and from the three Central accounts/funds relating to prisoner funds. In addition, there are comparisons of total sources and uses of funds for both the Program Account and the Law Library Fund for fiscal years 2012 through 2016. Note: for the DOC, the fiscal year runs from July 1st through June 30th. Data from the Central Inmate Benefit Fund (CIB) has been collected by the author of this report only for fiscal 2014 through 2016. Consequently, a comparison for the CIB for those three years only is included. The superscript numbers in the balance sheets and the listings of the sources and uses of funds for each of the three accounts/funds correspond to Comment sections following the presentation of balance sheets, sources and uses of funds for each of the three accounts/funds.

To review the report on these three accounts/funds for Fiscal 2014 and Fiscal 2105, as well as other reports produced by the Lifers' Group Inc.<sup>1</sup> go to: [www.realcostofprisons.org/writing](http://www.realcostofprisons.org/writing). The author of the instant 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 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 who is solely responsible for their contents.

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<sup>1</sup> In 2016, MCI-Norfolk once again became the official location for the Lifers' Group Inc. To reflect that change, the Norfolk Lifers Group has reassumed the name of the Lifers' Group Inc. Any and all work produced by the aforementioned Norfolk Lifers Group continues to be attributed to the Lifers' Group Inc.

Central Inmate Accounts/Funds for 7/1/15 - 6/30/16 cont.

2. Total Sources and Uses of Funds - Fiscal Year 2016

<u>Account/Fund</u>	<u>Total Sources</u>	<u>Total Uses</u>	<u>Differences</u>
Central Inmate Benefit Fund	\$119,491.57	\$290,078.03	(170,586.46)
Law Library Fund	653,928.79	231,412.24	422,516.55
Program Account	<u>178,874.62</u>	<u>52,476.09</u>	<u>126,398.53</u>
Totals	952,294.98	573,966.36	378,328.62

3) Central Inmate Benefit Fund (CIB) (Z-1)

a) Balance Sheet

Beginning Balance (7/1/15)	\$616,957.53
+ Sources of Funds	<u>119,491.57</u>
Subtotal	736,449.10
- Uses of Funds	<u>290,078.03</u>
Ending Balance (6/30/16)	446,371.07

b) Sources of Funds (7/1/15 - 6/30/16)

Security Pak Commissions	\$51,652.30
Transfers from Bay State IBF	39,818.34 <sup>1</sup>
MP3/MP4 Commissions	18,346.35
Music Commissions	3,977.85
Interest	2,749.55
Set Top Boxes	2,572.48
Indian Program Items	218.20
Vending Commissions	153.77
Refunds	<u>2.73</u>
Total Sources of Funds	\$119,491.57

c) Uses of Funds (7/1/15 - 6/30/16)

Kenvo Floor	\$61,662.00
NCCI - Gym	51,500.00
Int'l. Rapport	49,427.27 <sup>2</sup>
Swank	46,725.00 <sup>3</sup>
MCI-N	33,210.23 <sup>4</sup>
Books	25,000.00
Transfer to MASAC IBF	20,000.00
Northeast Electric	1,543.85
Miscellaneous	<u>1,009.68 <sup>5</sup></u>
Total Uses of Funds	\$290,078.03

Central Inmate Accounts/Funds for 7/1/15 - 6/30/16 cont.

d. Comments on Central Inmate Benefit Fund (CIB) (Z-1)

1 This is a one-time transfer of funds precipitated by the closure of the Bay State Correctional Center. The total of \$39,818.34 was broken down into \$23,422.86 from the postage account and \$16,395.48 from the institution's Inmate Benefit Fund.

2 This paid for phone interpretation fees.

3 This was the annual payment for the privilege of paying to rental videos to show in the various institutions.

4 The Uses of Funds for MCI-Norfolk (MCI-N) paid for:

Freezers	\$16,591.25
Seating and Signs	8,116.87
Books	3,853.52
Caps & Gowns	1,410.50
Brodart	1,368.00
NEADS	1,294.28
Chairs	<u>575.81</u>
Total	\$33,210.23

5 The Uses of Funds for Miscellaneous paid for:

Outstanding Balance for BSCC	350.00
Advance Educational Products	233.91
Grey Owl Indian Craft	222.55
Pilcher's Indian Store	139.50
Belmont Springs	<u>63.72</u>
Total	1,009.68

4. Central Law Library Fund (Z-176)

a) Balance Sheet

Beginning Balance (7/1/15)	\$983,398.62
+ Sources of Funds	<u>653,928.79</u>
Subtotal	1,637,327.41
- Uses of Funds	<u>231,412.24</u>
Ending Balance (6/30/16)	1,405,915.17

Central Inmate Accounts/Funds for 7/1/15 - 6/30/16 cont.

4. Central Law Library Fund (cont.)

b) Sources of Funds <sup>1</sup> (7/1/15 - 6/30/16)

MCI-Shirley	\$105,685.06
MCI-Norfolk	98,407.26
MCI-Gardner (NCCI)	63,605.86
MCI-Framingham	56,683.80
Old Colony C.C.	56,053.94
Souza-Baranowski	55,028.99
MCI-Concord	54,424.90
MCI-Cedar Junction	40,390.80
Treatment Center	23,339.71
Concord Farm (NECC)	22,701.73
So. Middlesex	15,112.05
MCI-Plymouth	14,649.20
Boston Pre-Release	13,179.28
Bridgewater State Hospital	13,106.55
Pondville	12,567.29
Interest <sup>2</sup>	4,487.05
MASAC	3,187.88
Refunds	937.75
Bay State C.C. <sup>3</sup>	<u>379.69</u>
Total	653,928.79

c) Uses of Funds (7/1/15 - 6/30/16)

Matthew Bender / LexisNexis	\$116,892.00
Verizon	55,050.38
Citrix - App. Licenses	26,862.73
West Publishing	22,169.63
Lawyers' Weekly	6,822.00
Lawyers' Diary	<u>3,615.50</u>
Total	231,412.24

d. Comments on Central Law Library Fund (7/1/15 - 6/30/16)

<sup>1</sup> Funds are provided through the monthly 35% Assessments of the revenues earned by each institution as well as monthly interest payments.

<sup>2</sup> The monthly interest earned in this fund ranged from a low of \$176.69 in July 2015 to a high of \$603.81 in June of 2016. The interest earned rose each month during the fiscal year. The balance in the Law Library Fund on June 15, 2016 was \$1,415,925.55 and the interest payment was \$603.81. The interest rate for that month was .0426%, or slightly more than .5% per year. It would seem that, assuming the DOC continues to stockpile funds in the Law Library Fund, a higher interest rate should be negotiated or a significant portion of the funds be invested in secure instruments which pay substantially higher returns while remaining sufficiently liquid to satisfy the expense needs of the fund.

<sup>3</sup> This represents the 35% Assessment for the month of July 2015 after which Bay State Correctional Center was closed.

Central Inmate Accounts/Funds for 7/1/15 - 6/30/16 cont.

5. Central Program Account

a) Balance Sheet

Beginning Balance (7/1/15) <sup>1</sup>	\$377,864.55
+ Sources of Funds	<u>178,874.62</u>
Subtotal	556,739.17
- Uses of Funds	<u>52,476.09</u>
Ending Balance (6/30/16)	504,263.08

b). Sources of Funds <sup>2</sup> (7/1/15 - 6/30/15)

7/1/15 - 8/31/15	\$ 15,165.67
9/1/15 - 11/25/15	44,701.42
11/26/15 - 6/30/16	<u>119,007.53</u>
Total	178,874.62

c) Uses of Funds (7/1/15 - 6/30/16)

Bridgewater - Quiet & Comfort Rooms	\$14,828.79
Searches <sup>3</sup>	11,158.44
Bridgewater - Steel Plates for Chairs	10,873.25
Old Colony C.C. Restart Desks	4,565.50
NEADS Dogs <sup>4</sup>	3,296.87
Indirect Charges	2,441.72
Bridgewater - Resin Rocking Chairs	1,799.82
Bridgewater - Eyeglasses	1,122.80
Bridgewater - Garden	827.08
Bridgewater - Gas Tiller	799.27
MASAC - Countdown to Freedom	<u>762.55</u>
Total	52,476.09

d) Comments on Central Program Account (7/1/15 - 6/30/16)

<sup>1</sup> The Ending Balance for 6/30/15 in the Lifers' Group Inc. October 2015 report on the Central DOC Program Account for Fiscal Year 2015 was \$378,090.39. This amount was not carried over to the present report because the Beginning Balance for this account on 7/1/15 as reported by the DOC was \$377,864.55. The Beginning Balance as reported by the DOC was adopted for the present report in order to maintain the integrity of the data for Sources and Uses of Funds, as well as the Ending Balance for this account for 6/30/16. The Lifers' Group Inc. has been unable to account for the relatively small difference of \$225.84.

<sup>2</sup> 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.



Central Inmate Accounts/Funds for 7/1/15 - 6/30/16 cont.

d) Comments on the Central Program Account (7/1/15 - 6/30/16) cont.

<sup>3</sup> A public records request was submitted for an explanation of this use of funds. The DOC responded that the funds were used to "purchase a firewall device and software for the computer used by Boston Pre-Release to allow inmates to conduct internet job searches."

<sup>4</sup> In addition to the \$3,296.87 spent on the NEADS program from the Central Program Account, \$1,294.28 was spent from the Central Inmate Benefit Fund (see Note 4 on page 4) for the NEADS program at MCI-Norfolk. Added to that total of \$4,591.15 is the \$3,903.20 spent on the NEADS Program from the MCI-Norfolk's Inmate Benefit Fund for a grand total of \$8,494.35 in Fiscal Year 2016 spent on the NEADS Program from the central funds and the MCI-Norfolk Inmate Benefit Fund. Expenses for NEADS dogs from other institutions where NEADS dogs are trained at no expense to NEADS are not included in this report.

6) Bridgewater State Hospital

Due to the death of a prisoner at Bridgewater State Hospital (BSH) under the auspices of the DOC, Governor Charlie Baker has ordered that the treatment of those confined at BSH be provided by the Department of Mental Health. What role the DOC will play at that facility has yet to be fully determined. Still, the DOC has spent in Fiscal Years 2015 and 2016 a combined \$241,658.97 from the Central Program Account to correct deficiencies at BSH. That amount comprises 72% of all Central Program Account Uses of Funds. It must be remembered that the Sources of Funds for that fund are the 10% Assessments to the individual institutions from revenue spent by prisoners at commissaries and for appliance/clothing. It would, therefore, seem appropriate to question why did the BSH expenditures not come from DOC budget accounts other than tapping into Inmate Benefit Funds? Prisoners in the various institutions can hardly be faulted for the failures of the DOC at BSH, so why should we be paying for the corrections? Yet, it is prisoner generated funds which have paid for the improvements. The funds could have paid for significant program opportunities which have gone wanting. The following table presents the expenditures for BSH from the Central Program Account in both Fiscal Year 2015 and Fiscal Year 2016.

<u>Item</u>	<u>Fiscal 2015</u>	<u>Fiscal 2016</u>	<u>Total</u>
Day Rooms	127,302.00	0.00	127,302.00
Comfort & Quiet Rooms	14,309.84	14,828.79	29,138.63
Art & Therapy	902.00	0.00	902.00
Keyboards	153.90	0.00	153.90
Steel Plates For Chairs	0.00	10,873.25	10,873.25
Resin Rocking Chairs	0.00	1,799.82	1,799.82
Eyeglasses	0.00	1,122.80	1,122.80
Garden	0.00	827.08	827.08
Gas Tiller	0.00	799.27	799.27
Totals	142,667.74	30,251.01	172,918.75

Central Inmate Accounts/Funds for 7/1/15 - 6/30/16 cont.

The total expenses from the Central Program Account for Fiscal 2015 was \$189,182.88 and in Fiscal 2016 was \$52,476.09 for a grand total of \$241,658.97. Thus, the total spent on BSH in those two fiscal years was \$172,918.75, or 72% of all Central Program Account expenditures were for Bridgewater State Hospital.

8) Total of Ending Balances of Each Account on June 30, 2016

Central Inmate Benefit Fund (Z-1)	\$ 446,371.07
Law Library Fund	1,405,915.17
Central Program Account	<u>504,263.08</u>
Total	2,356,549.32
Total Ending Balances on June 30, 2016	<u>1,978,446.54</u>
Increase in Surplus for Fiscal Year 2016	378,102.78 <sup>1</sup>

<sup>1</sup> The difference in this figure and the \$378,328.62 noted on page 3 is the unaccounted for \$225.84 as noted on page 6, comment #1.

9) Change in Law Library Assessment

In September 2016, retroactive to July 1, 2016, the Central Office reduced the Law Library Assessment from 35% to 20%. The reduction applies to all institutions. This change had been called for by the Lifers' Group Inc. in the previous two reports on the Central Office Accounts, primarily the Law Library Fund. This change is very welcome and will allow individual institutions to retain more of their revenue for intra institutional expenditures.

In Fiscal Year 2016, the total revenue for all institutions was \$1,868,367.97. The 35% Assessment from all institutions amounted to \$653,928.78. If the Assessment had been 20% for Fiscal 2016, the total Assessment would have been \$373,673.59. The amount which could have remained at the institutional level was \$280,255.19. For MCI-Norfolk, the total revenue for Fiscal 2016 was \$281,163.60. MCI-N paid \$98,407.26 into the Law library Fund at the 35% Assessment rate. Had the Assessment been 20%, MCI-N would have paid \$56,232.72 into the Law Library Fund and had \$42,174.54 left to spend on program activities or other expenditures designed to benefit prisoners.

- EOR -