

**Before The  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554**

**In the Matter of:** )  
 ) **WC Docket No. 12-375**  
 )  
**Rates For Interstate Inmate** )  
**Calling Services** )

**REPLY COMMENTS OF**

**MARTHA WRIGHT, ET. AL.,**

**THE D.C. PRISONERS' LEGAL SERVICES PROJECT, INC.,**

**AND**

**CITIZENS UNITED FOR REHABILITATION OF ERRANTS**

Deborah M. Golden, Esquire  
D.C. PRISONERS' PROJECT  
WASHINGTON LAWYERS' COMMITTEE  
FOR CIVIL RIGHTS AND URBAN AFFAIRS  
11 Dupont Circle, NW, Suite 400  
Washington, DC 20036  
Telephone 202-319-1000  
Fax 202-319-1010

January 27, 2015

## SUMMARY

In 2000, the Petitioners filed a lawsuit in order to bring relief to families of the incarcerated. Over the next 15 years, the technology for making ICS calls changed, the ICS providers changed, and the leadership at the FCC changed.

The one thing that hasn't changed since 2000 is that the families of the incarcerated paid too much for ICS calls then, and they continue to do so today. Technological changes have led to centralized calling centers, web-based payment options, and delivery of service to the millions of Americans who do not have a land-line telephone. The ICS industry has also changed, with the former Bell companies exiting the marketplace, and the introduction of specialized telecommunication service providers who have focused solely on ICS. Finally, the leadership of the FCC has changed several times, and with each change in leadership came a new approach to deal with the troubling ICS market. Thanks to the tremendous leadership of Chairwoman and (now) Commissioner Clyburn, along with Chairman Wheeler and Commissioner Rosenworcel, the Petitioners' initial goals have a very real chance of being attained.

The Petitioners have argued for more than seven years that an ICS rate cap would provide immediate relief to millions of families with an incarcerated loved one, and the Petitioners believe that a uniform rate for prisons and large jails, and a separate one for smaller jails, will reduce windfall profits and take into consideration the higher-cost locations. The Petitioners have also argued that the FCC's goals will be undermined by the imposition of ancillary fees in a monopoly market where the consumer has no choice. Therefore, the Petitioners have suggested a limited menu of acceptable ancillary fees, with all other charges to ICS customers being eliminated.

While the Petitioners certainly support the elimination of the perverse kickback regime, the Petitioners urge the FCC to primarily focus on the impact of the unjust, unreasonable, and unfair ICS rates and charges on millions of ICS customers and use its statutory authority to

“determine and prescribe what will be the just and reasonable charge...and what classification, regulation or practice is or will be just, fair, and reasonable.”

**TABLE OF CONTENTS**

SUMMARY..... i

TABLE OF CONTENTS ..... iii

DISCUSSION ..... 3

    I.    BACKSTOP IS THE NEW BENCHMARK. .... 3

    II.   ANCILLARY FEES MUST BE REGULATED SO TO NOT UNDERMINE ICS  
          RATE REFORM. .... 6

    III.  THE FCC DOES NOT NEED TO REGULATE KICKBACKS TO ENSURE JUST,  
          REASONABLE, AND FAIR ICS RATES AND FEES. .... 9

CONCLUSION .....12

**Before The  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554**

<b>In the Matter of:</b>	)	
	)	
	)	<b>WC Docket No. 12-375</b>
<b>Rates For Interstate Inmate</b>	)	
<b>Calling Services</b>	)	

**COMMENTS**

Martha Wright,<sup>1</sup> Dorothy Wade, Annette Wade, Ethel Peoples, Mattie Lucas, Laurie Nelson, Winston Bliss, Sheila Taylor, Gaffney & Schember, M. Elizabeth Kent, Katharine Goray, Ulandis Forte, Charles Wade, Earl Peoples, Darrell Nelson, Melvin Taylor, Jackie Lucas, Peter Bliss, David Hernandez, Lisa Hernandez, Vendella F. Oura, along with The D.C. Prisoners' Legal Services Project, Inc., and Citizens United for Rehabilitation of Errant (jointly, the "Petitioners") hereby submit these Comments in response to the Second Further Notice of Proposed Rulemaking, released on October 22, 2014, in the above-captioned proceeding.<sup>2</sup>

The Comments filed in response to the *SFNPRM* by the ICS providers now support the principle of caps for both interstate and intrastate ICS rates. The ICS providers also support the FCC adoption of limits on the types and amounts of ancillary service fees imposed on ICS consumers. While some ICS providers argue the FCC lacks the jurisdiction to regulate ancillary fees, nonetheless they support the FCC adopting a schedule of acceptable fees. Finally, the ICS providers submitting comments support some oversight of the payment of kickbacks to correctional authorities.

<sup>1</sup> Ms. Wright passed away January 18, 2015. In memory of her dedicated leadership on this subject, her name will continue to be listed first.

<sup>2</sup> *Rates for Interstate Inmate Calling Services*, Second Further Notice of Proposed Rulemaking, 29 FCC Rcd 13,170 (2014) (the "*SFNPRM*").

There are some differences, though. Pay Tel Communications has argued for different ICS rates for prisons and jails, where Securus Technologies and Global Tel\*Link urge the FCC to adopt their “backstop” rate of 20 cents for prepaid and debit calls and 24 cents for collect calls.<sup>3</sup> Inmate Calling Solutions takes issue with both proposals and argues that the FCC should not regulate kickbacks, but rather address ancillary fees first. And two ICS providers - Telmate and CenturyLink - took a pass on filing comments.

Approaches varied with respect to ancillary fees as well. Securus and GTL supported the adoption of their Joint Proposal, although they continued to argue that the FCC does not have jurisdiction to regulate ancillary fees. On the other hand, Pay Tel, NCIC, and ICSolutions urged the FCC to take a far more active interest in regulating ancillary fees.

With respect to kickbacks, there does not appear to be consensus whether the FCC can (or should) step in and regulate these payments. As noted in the Petitioners’ *SFNPRM Comments*, the major ICS providers appear to be arguing that the FCC should either regulate or eliminate kickbacks but fear expressing this opinion overtly. Pay Tel “defers to sheriffs and jail administrators regarding the magnitude” of their costs that should be recovered, and ICSolutions urges the FCC to not regulate kickbacks at all. Smaller ICS providers seem to agree with the Petitioners that the FCC should regulate ICS rates and ancillary fees and leave the ICS providers and correctional authorities to divvy up the proceeds.

Not surprisingly, correctional authorities that submitted comments also urged the FCC to not regulate kickbacks. Utilizing form letters and generalized statements, the correctional authorities argue that they have costs that need to be recovered, and the FCC should not overstep its authority in attempting to regulate the revenue-sharing mechanisms currently in place.

The fundamental question for the FCC at this point is what steps should it take to deliver long-lasting, effective regulation of the ICS industry. The Petitioners have argued for

<sup>3</sup> *Joint Provider Reform Proposal*, filed Sept. 15, 2014 (the “*Joint Proposal*”).

more than seven years that the FCC should establish an ICS rate cap and regulate ancillary fees. Given the wide-range of opinions regarding the FCC's regulation of kickbacks, the Petitioners do not believe that the FCC should take steps to eliminate them or to replace them with some "administrative" fee to be imposed on ICS consumers. Because the record is incomplete as to what those "administrative" expenses may be, and because the FCC's jurisdiction over ICS rates is abundantly clear, the Petitioners urge the FCC to take a consumer-focused perspective with respect to ICS and establish ICS rates and ancillary fees that are just, reasonable, and fair.

## DISCUSSION

### I. **BACKSTOP IS THE NEW BENCHMARK.**

For years, the largest ICS providers have argued against establishing an ICS rate cap, labeling it derisively as "one-size-fits-all." They raised this argument both at the FCC, and then at the D.C. Court of Appeals, stating that the ICS rate cap of 21 cents for prepaid and debit and 25 cents for collect calls, failed to take into account high-cost locations.<sup>4</sup>

Now, however, the Joint Proposal introduced by the very same ICS providers make clear that they are in favor of a one-size-fit-all ICS rate cap. GTL's comments re-characterized the Joint Proposal's rate cap as a "backstop," and urges the FCC to adopt "rate caps of \$.20 per minute for all debit and prepaid ICS calls, and \$.24 per minute for all ICS calls." These rates would "apply to all ICS calls, regardless of jurisdiction...[and]...no per-call surcharges would be permitted."<sup>5</sup> Securus agrees with this approach, arguing that a "back-stop' is all that is needed."<sup>6</sup> Other ICS providers concur, with no ICS provider arguing that the FCC should not adopt rates that apply to both interstate and intrastate ICS.

The only party providing a meaningful, albeit non-persuasive, argument against regulating intrastate ICS rates was the National Association of Regulatory Utility

<sup>4</sup> *ICS Provider Petitioners and Supporting Intervenor*, Joint Brief, filed May 22, 2014.

<sup>5</sup> *SFNPRM Comments of Global Tel\*Link*, filed Jan. 12, 2015, pg. 4.

<sup>6</sup> *SFNPRM Comments of Securus Technologies*, filed Jan. 12, 2015, pg. 17.

Commissioners.<sup>7</sup> NARUC's primary concern, however, appears to be more territorial in nature, with the association not wanting to give an inch on the regulation of non-interstate rates.<sup>8</sup> For example, it argues that Section 276 of the Communications Act of 1934, as amended,<sup>9</sup> did not give the FCC the authority to regulate intrastate ICS rates and that Section 276 only addresses payphone equipment, and *not* intrastate ICS rates.<sup>10</sup> It concludes "that individual States remain in the best position to oversee and investigate matters relating to ICS INTRASTATE rates and service quality."<sup>11</sup> Nothing could be further from the truth.

First, more than 80% of states have utterly failed to regulate the ICS industry. There are a handful of states that have taken the lead when it comes to ICS regulation, and they should be commended. However, even among the small snapshot of states there are dramatic differences in their approaches, especially with ICS rate regulation. The vast majority of states have shown no interest in taking on this issue, even though this subject has been a topic of interest for NARUC since November 14, 2012, when it adopted a resolution urging the FCC to reform ICS. As such, the notion that 40 or more states will adopt meaningful ICS rate reform for intrastate ICS calling at any time in the near future is patently false.

Moreover, NARUC ignores the fact that Section 276(c) of the Communications Act specifically preempts inconsistent state regulation of ICS.<sup>12</sup> Since the earlier sections of Section

<sup>7</sup> *SFNPRM Comments of National Association of Regulatory Utility Commissioners (NARUC)*, filed Jan. 9, 2015.

<sup>8</sup> *See e.g.*, Petition for Writ of Certiorari, filed January 26, 2015 (*NARUC v. FCC*) appealing 10th Circuit Court of Appeals decision on USF/intercarrier compensation.

<sup>9</sup> 47 U.S.C. § 276 (2014).

<sup>10</sup> *NARUC SFNPRM Comments*, pg. 9.

<sup>11</sup> *Id.*, pg. 2.

<sup>12</sup> 47 C.F.R. § 276(c) (2014) ("To the extent that any State requirements are inconsistent with the Commission's regulations, the Commission's regulations on such matters shall preempt such State requirements.").

276 deal specifically with the development of a “per-call compensation plan” that provides fair compensation for each and every intrastate and interstate call, NARUC’s arguments fail.<sup>13</sup>

Finally, NARUC ignores the fact that ICS customers will continue to gravitate to the lowest ICS rate, be it intrastate or interstate. After the FCC’s interstate ICS rates came into effect, those that had once obtained numbers local to the correctional facility switched to interstate numbers because interstate call were suddenly cheaper than most local or intrastate ICS rates. By ignoring this trend, NARUC would have the FCC stand idly by to wait for more than 40 states to address the problem when/if they choose to do so, instead of supporting the FCC’s active regulation of the ICS rates. Because Section 276(c) specifically provides the requisite statutory authority to preempt state ICS rates which are inconsistent with FCC regulation, and because the FCC’s intent to develop pro-consumer regulations would be undermined if the FCC follows NARUC’s lead, the FCC must “occupy” the regulation of intrastate rates and adopt uniform rates that apply to all ICS calls, whether they cross the street or the country.<sup>14</sup>

As provided in their Comments, the Petitioners have proposed a rate structure that will take into account higher-cost locations (i.e., small jails), while applying lower rates to low-cost, high-volume large jails and prisons.<sup>15</sup> The proposed rates are supported by the adjusted cost data provided by the ICS providers and can be more precisely applied than the Joint Proposal’s “one-size-fits-all” proposal. Moreover, Pay Tel’s consultant agrees with findings of the

<sup>13</sup> 47 C.F.R. § 276(b)(1)(A) (2014).

<sup>14</sup> See *Ill. Pub. Telecoms. Ass’n v. FCC*, 117 F.3d 555, 562 (D.C. Cir. 1997); See also *Metrophones Telecoms., Inc. v. Global Crossing Telecoms., Inc.*, 423 F. 3d 1056, 1073 (9th Cir. 2005).

<sup>15</sup> The Petitioners’ proposed ICS rate for prisons is 2 cents higher than the new contract between the Pennsylvania Department of Corrections and Securus. In that agreement, Securus shares 35% of its revenue, and is prohibited from charging ancillary fees. See *SFNPRM Reply Comments of The New York University School of Law Immigrant Rights Clinic and New Jersey Advocates for Immigrant Detainees*, filed Jan. 26, 2015.

Petitioners' economic consultant.<sup>16</sup> On the other hand, the studies presented by the economic consultants for Securus<sup>17</sup> and GTL<sup>18</sup> contain obvious, and fatal, flaws and should be rejected.

In sum, the largest ICS providers appear to have come to accept a “one-size-fits-all” solution for ICS rates. The Joint Proposal now calls for uniform ICS rates that are actually less than the interim ICS rate caps challenged by the same parties at the Court of Appeals. However curious this new position may be, though, the Joint Proposal does not propose just, reasonable, and fair rates, and instead illustrates an attempt to freeze rates at a level that would provide overly generous returns for the vast majority of their calls for an extended period of time. Therefore, the Petitioners urge the FCC to adopt the rate proposal contained in its comments.

## **II. ANCILLARY FEES MUST BE REGULATED SO TO NOT UNDERMINE ICS RATE REFORM.**

While the FCC has stated that kickbacks have led to the distorted ICS market, several parties focused instead on the ancillary fees. The Petitioners' comments established that the FCC has jurisdiction to regulate ancillary fees and urged the FCC to adopt a limited menu of ancillary fees, and prohibit all other fees. Under the Petitioners' proposal, therefore, an ICS customer would only be charged a per-minute ICS rate, and the following fees, where applicable:

- Processing Fees (Live, IVR, Website):         \$3.00
- Money Transfer Fees:                             \$5.95
- Billing (paper only):                             \$2.00

Other charges, such as single-call or text-to-connect fees, must comply with the per-minute ICS rate adopted by the FCC, and must not serve as a backdoor avenue for ICS providers to further gouge their customers, and must avoid paying kickbacks to the correctional authorities.

<sup>16</sup> See *Exhibit A*.

<sup>17</sup> *Id.* Securus argues that demand was largely inelastic, and thus increased call volume would not off-set losses due to a reduced rate.

<sup>18</sup> *Id.* GTL argued that costs will not be recovered if the rate is set too close to the median cost level.

Commenters appear to be unified behind the FCC's intent to regulate ancillary fees. The ICS providers submitting the Joint Proposal filed comments arguing that the FCC may not have jurisdiction but urged the FCC to adopt their proposal which establishes caps for ancillary fees. Pay Tel also supports the regulation of ancillary fees, as well as ICSolutions and NCIC. Lattice appears to argue that the FCC lacks the jurisdiction to set caps on ancillary fees but also expresses its support for the Joint Proposal which proposes to set caps on ancillary fees.

What should be clear from the comments submitted thus far is that ancillary fees are a primary profit-generating device for ICS providers, and they exist completely outside of the revenue-sharing agreements ICS providers have in place with correctional authorities. These fees are imposed on ICS customers as soon as a call is initiated and are part and parcel of the ICS call. While there may be free options that are available (i.e., mailing a check to the ICS provider), those solutions do not provide any solace to the ICS customer whose loved one has just been arrested and will be released before the check ever gets delivered to the ICS provider. While free options are important to have for long-term prison inmates, the "churn" that is cited so frequently by certain parties completely eliminates the chance for their use for a large share of the ICS calls. Instead, ICS providers have customers that receive calls from short-term inmates at their mercy, and the FCC must ensure that ICS customers must have low-cost options to complete their calls.

Another false argument presented by parties opposed to the FCC's ancillary fees jurisdiction is that the FCC does not regulate fees for other telecommunication services.<sup>19</sup> Instead, they point out FCC's billing rules and other requirements but claim that the FCC does not regulate the underlying fee.<sup>20</sup> What is forgotten, however, is that no other telecommunication service provider has government-sponsored monopoly control over the

<sup>19</sup> *GTL SFNPRM Comments*, pg. 32.

<sup>20</sup> *Id.*, pg. 29.

customer. If a cable or wireless subscriber doesn't like being billed for a paper bill each month, she can move her service to a provider that does not charge for such services.

On the other hand, an ICS customer does not have that fundamental choice. Instead, there is only one ICS service provider for the facility in which their loved one is being held, and the customer is forced to pay whatever fees are imposed without choice. As noted above, this factor is even more important for short-term inmates that are released before an ICS customer has the opportunity to take advantage of lower-cost ancillary fee opportunities. Therefore, analogies to other industries that face substantial competition for consumers miss the point.

Furthermore, the ancillary fees currently comprise a large portion of the ICS customer's expenditures for each call. As explained by several parties, it is common for a significant portion of the money deposited into an ICS account to cover ancillary fees and not the underlying ICS call. Under the Joint Proposal, an ICS customer would pay \$7.95 to deposit \$25.00 into a prepaid account and then pay an 8% validation fee for each call.

In this example, if a 15-minute call is \$3.00, the ICS customer would pay an additional \$8.19 to make that single call. If the ICS customer makes five calls, he would pay \$15.00 in phone rates and \$9.15 in ancillary fees.

As noted above, if a cable subscriber spent more than one-third of her monthly subscriber fee on ancillary fees, she could call another cable provider, one of the two satellite carriers, or simply cancel her service. A wireless consumer could apparently take a chainsaw to her bill and switch companies to get a lower rate.<sup>21</sup>

But an ICS customer cannot switch ICS providers. Based on their comments, correctional authorities have no intention to open their facilities to competition in the near future. Ancillary fees are non-profit-sharing revenue for ICS providers, which have enabled at

<sup>21</sup> See <http://adage.com/article/cmo-strategy/sprint-slices-verizon-t-latest-national-ads/296113/>. To the extent that the ICS industry seeks to align their policies with those of the airline industry, See *GTL SFNPRM Comments*, pg. 32, the Petitioners suggest they target Southwest's "Bags Fly Free" policy instead of Spirit Airline's charges for bringing a carry-on bag.

least one company to pay 96% of its ICS call revenue as a kickback to Escambia County, Florida.<sup>22</sup> Assuming that the FCC adopts uniform ICS rates, and absent FCC regulation of ancillary fees, we will see more gouging situations like Escambia County, and the FCC's goals for just, reasonable and fair ICS rates and charges will be undermined. Therefore, the Petitioners urge the FCC to regulate ICS ancillary fees and to adopt the Petitioners' proposed rate schedule.

### **III. THE FCC DOES NOT NEED TO REGULATE KICKBACKS TO ENSURE JUST, REASONABLE, AND FAIR ICS RATES AND FEES.**

As noted in the Petitioners comments, the issue of FCC regulation of kickbacks to correctional authorities lacks consensus. The major ICS providers argued that the FCC should limit kickbacks to amounts that would reimburse ICS expenses for correctional authorities. Pay Tel believes that “the hands of vendors and facilities...[must be]...constrained by regulatory action.”<sup>23</sup> ICSolutions and Lattice disagree that the FCC has the requisite statutory authority.

Not surprisingly, correctional authorities have argued that they use funds received from ICS providers to fund inmate welfare programs and that they have expenses associated with the provision of ICS for inmates. The National Association of Sheriffs conducted a very small survey, and presented the results that are informative but fail to provide definitive answers.<sup>24</sup> Correctional authorities in Georgia and Arizona also submitted comments attempting to establish ICS-related administrative costs that should be reimbursed. Finally, several California-based sheriffs filed comments attempting to document their expenses and articulating the need for continued funds for their inmate welfare funds.

<sup>22</sup> *CenturyLink Ex Parte Submission*, dated August 28, 2014 (“bidders were obliged to utilize ancillary fees to cover costs that otherwise could not be recovered in per-minute rates after deducting the County’s required commissions.”).

<sup>23</sup> *Pay Tel SFNPRM Comments*, pg. 59-60.

<sup>24</sup> *SFNPRM Comments of the National Sheriffs’ Association*, filed Jan. 12, 2015. As noted *infra*, there is a fundamental question whether families of inmates should be paying the annual benefit package for a detention officer, or for that officer’s supervisor, and his/her benefit package. Moreover, since very few survey respondents provide complete answers, it is impossible for anyone to determine how the information should be weighted.

What should be clear from this discussion is that the FCC should stick to its indisputable statutory authority and establish just, reasonable, and fair ICS rates and ancillary fees, and not wade into the waters of regulating kickbacks. It is likely that any attempt by the FCC to regulate kickbacks will merely lead to new and innovative strategies by ICS providers and correctional authorities to divvy up ICS revenue. Contract administration fees, special technology funds and ADP-based payments are already in use by the parties to make sure that correctional authorities receive their portion of the ICS revenue earned from the families of the incarcerated. Moreover, cottage industries such as “rate validation” and “management of ICS environments” have cropped up.<sup>25</sup>

Furthermore, the FCC has no way to determine if the information provided by the correctional authorities is accurate. For example, the Arizona Department of Corrections filed comments stating that they are “statutorily required to earmark proceeds and commissions from ICS to pay for inmate education and programs.”<sup>26</sup> What the Arizona DOC did not tell the FCC is that the first \$500,000 of its “proceeds and commissions” from ICS goes into a general building fund that has nothing to do with inmate welfare or education.<sup>27</sup>

Another example of the lack of complete data from correctional authorities comes from sheriffs in California. Several of the sheriffs cited Section 4025 of the California Penal Code that requires each county to establish an Inmate Welfare Fund (IWF) to hold ICS kickbacks and commissary earnings.<sup>28</sup> The money is intended to be used for inmate welfare and education, but as the Petitioners’ previously noted, the County of Los Angeles set aside 49% of the IWF monies

<sup>25</sup> *Praeses SFNPRM Comments*, pg. 3.

<sup>26</sup> *Arizona Department of Corrections Comments*, pg. 1. (citing A.R.S. § 41-1604.03).

<sup>27</sup> A.R.S. § 41-1604.03(b). The building fund (A.R.S. §41-797) may be used on “building renewal projects that repair or rework buildings and supporting infrastructure that are under the control of the state department of corrections and that result in maintaining a building’s expected useful life.”).

<sup>28</sup> *See e.g., SFNPRM Comments of the Sheriff of Alameda County*, filed Jan. 16, 2015; *SFNPRM Comments of the Sheriff of Imperial County*, Jan. 12, 2015; *SFNPRM Comments of the Sheriff of Orange County*, filed Jan. 6, 2015.

for general purposes, and Orange County use 74% for staff salaries.<sup>29</sup> Since each county sheriff is required to prepare an annual IWF report and submit the report to its Board of Supervisors, the Petitioners requested copies of these reports to determine how the IWF money is being used.

One of the more alarming discoveries is that ***the money is not being used***. Below is a summary of several counties (representing the leadership of the California Sheriffs Association)<sup>30</sup> who have significant balances in their IWFs:<sup>31</sup>

County	Annual ICS Commissions	IWF Balance
Stanislaus County	Not available	\$1,071,554
Amador County	\$13,000	\$178,117
Kern County	\$1,554,783	\$6,548,382
Santa Barbara County	\$645,533	\$334,000
San Joaquin County	\$382,178	\$1,089,927
Contra Costa County	\$693,778	\$1,439,048
Alameda County	\$1,629,046	\$5,533,022

From this snapshot, several conclusions can be reached. First, several California counties apparently receive more in kickbacks than what they spend for inmate welfare programs and education each year. Second, several counties have multiple years of reserves built up, such as Kern County, which could cease demanding kickbacks for four years before it used all of the funds in their IWF. This is important because the correctional authorities have claimed that they need several years of “transition” before any new ICS rate comes into effect.

Perhaps most alarming, however, is that families of the incarcerated continue to pay into the county IWFs even though the money is not being used to benefit the inmates. In Amador County, a local fifteen-minute call costs \$7.00 and in San Joaquin County it runs \$4.65, but the revenues transferred to the county sheriffs do not benefit the inmates. Thus, families are being

<sup>29</sup> *Petitioners NPRM Reply Comments*, filed April 23, 2013, pg. 26.

<sup>30</sup> *SFNPRM Comments of the California State Sheriffs’ Association*, filed Dec. 19, 2014 (“California does not suffer from the infirmities, real or perceived, that can arise from failing to direct the proceeds of these types of payments to the specific benefit of inmates.”).

<sup>31</sup> *See Exhibit B*. The Imperial County IWF has a running balance of \$1,117,327.54.

forced to pay ICS rates and ancillary fees that are not being used for their intended purposes in order to stay in touch with their loved ones.

The Petitioners do not support taking money from family members of those that are incarcerated to pay for the inmate's keep. The public has decided to incarcerate these individuals, and a system that requires family members to provide direct monetary support to the prison or jail is something straight out of debtor prisons of the 1700's.

However, absent the much-needed overhaul of the nation's criminal justice system, money taken from the families under the government-sponsored monopoly should actually be used for its stated purpose. If running excessively high balances in IWF accounts is happening in a state that has taken the minimal oversight step of requiring IWF reports to be produced on an annual basis, then one can only imagine what is happening in the other 49 states and thousands of smaller jurisdictions with no regulations or reporting requirements.

## **CONCLUSION**

There should be no question that the Petitioners would like to see a day where the ICS rates and ancillary fees are low, and that state, county and local correctional authorities only receive funds for the limited reimbursement of their ICS-related expenses. The Petitioners have been working toward that goal for 15 years.

However, the FCC must not take steps at this point to quantify what ICS-related costs may be associated with the service or ban kickbacks so that ICS providers just reap even larger profits. Instead, the FCC should adopt ICS rates and ancillary fees that benefit the ICS customer, and leave the providers and correctional authorities to divvy up the funds. Otherwise, the Petitioners fear that the FCC's most-appreciated efforts will be undermined.

The FCC has the statutory to establish just, reasonable, and fair ICS rates and ancillary fees. It also has the requisite authority to preempt state or local regulations that undermine the FCC's efforts to regulate ICS. The ICS Providers have supported the adoption of uniform ICS

rates for all types of calls and have put forth recommendations on ancillary fees. The Petitioners urge the FCC to use its statutory authority to adopt meaningful reform, and deliver just, reasonable and fair ICS fees at long last.

Respectfully submitted,

By: /s/ Deborah M. Golden, Esquire  
Deborah M. Golden, Esquire  
D.C. PRISONERS' PROJECT  
WASHINGTON LAWYERS' COMMITTEE  
FOR CIVIL RIGHTS AND URBAN AFFAIRS  
11 Dupont Circle, NW, Suite 400  
Washington, DC 20036  
Telephone 202-319-1000  
Fax 202-319-1010

January 27, 2015

**EXHIBIT A**

Before the  
Federal Communications Commission  
Washington, D.C. 20554

In the Matter of                    )  
  )  
Rates for Interstate Inmate        )  
Calling Services                    )                    WC Docket No. 12-375  
  
  )  
  )                    January 27, 2015

**REPLY TO COMMENTS ON SECOND FURTHER NOTICE OF  
PROPOSED RULEMAKING**

Coleman Bazelon declares as follows:

**I. Purpose**

1. My name is Coleman Bazelon. Previously, I filed a Declaration,<sup>1</sup> a Reply Declaration,<sup>2</sup> Ex Parte Comments on the FCC Mandatory Data Collection Further Notice<sup>3</sup>, and a study on reasonable rates based on the cost data submitted by ICS providers<sup>4</sup> in WC Docket No. 12-375.

<sup>1</sup> “Declaration of Coleman Bazelon,” Martha Wright, et al, D.C. Prisoners’ Legal Services Project, Inc., Cure, Prison Policy Initiative, and the Campaign for Prison Phone Justice, Implementation of the Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996 et al., WC Docket No. 12-375, March 25, 2013, Exhibit C.

<sup>2</sup> “Reply Declaration of Coleman Bazelon,” Martha Wright, et al, D.C. Prisoners’ Legal Services Project, Inc., Cure, Prison Policy Initiative, and the Campaign for Prison Phone Justice, Implementation of the Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996 et al., WC Docket No. 12-375, April 22, 2013, Exhibit A.

<sup>3</sup> “RE: Rates for Interstate Inmate Calling Services,” Lee Petro, WC Docket No. 12-375, September 17, 2014, Attached FCC Mandatory Data Collection Further Notice. (Hereafter, “Comments on Cost Submissions”)

<sup>4</sup> “Comments of Martha Wright, et. al., The D.C. Prisoners’ Legal Services Project, Inc., And Citizens United For Rehabilitation of Errants,” Deborah M. Golden, Esquire, WC Docket No. 12-375, January 12, 2015, Exhibit A. (Hereafter, “Rate Proposal”)

2. I have been asked to review the economic support in three filings submitted in response to the SFNPRM<sup>5</sup> in WC Docket No. 12-375. They are comments by Pay Tel Communications, Inc. (Pay Tel)<sup>6</sup>, Securus Technologies, Inc. (Securus)<sup>7</sup>, Global Tel\*Link (GTL)<sup>8</sup>.

## II. Pay Tel

3. The Expert Report of Don J. Wood reviews the cost data submitted by ICS providers and suggests that the data supports a rate structure of around \$0.067 per MOU for prisons and around \$0.19 per MOU for Jails.<sup>9</sup> This proposal is similar to, and broadly supports, my proposed base rate of \$0.08 per MOU and premium of \$0.10 per MOU for facilities with fewer than 350 beds.<sup>10</sup>
4. Similar to my findings, Mr. Wood found that much of the data submitted was imperfect, overstated, and unreliable with significant cost allocation issues. He excludes the cost data submitted by Combined Public Communications, Custom Teleconnect, and Correct Solutions.<sup>11</sup>
5. Mr. Wood compares the costs allocated to jails from five ICS providers that serve both Jails and Prisons—Securus, GTL, IC Solutions, Telmate, and Century Link—to the cost of

<sup>5</sup> “Rates for Interstate Inmate Calling Services, Second Further Notice of Proposed Rulemaking, 29 FCC Rcd 13,170 (2014). (Hereafter, “SFNPRM”).

<sup>6</sup> “Expert Report of Don J. Wood,” Don J. Wood, WC Docket No. 12-375, January 12, 2015. (Hereafter, “2015 Wood Report”).

<sup>7</sup> “FTI Consulting, Inc. Report on Price Elasticity of Demand for Interstate Inmate Calling Services on Behalf of Securus Technologies, Inc.,” Attachment to “Comments of Securus Technologies, Inc. on Second Further Notice of Proposed Rulemaking (Confidential Version),” Stephanie A. Joyce and Radhika U. Bhat, WC Docket No. 12-375, January 12, 2015. (Hereafter, “FTI Report”).

<sup>8</sup> “Declaration of Stephanie E. Siwek and Christopher C. Holt in Support of Comments of Global Tel\*Link Corporation on Second Further Notice of Proposed Rulemaking,” Stephen E. Siwek and Christopher C. Holt, Attachment to “Comments on Global Tel\*Link Corporation on Second Further Notice of Proposed Rulemaking,” WC Docket No. 12-375, January 12, 2015. (Hereafter, “Siwek/Holt Declaration”)

<sup>9</sup> “2015 Wood Report”.

<sup>10</sup> “Rate Proposal,” p. 6. I have not fully examined the differences in our cost calculations, but note that Mr. Wood does not break out collect calling as a separate category.

<sup>11</sup> “2015 Wood Report,” p. 15-16.

serving jails of three jail only providers—Pay Tel, NCIC, and Lattice Incorporated. He finds that both sets of providers 2013 data resulted in a cost of approximately \$0.19 per MOU in Jails.<sup>12</sup> By comparing allocated jail costs to jail only costs, Mr. Wood proves that the differential is not due to allocation methodologies but rather represents a difference in the costs to provide ICS.

6. Mr. Wood also conducts an analysis to determine that Jails with ADP of 0-99 are 92% more expensive than average, Jails with ADP of 100-349 are 38% more expensive than average, and Jails with 350-999 ADP are equal to average.<sup>13</sup> This analysis supports my proposal that the true difference in costs to providing ICS is for these significantly smaller facilities.
7. To determine the cost of serving Prisons, Mr. Wood subtracts the cost of serving Jails from total costs and divides by prison minutes to arrive at a cost of \$0.1032 per MOU to serve prisons. To support that costs are overstated in the large providers' submissions, Mr. Wood reviews rates from GTL and Securus contracts at prison facilities with no site commissions and notes they average \$0.067 per minute. Between the reported prison average of \$0.1032 per MOU, the average of facilities with no site commissions of \$0.067 and 2013 Securus reported costs (inclusive of all costs except site commissions) which average on a minute weighted basis to \$0.044 per MOU,<sup>14</sup> Mr. Wood proposes that it is reasonable to conclude that the cost to provide ICS in prisons is around \$0.067 per MOU.<sup>15</sup>
8. Mr. Wood also provides an analysis of the Joint Provider (Securus, GTL, and Telmate) Proposal.<sup>16</sup> He calculates the average revenue the providers would receive given call volumes reported in the Mandatory Data Collection and the proposed rates of \$0.20 for debit/prepaid and \$0.24 for collect and compares this to their reported costs. He finds that the proposed rates would lead to a collective \$200 million per year of excess revenue

<sup>12</sup> "2015 Wood Report," p. 20. Providers' costs are weighted by MOU.

<sup>13</sup> "2015 Wood Report," p. 23.

<sup>14</sup> "Rates for Interstate Inmate Calling Services, WC Docket No. 12-375, Report and Order and Further Notice of Proposed Rulemaking," Released: September 26, 2013, ¶75, footnote 277. The \$0.044 per minute average is calculated by the FCC in this report and represents the total average cost per interstate minute of use, excluding commissions and weighted by call volume for the facility groups based on data included in Securus 2013 Comments, Expert Report of Stephen E. Siwek.

<sup>15</sup> "2015 Wood Report," p. 27.

<sup>16</sup> "WC Docket No. 12-375 Industry Proposal Letter," Brian D. Oliver, Richard A. Smith, and Kevin O'Neil, September 15, 2014.

over their costs for Securus, GTL, and Telmate. Mr. Wood also finds that, under this rate proposal, end-users at larger Jails and Prisons would be paying almost \$240 million more per year than necessary to recover costs in order to subsidize shortfalls at the small facilities.<sup>17</sup>

### III. Securus/ FTI

9. Securus submitted a report by FTI Consulting, Inc. that analyses issues about elasticity of demand for ICS services.<sup>18</sup> The report argues that the 38.2% decrease in rates and accompanying 67.4% increase in interstate volume from 2013 to 2014 overstates elasticity of demand for interstate rates because of several confounding factors, including cannibalization of local minutes and other non-rate factors that account for some of the increase in demand. The report finds that after taking account of all of the confounding factors, the 38.2% decrease in price was responsible for only a 15.5% increase in interstate minutes of use.<sup>19</sup> The Report concludes, “This analysis indicates that any further reduction in rates will result in additional loss of revenue, meaning that Securus WILL NOT recover the costs identified in the FTI Cost Report.”<sup>20</sup>
10. Before elaborating the concerns about why the analysis that led to the 15.5% increase in minutes clearly underestimates the increase in interstate minutes that can be attributed to Interstate rate declines, two higher level comments are in order. First, as discussed in my comments on the FCC Mandatory Data Collection Further Notice, the FTI Cost Report submitted by Securus clearly overstates recoverable costs, for example by inflating returns to equity and including financing costs.<sup>21</sup> Second, it should not be a surprise that lower rates lead to less revenue for Securus; otherwise as a profit maximizing company they would have already lowered rates to increase revenues and profits. Consequently, that Securus’ revenues will decrease, as Securus argues, is to be expected. Third, the goal of a rate cap is not to allow Securus to recover its current reported costs, but rather the reasonable costs associated with providing ICS service.

<sup>17</sup> “2015 Wood Report”, p. 32.

<sup>18</sup> “FTI Report”.

<sup>19</sup> “FTI Report”, p. 21.

<sup>20</sup> “FTI Report”, p. 21.

<sup>21</sup> “Comments on Cost Submissions”, ¶18 - ¶20.

11. The FTI Report makes several conceptual and methodological errors that tend to overstate the amount of the increase in Interstate MOUs that can be explained by factors other than the decrease in Interstate rates. I review a sample of them here.
12. *Ignoring the Intrastate segment distorts the analysis of substitution.* The FTI Report argues that some portion of the increase in MOUs in the Interstate market is cannibalized from the Local market. In principle, this is to be expected—as the relative price of Interstate calls decreases, consumers would be expected to substitute toward more of the now cheaper service. According to the FTI Report, Interstate MOUs increased and Local MOUs decreased by .<sup>22</sup> The analysis in the FTI Report assumes these are the only changes even though the report notes that there was an increase of MOU in the Intrastate segment, which accounts for almost of Securus’ 2014 MOUs.<sup>23</sup> Consequently, of the loss in the Local segment was made up in the Intrastate segment. Leaving out the growth in the Intrastate segment, and not accounting for substitution between the three markets clearly overstates the amount of substitution between the Local and Interstate segments.
13. *Ignoring state prisons distorts the analysis.* The FTI Report did not include data from state prisons because their Interstate rates averaged in 2013 and FTI claims that the Interstate rate changes “had no discernable impact on those facilities.”<sup>24</sup> No evidence was provided that rates at these facilities did not change. Nevertheless, when looking at substitution between segments all information is relevant, even for facilities that did not experience significant rate changes. For example, the FTI Report ignores an obvious and potentially useful natural experiment. The FTI Report notes that the excluded state prisons had an increase in MOU of between 2013 and 2014.<sup>25</sup> This rate of increase, presumably *not* caused by rate declines, is significantly lower than the increase in MOUs that the FTI Report argues was also caused by non-rate factors. This decline at state prisons potentially provides a useful baseline of non-price changes in Interstate MOUs.<sup>26</sup>
14. *Removing unhelpful observations biases the results.* When estimating the relationship between rates and usage, the FTI Report chose to exclude from the analysis so-called outliers. No statistical analysis was presented to suggest that these so-called outliers were

<sup>22</sup> “FTI Report”, Figure 1.

<sup>23</sup> “FTI Report”, Figure 1.

<sup>24</sup> “FTI Report”, p. 7.

<sup>25</sup> “FTI Report”, p. 7, footnote 8.

<sup>26</sup> Also apparently unanalyzed in the FTI Report is the baseline changes in the Local and Intrastate segments for state prisons, again ignoring potentially useful baseline information.

anything more than unhelpful observations. As Figure 6 of the FTI Report visually illustrates with respect to smaller facilities, the relationship between price and usage that they chose to use has about half the effect as suggested by the overall data.<sup>27</sup> The restricted data set they use strongly underestimates the relationships between interstate rates and interstate usage that is reported in their Figure 9.

15. *Analysis of significant non-price impacts on demand is unsubstantiated.* The FTI Report argues that some increase in usage of interstate services would have happened absent any changes in rates. They note three main areas of non-price demand increases. First, they argue that contract churn caused \_\_\_\_\_, or \_\_\_\_\_, of the increase in Interstate MOUs.<sup>28</sup> This may be facially true, but no analysis was presented that suggests the increase in MOU was not caused by lower Interstate rates, albeit at new instead of existing facilities. Second, the FTI Report argues that improving economic conditions lead to an increase in demand for Interstate services. This may be true, but their estimate is based on a single-year, straight-line extrapolation, not an actual analysis of the impact of higher economic activity on ICS service demand.<sup>29</sup> Third, the FTI Report includes an exogenous \_\_\_\_\_ (or \_\_\_\_\_) increase in demand that allegedly results from “Securus Initiatives.”<sup>30</sup> No hint is given as to what these “demand-stimulating initiatives” might be, or even could be other than lowering price. Regardless, this significant adjustment to Interstate demand is completely unsubstantiated and cannot be relied upon without much more explanation.
16. For at least the reasons above, the FTI Report’s analysis of own price elasticity of demand for Interstate services severely underestimates the responsiveness of demand for Interstate services to their price.

#### IV. GTL/Siwiek and Holt

17. GTL submitted a Declaration by Stephen Siwek and Christopher Holt that examined the distribution of costs submitted to the FCC. They note that, given variation in costs, it is important to recognize that rates set at or near medians will inevitably not recover costs of facilities that are above that median cost level. As an initial matter, their analysis is

<sup>27</sup> “FTI Report”, Figure 6.

<sup>28</sup> “FTI Report”, p. 18.

<sup>29</sup> “FTI Report”, p. 18. In fact, the authors recognized the shortcomings of this part of their analysis and qualified this analysis by prefacing it with the following disclaimer: “While admittedly based on limited data and analysis to this point,…”

<sup>30</sup> “FTI Report”, p. 19.

essentially useless because they take the costs at a facility as the unit of analysis for their statistical calculations, giving a small facility with fewer than 350 beds the same weight as a larger facility with more than 5,000 beds. Because they do not weight their observations by costs or usage, they do not provide any information about how much of industry reported costs would be above any given rate level and, therefore, do not provide information helpful in setting rates.

18. Beyond the obvious failing of the analysis, it also does not consider other factors that are needed to properly interpret the relevance of distributions of costs. First, because the vast majority of costs reported to the FCC were allocated costs (mostly allocated by revenue or MOUs), it is not a foregone conclusion that costs would not be recovered at any given facility.<sup>31</sup> The correct test of uneconomic rates or of uneconomic cross subsidies is whether or not total costs are recovered across all facilities and incremental costs are recovered at every facility. No analysis was provided on either of these points.
19. Second, to the extent costs vary by facility size, or by service, then rates should reflect these differences in cost drivers. The outlier problem raised by Siwek and Holt, if it exists, is an issue that should be analyzed separately for each rate. For example, by charging separate rates for small facilities (350 beds or under) and large facilities (over 350 beds), most of their measured outliers disappear.

## V. Conclusion

20. On behalf of Pay Tel, Mr. Don J. Wood found that cost data was overstated and imperfect, largely driven by issues due to allocation decisions. However, Mr. Wood determines a rate structure that could reasonably cover costs based on the more reliable submissions of \$0.067 per MOU for prisons and \$0.19 per MOU for Jails. His analysis broadly supports my proposed base rate and small facilities premium.
21. On behalf of Securus, FTI concludes that further reduction in rates will result in additional loss of revenue. FTI makes several conceptual and methodological errors in their analysis that underestimates the responsiveness of demand for Interstate services at lower prices. Regardless, FTI ignores a main goal of the proceeding—for ICS providers to recover the reasonable costs of providing ICS, rather than to maintain their current profitability. Even taken at face value, the FTI analysis only shows that lower rates would lead to lower revenues for Securus, not whether or not those lower revenues would cover costs of providing ICS service.

<sup>31</sup> This point is completely separate from the fact that reported costs are exaggerated. See, “Comments on Cost Submissions” and “Rate Proposal”.

22. On behalf of GTL, Siwek and Holt claim that rates set at or near medians will inevitably not recover costs of facilities that are above that median cost level due to the distribution of costs around such median. Siwek and Holt's analysis, however, does not provide any information helpful for setting rates because they ignore factors that are needed to interpret the significance of the cost distribution. They do not weight data by cost or usage, they do not correctly test for uneconomic rates/cross subsidies by analyzing whether total costs are recovered across all facilities and incremental costs are recovered at every facility, and they do not consider that when rates reflect differences in cost drivers the spread in rates is greatly diminished.

**EXHIBIT B**

**STANISLAUS COUNTY, CALIFORNIA**  
**Fiscal Year 2014-2015**

**CRIMINAL JUSTICE/PUBLIC PROTECTION**  
**Detention and Correction**



**SHERIFF—JAIL COMMISSARY/INMATE WELFARE**

Budget Unit 4081 0028509  
 Enterprise Fund

**SERVICES PROVIDED**

The Jail Commissary/Inmate Welfare Fund was established under Penal Code Section 4025 and can be used only for the benefit, education or welfare of inmates. Profits generated from commissary sales and phone revenue are expended based on recommendations made by the Inmate Welfare Committee for the benefit, education and welfare of the inmates confined within Stanislaus County detention facilities. The programs provided include vocational welding, landscaping, life skills and substance abuse treatment. In addition, there are programs that provide the opportunity to improve reading skills and to obtain a General Education Development (GED) certificate.

**FUND/CASH BALANCE**

As of July 1, 2014, this fund had a positive retained earnings of \$1,071,554 compared to the July 1, 2013 positive retained earnings of \$931,769. This increase is primarily related to phone revenue and the increase in inmate population. The Department anticipates using \$262,600 of retained earnings in Fiscal Year 2014-2015.

The actual cash balance as of July 1, 2014 is \$936,260 compared to the July 1, 2013 positive balance of \$592,273. The difference between the cash and retained earnings is due to the non-cash items listed on the balance sheet, such as Depreciation and Fixed Assets.

<b>Sheriff - Jail Commissary / Inmate Welfare</b>					
<b>Classification</b>	<b>2012-2013 Actual</b>	<b>2013-2014 Actual</b>	<b>2014-2015 Requested Final Budget</b>	<b>2014-2015 Recommended Adjustments</b>	<b>2014-2015 Recommended Final Budget</b>
Taxes	\$0	\$0	\$0	\$0	\$0
Licenses, Permits, Franchises	\$0	\$0	\$0	\$0	\$0
Fines, Forfeitures, Penalties	\$0	\$0	\$0	\$0	\$0
Revenue from use of Assets	\$4,487	\$9,038	\$3,500	\$0	\$3,500
Intergovernmental Revenue	\$0	\$0	\$0	\$0	\$0
Charges for Service	\$6,765	\$155,643	\$168,193	\$0	\$168,193
Miscellaneous Revenue	\$1,681,701	\$1,373,308	\$1,277,500	\$0	\$1,277,500
Other Financing Sources	\$0	\$0	\$0	\$0	\$0
<b>Total Revenue</b>	<b>\$1,692,953</b>	<b>\$1,537,989</b>	<b>\$1,449,193</b>	<b>\$0</b>	<b>\$1,449,193</b>
Salaries and Benefits	\$263,035	\$204,379	\$243,210	\$0	\$243,210
Services and Supplies	\$1,088,880	\$1,133,067	\$1,420,430	\$0	\$1,420,430
Other Charges	\$52,145	\$52,130	\$48,153	\$0	\$48,153
Fixed Assets	\$0	\$0	\$0	\$0	\$0
Other Financing Uses	\$4,265	\$4,990	\$0	\$0	\$0
Equity	\$0	\$0	\$0	\$0	\$0
Intrafund	\$0	\$0	\$0	\$0	\$0
Contingencies	\$0	\$0	\$0	\$0	\$0
<b>Gross Costs</b>	<b>\$1,408,325</b>	<b>\$1,394,566</b>	<b>\$1,711,793</b>	<b>\$0</b>	<b>\$1,711,793</b>
Retained Earnings	(\$284,628)	(\$143,423)	\$262,600	\$0	\$262,600
<b>Net County Cost</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**PROGRAM DISCUSSION**

At the requested level of funding, the Jail Commissary/Inmate Welfare Fund can maintain current operations. The revenue generated through the sale of commissary items and inmate phone use will be used to fund appropriate needs for the inmate population as determined by the Inmate Welfare Committee. Title 15 of the California Code of Regulations specifies that inmate welfare funds be used primarily for the benefit, recreation, education or welfare of inmates. The Inmate Welfare Committee is charged with this responsibility and may enter into contracts for services.

**STAFFING IMPACTS**

Total current authorized positions— 3

There are no recommended changes to the current level of staffing.

**RECOMMENDED FINAL BUDGET**

It is recommended that a budget of \$1,711,793 be approved for Sheriff – Jail Commissary/Inmate Welfare. This budget is funded from \$1,449,193 in estimated department revenue and from \$262,600 in retained earnings.

OFFICE OF  
SHERIFF - CORONER



MARTIN A. RYAN  
SHERIFF - CORONER

TO: AMADOR COUNTY BOARD OF SUPERVISORS  
FROM: JAMES WEGNER, UNDERSHERIFF  
SUBJECT: INMATE WELFARE FUND ANNUAL REPORT  
30001-101363  
DATE: January 29, 2014

.....  
Please find attached an overview of the 2013 annual Inmate Welfare Fund (IWF).

On January 1, 2013, IWF had a balance of \$169,484.86. On December 31, 2013, the ending balance was \$178,117.50

The Amador County Jail, pursuant to California Penal Code Section 4025, has established a commissary program for the inmate population. The purpose of the commissary program is to allow inmates to make purchases for their use of items pre-approved by the Sheriff. These items include confectionary, toilet articles, writing materials and other similar products. The inmates are required to make these purchases using their personal cash. The County of Amador contracts with Keefe Commissary for the administration of this program and has done so for the past 18 years. The County went to bid for these services in 2013 and awarded the contract to Swanson Services Corporation at the conclusion of the process. Swanson is expected to take over the commissary program in February of 2014. All profits made from this program are deposited into the IWF and are kept in the treasury of the county.

The Amador County Jail contracts with Securus Technologies for the administration and maintenance of an inmate pay telephone system. Inmates using their cash funds purchase telephone cards from Securus allowing them access to call friends and relatives. Inmates can also use the Securus telephone system to make collect telephone calls to friends and family. Inmates can use the Securus telephone system to call the Public Defender's Office free of charge. Any money, refund, rebate or commission received from Securus is deposited into the IWF.

Pursuant to State law, any funds deposited in the IWF shall be expended by the Sheriff primarily for the benefit, education and welfare of the inmates confined within the jail.

.....  
*SERVICE • INTEGRITY • TEAMWORK • EXCELLENCE*

OFFICE OF  
SHERIFF - CORONER



MARTIN A. RYAN  
SHERIFF - CORONER

**2013 Annual Report-30001 Consolidated Trust Fund**  
**Account 101363 Inmate Commissary**

**Beginning Balance 01/01/13**

\$ 169,484.86

**Ending balance 12/31/13**

\$ 178,117.50

**Deposits for 2013**

Total commissary Sales	77,800.35
Total phone card sales	38,097.99
Total commission	13,481.50
Credits (Restitution)	56.04
Interest	285.63
<b>Total Deposits</b>	<b>\$ 129,721.51</b>

**Withdrawals for 2013**

Vendor Checks	88,397.90
Phone Cards	28,080.00
Less Cash	936.28
GSA automatic deductions	3,674.69
<b>Total Withdrawals</b>	<b>\$ 121,088.87</b>

DONNY YOUNGBLOOD  
Sheriff-Coroner  
Public Administrator

SHERIFF'S OFFICE  
COUNTY OF KERN

PUBLIC COPY  
Telephone (661) 391-7500



1350 Norris Road  
Bakersfield, California 93308-2231

December 3, 2013

Board of Supervisors  
Kern County Administrative Center  
1115 Truxtun Avenue  
Bakersfield, CA 93301

**ANNUAL ITEMIZED REPORT OF INMATE WELFARE FUNDS FOR FISCAL YEAR 2012-13  
(Fiscal Impact: None)**

The Sheriff's Office requests the Board receive and file the annual itemized report of expenditures in the Inmate Welfare Fund per Section 4025 of the State Penal Code as follows:

- Authorizes the Sheriff to deposit profits derived from the operation of inmate commissary sales and inmate telephone services into the Inmate Welfare Fund;
- Provides that money deposited in the Inmate Welfare Fund shall be expended by the Sheriff primarily for the benefit, education, and the welfare of the inmates confined within the jail;
- Provides that any funds not needed for the welfare of the inmates may be expended on the maintenance of county jail facilities and on other programs benefiting inmates as deemed appropriate by the Sheriff; and
- Requires the Sheriff submit an itemized annual report to the Board of Supervisors.

Therefore, IT IS RECOMMENDED that your Board receive and file this report.

Sincerely,

DONNY YOUNGBLOOD, Sheriff-Coroner

  
By: Francis Moore, Chief Deputy  
Detentions Bureau

Attachment

cc: Auditor-Controller-County Clerk

PLEASE ADDRESS ALL COMMUNICATIONS TO THE SHERIFF

KERN COUNTY SHERIFF'S OFFICE  
 INMATE WELFARE TRUST FUND # 24057  
 SUMMARY OF EXPENDITURE AND REVENUE  
 FY 2012 - 2013

Date	Transaction	Item #	Payment	Deposit	Balance
30-Jun-12	Balance Forward from FY 2011/2012				\$6,548,382.37
5-Jul-12	Lerdo Blue Room PCC Commission	EROD 306266 EROD 306276	\$886.90	\$119,272.51	\$6,549,269.27
12-Jul-12	Lerdo Blue Room Keefe Commissary Keefe Commissary	EROD 306718 ck# 013971 ck# 013945	\$1,418.31 \$15,078.91 \$14,644.73		\$6,668,541.78 \$6,669,960.09 \$6,685,039.00 \$6,699,683.73 \$6,699,683.73 \$6,699,488.41 \$6,699,488.41
15-Jul-12	Key Switch		\$195.32		\$6,700,939.62
19-Jul-12	Lerdo Blue Room Keefe Commissary Secure Pak Sales	EROD 307213 ck# 013997 ck# 27810	\$1,451.21 \$13,595.69 \$9,492.88		\$6,724,028.19 \$6,724,028.19 \$6,724,028.19
26-Jul-12	Lerdo Blue Room	EROD 307677	\$711.27		\$6,724,739.46
26-Jul-12	Costco	PO 1217252	\$93.47		\$6,724,739.46
26-Jul-12	Costco	PO 1217252	\$28.54		\$6,724,739.46
26-Jul-12	Costco	PO 1217252	\$47.83	\$169.84	\$6,724,569.62
27-Jul-12	Revenue transfer		\$12,179.46		\$6,736,749.08
					\$6,736,749.08
1-Aug-11	US Bank US Bank US Bank US Bank US Bank US Bank	Req# 11900 Req# 11895 Req# 11896 Req# 11898 Req# 11901 Req# 11899 Req# 11866	\$42.58 \$55.28 \$36.85 \$100.66 \$46.06 \$289.42 \$132.99		\$6,736,749.08 \$6,736,706.50 \$6,736,651.22 \$6,736,614.37 \$6,736,513.71 \$6,736,467.65 \$6,736,467.65 \$6,736,467.65
1-Aug-12	Stinson's	PO 1321995	\$92.33		\$6,735,952.91
1-Aug-12	IBC IBC IBC	PO 1217251 PO 1217251 PO 1217251	\$43.04 \$29.64 \$29.64		\$6,735,909.87 \$6,735,880.23 \$6,735,850.59 \$6,735,850.59
1-Aug-12	AT & T Mobility	PO 1215886	\$27.31		\$6,735,823.28
1-Aug-12	Legal Research Legal Research	PO R600117 PO R600117	\$5,429.00 \$5,016.00	\$10,445.00	\$6,730,394.28 \$6,725,378.28 \$6,725,378.28
1-Aug-12	Pepsi Cola Pepsi Cola	PO 1217762 PO 1217762	\$193.53 \$29.35	\$222.88	\$6,725,184.75 \$6,725,155.40 \$6,725,155.40
1-Aug-12	Prison Ministries	PO R120198	\$104.37		\$6,725,051.03
1-Aug-12	Valley Welding	PO 1215988	\$21.08		\$6,725,029.95
					\$30,758.89 Carryover unincurred expenses June 2012
					\$365.16 July Expenses
					\$31,124.05 Net Unincurred expense
					\$31,124.05 \$ 6,767,873.13 Trust balance as of 7/30/12



BOARD OF SUPERVISORS  
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors  
105 E. Anapamu Street, Suite 407  
Santa Barbara, CA 93101  
(805) 568-2240

**Department Name:** Sheriff  
**Department No.:** 032  
**For Agenda Of:** September 16, 2014  
**Placement:** Administrative  
**Estimated Tme:**  
**Continued Item:** No  
**If Yes, date from:**  
**Vote Required:** Majority

**TO:** Board of Supervisors

**FROM:** Sheriff's Office Bill Brown (Ext. 4290)  
Contact Info: Commander Jenny Sams (Ex. 4245)

**SUBJECT:** Inmate Welfare Fund (0075) Annual Statement

**County Counsel Concurrence**

As to form: N/A

Other Concurrence:

As to form: N/A

**Auditor-Controller Concurrence**

As to form: N/A

**Recommended Actions:**

That the Board of Supervisors accept and file the Annual Income Statement for the Inmate Welfare Fund for Fiscal Year 2013-14

**Summary Text:**

The California Penal Code requires that the Board receive and file information pertaining to the jail inmate welfare funds annually.

For FY2013-14, revenues exceeded expenditures by \$333,790.94. This surplus was caused by continued staffing vacancies and an increase in commissary sales.

**Background:** California Penal Code, Title 4, Chapter 1, Section 4025(e) requires that the Sheriff's Department submit an annual report of itemized expenses and receipts to the Board. The format follows an Income Statement format suggested by the Auditor-Controller's Office and is consistent with prior years.

**Fiscal and Facilities Impacts:**

Budgeted: N/A

Narrative:

There is no fiscal or facility impact associated with the acceptance and filing of this report.

Page 2 of 2

**Special Instructions:**

Clerk of the Board: Please send an official Minute Order to the Sheriff's Office, Attention Cathy Dorsey

**Attachments:**

Inmate Welfare Fund Annual and Revenue Statements for Fiscal Year 2013-2014

**Authored by:**

Jenny Sams, Custody Commander  
Santa Barbara County Sheriff's Office  
Custody Operations Division

**cc:**

**SANTA BARBARA COUNTY SHERIFF'S OFFICE  
INMATE WELFARE FUND- FUND 0075**

**ANNUAL STATEMENT OF REVENUES AND EXPENDITURES  
FISCAL YEAR ENDING JUNE, 30 2014**

**Revenue for Inmate Welfare Fund**

Interest	2,851.87	
Fair Market Value (FMV) Adjustment	3,709.19	
Inmate Telephone Commission	645,533.84	
Debit Calling Revenue	90,299.00	
Print Shop Sales	82,243.88	
Commissary Commission	375,460.78	
Partners for a Safer America Commission	25,200.00	
 Total Revenues		 <b>\$1,225,298.56</b>

**General and Administrative Expenditures**

Administration	210,789.56	
Educational Program	25,111.49	
Sheriffs Treatment Program - Drug and Alcohol	256,340.65	
Inmate Services Maintenance	16.20	
Inmate Services Recreation	20,084.29	
Inmate Phone	71,974.00	
Commissary	351.53	
Indigent Programs	3,263.96	
Legal & Law Library	44,872.00	
Religious Program	121,969.74	
Print Shop / Equipment / Supplies	135,821.96	
DARDC	912.24	
 Total General and Administrative Expenditures		 <b>\$891,507.62</b>

**Net Gain for Inmate Welfare Fund**

Petty Cash Closed.	300.00	<b>\$ 333,790.94</b>
<b>Purpose of Fund</b>	<b>\$ 334,090.94</b>	

Report: 13-D3

County of San Joaquin  
 Fund Report - Year to Date (County Fiscal Year)  
 As of June 30, 2014  
 11212-PRISONERS WELFARE TRUST

	Activities for :		Balance As of June 30, 2014
	Current Month	Year to Date	
FINAL			
Fund Balance - Beginning of the Fiscal Year	-	-	798,171.68
Revenues			
REVENUES-GENERAL	-	-	-
TAXES	-	-	-
LICENSES, PERMITS, FRANCHISES	-	-	-
FINES, FORFEITURES, PENALTIES	-	-	-
4400000000	1,542.00	1,542.00	1,542.00
INTEREST INCOME	-	-	-
USE OF MONEY AND PROPERTY	-	-	-
INTERGOVERNMENTAL REVENUES	-	-	-
4623205000	315.00	2,245.00	2,245.00
OTHER SVCS-NOTARY FEES	315.00	2,245.00	2,245.00
CHARGES FOR SERVICES	-	-	-
4704200000	315.00	2,245.00	2,245.00
SALE OF FIXED EQUIP/FURN	-	339.85	339.85
4704300000	-	339.85	339.85
SALE OF GOODS MATERIALS	-	316,590.00	316,590.00
4704310000	-	316,590.00	316,590.00
SALE OF RECYCLED MATERIAL	-	1,024.30	1,024.30
4704500001	-	1,024.30	1,024.30
IWF PROG REV-TRANSP	25.00	499.73	499.73
4706200000	25.00	499.73	499.73
OUTLAWED WARRANTS	-	793.47	793.47
4707000100	-	793.47	793.47
OTHER-COMMUNITY CORPS SERVICES	47,555.23	524,002.45	524,002.45
4711100100	39,419.49	382,178.94	382,178.94
TELEPHONE REVENUES-IWF	114,349.72	1,225,428.74	1,225,428.74
MISCELLANEOUS REVENUES	629,718.68	629,718.68	629,718.68
4801590000	629,718.68	629,718.68	629,718.68
OPER TRF-FM COMMISSARY	277.50	1,175.02	1,175.02
4801780000	277.50	1,175.02	1,175.02
OPER TRF-FM JAIL INDUSTRY	629,996.18	630,893.70	630,893.70
TRANSFERS IN	-	-	-
OTHER FINANCING SOURCES	-	-	-
SELF INS FUND SPECIAL REVENUES	-	-	-
MP-TEL-RADIO ISF REVENUES	-	-	-
SOLID WASTE SPECIAL REVENUES	-	-	-
HOSPITAL SPECIAL REVENUES	-	-	-
AIRPORT SPECIAL REVENUES	-	-	-
RETIREMENT FUND SPECIAL REV	-	-	-
AGENCY FUNDS - DEPOSITS	-	-	-
Total Revenues	744,660.90	1,860,109.44	1,860,109.44
Expenditures			
6003000000	727.72	8,281.81	8,281.81
SALARIES-OVERTIME	727.72	8,281.81	8,281.81
6003200000	230.52	1,606.26	1,606.26
SALARIES-HOLIDAY PAY	230.52	1,606.26	1,606.26
SALARIES	958.24	9,888.07	9,888.07
FRINGE BENEFITS	-	-	-
Total Salaries and Benefits	958.24	9,888.07	9,888.07
6201000000	179.43	259.45	259.45
OFFICE EXPENSE-GENERAL	179.43	259.45	259.45
6201001000	-	3,582.37	3,582.37
OFFICE SUPPLIES-PURCHASING-ISF	-	3,582.37	3,582.37
6202000000	55.56	146.54	146.54
OFFICE EXPENSE-POSTAGE	55.56	146.54	146.54
6203000000	1,366.43	15,098.16	15,098.16
OFFICE EXP-SUBS & PERIODICALS	1,366.43	15,098.16	15,098.16
6206000000	661.44	7,868.28	7,868.28
COMMUNICATIONS	661.44	7,868.28	7,868.28
6206000300	24.18	331.19	331.19
COMM SVS-CELL PHONE	24.18	331.19	331.19
6209000000	-	25.25	25.25
MEMBERSHIPS	-	25.25	25.25
6211000000	5,224.48	46,917.69	46,917.69
MAINTENANCE-EQUIPMENT	5,224.48	46,917.69	46,917.69
6211008300	-	1,789.34	1,789.34
MAINT-VEHICLE	-	1,789.34	1,789.34
6214000100	439.48	2,746.57	2,746.57
RENTS & LEASES-COPYING MACHINE	439.48	2,746.57	2,746.57

County of San Joaquin  
 Fund Report - Year to Date (County Fiscal Year)  
 As of June 30, 2014  
 11212-PRISONERS WELFARE TRUST

Report: 13-D3

	Activities for :		Balance
	Current Month	Year to Date	
			As of June 30, 2014
	43.44	392.43	392.43
TRANS AND TRAVEL-GENERAL			
TRANS/TRAVEL-MOTORPOOL	3,603.03	49,838.08	49,838.08
REBATED FLEET CHGS - SCO AUDIT	(5,969.65)	(5,969.65)	(5,969.65)
PROFESSIONAL SVS-GEN	-	4.46	4.46
FINGERPRINTING	-	32.00	32.00
CONSULTING FEES	4,159.17	39,843.91	39,843.91
PROF SVS-SPECIAL PROJECTS	3,818.75	62,543.60	62,543.60
TRAINING TOOLS & SUPPLIES	828.26	4,805.89	4,805.89
SPECIAL DEPARTMENTAL EXPENSE	2,194.22	15,817.61	15,817.61
LICENSES & PERMITS	-	4,150.00	4,150.00
CLOTHING & PERSONAL SUPPLIES	87.96	87.96	87.96
FOOD	1,990.07	4,650.61	4,650.61
HOUSEHOLD EXPENSE	-	148.95	148.95
WASTE DISPOSAL SERVICE	340.04	2,468.84	2,468.84
MAINT-STRU-GR/SECUR ALRM SYS	35.00	420.00	420.00
SMALL TOOLS & INSTRUMENTS	778.74	18,225.20	18,225.20
LAUNDRY EQUIPMENT	-	12,387.60	12,387.60
SMALL TOOLS & INSTR-GARDENING	310.06	2,038.31	2,038.31
COST OF SUPPLIES-REISSUED	(16,993.94)	(177,908.46)	(177,908.46)
COST OF SALES-PARTS & MATLS	30,000.00	330,000.00	330,000.00
RENTS/LEASES-AUTO EQUIP-ISF	237.44	1,979.30	1,979.30
INSURANCE-CASUALTY	-	1,625.00	1,625.00
<b>SERVICES AND SUPPLIES-TOTAL</b>	<b>33,413.59</b>	<b>446,346.48</b>	<b>446,346.48</b>
<b>OTHER CHARGES</b>	-	-	-
<b>OTHER FINANCING USES</b>	-	-	-
EQUIPMENT	4,084.52	4,084.52	4,084.52
AUTOMATION EQUIPMENT	4,737.52	4,737.52	4,737.52
<b>CAPITAL EXPENDITURES</b>	<b>8,822.04</b>	<b>8,822.04</b>	<b>8,822.04</b>
<b>COST REIMBURSEMENTS</b>	-	-	-
6601001201	88,383.84	1,103,296.67	1,103,296.67
OPER TRF-TO GF-LABOR COST	88,383.84	1,103,296.67	1,103,296.67
<b>TRANSFERS OUT</b>	-	-	-
<b>PROVISION FOR CONTINGENCY</b>	-	-	-
<b>LOAN TO OTHER FUNDS</b>	-	-	-
<b>CLEARING ACCOUNTS</b>	-	-	-
<b>PUBLIC WORKS PROJECT EXP</b>	-	-	-
<b>LIABILITY INSURANCE ISF EXP</b>	-	-	-
<b>MEDICAL &amp; DENTAL INSUR ISF EXP</b>	-	-	-
<b>RETIEMENT FUND EXP</b>	-	-	-
<b>AGENCY FUND DISBURSEMENT</b>	-	-	-
Total Expenditures	131,577.71	1,568,353.26	1,568,353.26
Net Changes	613,083.19	291,756.18	291,756.18
<b>Fund Balance - At the end of the Period</b>			<b>1,089,927.86</b>

FOR INFORMATION ONLY  
 Voucher/AP payables

Inmate Welfare Fund  
Statement of Receipts, Disbursements, and Fund Balance  
Fiscal Year Ended June 30, 2013

## Receipts:

GTL Telephone Commissions	\$693,778	
Canteen Commissions	713,651	
WCDF Inmate Industries	69,222	
MCDF Frame Shop	8,146	
Investment Interest	977	
Miscellaneous	<u>6,761</u>	
 Total Receipts		 \$1,492,535

## Disbursements:

Entertainment		
Purchase of TV's/VCR's/DVD's/Accessories	\$	
Public Performance License & Movie Rental	2,666	
Inmate Work Crew Refreshments/Treats	<u>16,302</u>	
Sub-Total		\$ 18,968
Recreation		
Table/Board Games/Sports Equipment		
Satellite TV Service	<u>\$29,741</u>	
Sub-Total		\$ 29,741
Education and Welfare		
Bay Area Chaplains Contractual Services	\$115,058	
Office of Education Contractual Services	495,271	
Library Program	214,984	
Inmate Legal Services	43,779	
MCDF Landscape Program	36,182	
WCDF Inmate Industries	201,038	
BART and Bus Tickets	53,250	
MCDF Frame Shop Program	<u>19,496</u>	
Sub-Total		\$1,179,058

Personal Care/Hygiene		
Hair Clippers, Curling Irons, Hair Dryers, Electric Razors, etc.	<u>\$12,341</u>	
Sub-Total		\$ 12,341
Equipment Maintenance		
Furniture, Electronic, etc.	<u>\$10,266</u>	
Sub-Total		\$ 10,266
Other		
Staff Salaries/Benefits	\$142,060	
Staff Travel Expenses	1,524	
Communication	1,481	
Office Supplies	142	
Office Equipment	1,279	
Specialized Services & Supplies	22,198	
Sub-Total		\$ 168,684
 Total Disbursements		 \$1,419,058
 Receipts less Disbursements		 \$ 73,477
 Cash Reserved for Operating Expenses		 \$1,365,571
 Total		 \$1,439,048

Alameda County Sheriff's Office

Santa Rita Jail  
5325 Broder Boulevard, Dublin, CA 94568-3309

PUBLIC COPY



Gregory J. Ahern, Sheriff

Director of Emergency Services  
Coroner - Marshal

(510) 272-6866

October 4, 2013

The Honorable Board of Supervisors  
County of Alameda  
1221 Oak Street, Suite 536  
Oakland, CA 94612-4305

Dear Board Members:

In compliance with Section 4025 of the California Penal Code, the attached report reflects the expenditures from the Inmate Welfare Fund (IWF) for the period of July 1, 2012, through June 30, 2013.

The IWF Trust Fund's beginning balance on July 1, 2012, was \$7,770,264.16, and the ending IWF Trust Fund's balance for the fiscal year ending June 30, 2013, was \$5,533,022.43. This represents a decrease of \$2,237,241.73 to the fund. Inmate Welfare Fund expenditures totaled \$10,849,474.30 and revenues received totaled \$8,612,232.57 during Fiscal Year 2012-2013. A detailed statement of Revenues & Expenditures is attached to this document.

Pursuant to Section 4025.5 of the California Penal Code, the Alameda County Sheriff's Office is not participating in the pilot program which requires program statistics to be included with the itemized expenditures to the Board of Supervisors. This pilot program repeats January 1, 2015.

Sincerely,

  
Gregory J. Ahern  
Sheriff-Coroner

GJA:md

**INMATE WELFARE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**FOR FISCAL YEAR JULY 1, 2012 - JUNE 30, 2013**

REVENUES:	SANTA RITA	GLENN DYER	TOTAL
Bonuses & Premiums	885,090.00	-	885,090.00
Commissary Commissions	1,272,273.38	219,240.11	1,491,513.49
Fresh Favorites Commissions	-	540.56	540.56
Grants/Education	924,998.21	-	924,998.21
Inmate Accounts	3,071,751.81	526,084.08	3,597,835.89
Interest Earned	19,135.99	-	19,135.99
Miscellaneous Income	633.49	78.89	712.38
PSA Bonds Billboards Commission	45,120.00	18,240.00	63,360.00
Telephone Commissions	1,377,557.38	251,488.67	1,629,046.05
<b>Total Revenue</b>	<b>7,596,560.26</b>	<b>1,015,672.31</b>	<b>8,612,232.57</b>
EXPENDITURES:			
Administration	1,831,891.28	350,025.51	2,181,916.79
Inmate Services	104,993.30	7,648.91	112,642.21
Education	1,883,765.92	79,010.49	1,962,776.41
Religion	360.15	133.44	493.59
Commissary	3,066,388.26	525,944.05	3,592,332.31
Recreation	27,400.24	11,347.67	38,747.91
Equipment	34,763.08	-	34,763.08
Capital Projects	2,925,802.00	-	2,925,802.00
<b>Total Expenditures</b>	<b>9,875,364.23</b>	<b>974,110.07</b>	<b>10,849,474.30</b>
<b>NET INCREASE/(DECREASE) TO IWF:</b>	<b>(2,278,803.97)</b>	<b>41,562.24</b>	<b>(2,237,241.73)</b>
Fund Beginning Balance July 1, 2012			7,738,206.21
Prior Year Adjusting Entries			32,057.95
Fund Beginning Balance July 1, 2012 after Adjustments			<u>7,770,264.16</u>
<b>Total Revenue</b>			8,612,232.57
<b>Total Expenditures</b>			<u>(10,849,474.30)</u>
Fund Ending Balance June 30, 2013			<u>5,533,022.43</u>



PUBLIC COPY



# IMPERIAL COUNTY SHERIFF'S OFFICE

**RAYMOND LOERA**  
SHERIFF • CORONER • MARSHAL

September 22, 2014

To: Auditors/Imperial County Board of Supervisors  
From: Imperial County Sheriff's Office  
Re: Fiscal Year 2013/2014 Annual Report of Inmate Welfare Trust Fund

Below is the activity of the Inmate Welfare Trust Fund during the fiscal year 2013/2014 as required by P.C. 4025, "the money and property deposited in the Inmates' Welfare Trust Fund shall be expended by the Sheriff solely for the benefit, education and welfare of the inmates confined within the jail. An itemized report of such expenditures shall be submitted annually to the Board of Supervisors".

The following is an accounting of the activity within the Inmate Welfare Trust Fund.

Beginning Fund Balance for Fiscal Year 2013/2014		\$1,184,684.90
Income 7199000 Fund:		
Commissary Profits	\$568,414.18	
Phone Commission	52,358.45	
Quarterly Inactive Interest	7,268.20	
Miscellaneous/Other Income	53,823.09	
Prior Year Deposit Adjustment	<u>0.00</u>	
Total Income:		681,863.92
Less Expenditures for Fiscal Year 2013/2014		
Miscellaneous	710,226.68	
Inmate Worker Pay	<u>38,994.60</u>	
Total Expenditures		749,221.28
Ending Fund Balance for Fiscal Year 2013/2014		<u>\$1,117,327.54</u>

The account and disbursements are subject to audit by the County Auditor-Controller in the same manner as other county funds and transactions.

Sincerely,

Scott Schmidt  
Business Manager