

INMATE WELFARE FUND

SUMMARY

A major component of county government involves the arrest of suspects, their prosecution, and the detention of criminals. The average daily population at the five Orange County detention facilities, (the men's jail, women's jail, intake/release center, James A. Musick, Theo Lacy), has averaged 5,300 inmates for the past three years. These thousands of individuals are from every ethnic and racial group, profession, income and education level.

Under the *California Penal Code* Section 4025 an Inmate Welfare Fund (IWF) is mandated to provide services essential to the benefit, welfare, and educational needs of the inmates confined in the detention facilities. In recognition of the wide latitude *Penal Code* 4025(e) gives the administrators of the IWF, the 1999–2000 Orange County Grand Jury deemed it prudent to review the revenues and expenditures of the fund.

In the past three fiscal years, a total of \$5.7 million was expended for a commissary building and expansion of Theo Lacy Jail, which represents 41% of the total IWF expenditures. The remaining 59 percent was spent on inmate programs for developing life skills, academic programs, substance abuse recovery programs, libraries, recreation, welfare, vocational education and staff salaries. These IWF monies are self-generated, non-taxpayer funds used to improve the transition of inmates back into the community by financing a broad array of educational programs. While the Grand Jury recognizes the limited space available at some facilities, providing additional classroom space should be a priority. Determining the effectiveness of the various training programs and services is difficult because post-release tracking of individuals is not currently available. Additionally, there are no activities such as job fairs to aid inmates in finding jobs prior to their release.

INTRODUCTION AND PURPOSE

The Grand Jury conducted an independent study of the Orange County Sheriff-Coroner Department IWF after learning that this fund had a balance as of June 30, 1999, of more than \$5.6 million dollars.

The operation of the IWF is mandated by the *California Penal Code* Section 4025 and the *State Correction Standards* found in Title 15 of the *California Code of Regulations* and is

designed to provide services essential to the benefit, welfare, and educational needs of the inmates confined within the detention facilities. Following is the pertinent portion of *Penal Code* Section 4025(e) that sets forth the guidelines for administering these funds:

The money and property deposited in the inmate welfare fund shall be expended by the sheriff primarily for the benefit, education, and welfare of the inmates confined within the jail. Any funds that are not needed for the welfare of the inmates may be expended for the maintenance of county jail facilities. Maintenance of county jail facilities may include the salary and benefits of personnel used in the programs to benefit the inmates, including, but not limited to, education, drug and alcohol treatment, welfare, library, accounting, and other programs deemed appropriate by the sheriff.

This fund is financed through the revenue generated from inmate use of public telephones, profits from inmate purchases from the jail commissary, revenue generated from contracts with educational agencies, reimbursement for warehouse rental to other County agencies, and interest earned on unused funds.

The purpose of this of this study is:

- To examine the Sheriff-Coroner Department policies and procedures for allocation and disbursement of the IWF revenues.
- To determine the exact benefits inmates receive from the IWF revenues.
- To obtain a detailed accounting of revenues and expenditures for FY 1998–99.
- To analyze the expenditure pattern for the past five years.
- To compare the Orange County IWF expenditures with another county.

METHOD OF STUDY

The Grand Jury's Findings and Recommendations resulted from interviews with County administration and staff, a study of relevant documents, a visit to San Bernardino County Inmate Services Division, and telephone calls to Riverside and San Diego Counties.

The documents included financial and performance data, state requirements, and a CPA audit report dated December 9, 1998. A matrix depicting revenues and expenses for the past five years was prepared and sent to the Sheriff-Coroner Department, Financial/Administrative Services Division, for their assistance in completing the information in Table 1. The visit to the Glen Helen Facility in San Bernardino County will be covered later in this report.

BACKGROUND

HISTORY OF THE FUND

The Orange County Sheriff-Coroner Department administers the IWF. These monies are self-generated, non-taxpayer funds to be used primarily for the benefit, education, and welfare of inmates.

The Sheriff-Coroner Department is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and forecasts of revenue and costs by fund management are required to assure the level of expected benefits and to maintain a proper level of internal control in keeping with mandated policies and procedures.

The objectives of the internal control structure are to provide all concerned parties with reasonable, but not absolute, assurance that assets are safeguarded against misuse of the funds. Revenue from the IWF is deposited into the Special Revenue Funds Account that is interest bearing on a daily basis. The sources of the IWF are:

- Inmate “collect only” pay phones
- Inmate Jail Commissary
- Inmate vending machines
- Education contracts (state reimbursement for school attendance)
- Commissary warehouse rentals
- Interest on fund balance

The total revenue generated by the above activities was \$5,072,560 in FY 1998–99 and is depicted in Appendix A.

MAIN REVENUE SOURCES (APPENDIX A)

The following two items constitute 82 percent of the revenue sources for IWF:

I. Inmate “Collect-Only” Pay Phones

In FY 1996–97, a telephone contract with Pacific Bell and MCI paid the fund \$5.5 million, which included a signing bonus of \$2 million plus two years advance of \$1.75 million for each of the two years. The FY 1998–99 actuals amounted to \$3.2 million. Pursuant to *Penal Code* 4025, revenue from inmate collect-only telephone calls must be deposited into the IWF.

II. Jail Commissary Fund

In FY 1996–97, the County purchased the Nabisco Warehouse for \$2.2 million using the IWF monies. This is a 52,000 sq. ft. building, a portion of which is dedicated to servicing the five County jails. Each jail is serviced three times a week. The commissary currently has

eight assembly lines. A portion of the building is leased to two County occupants under a lease agreement that generated income of \$144,852 in FY 1998–99. There are 52 employees assigned to the commissary.

The IWF allows inmates to purchase, by use of “credit,” supplies necessary for their comfort, sanitation, and welfare. Such items are candy, snacks, postage, writing materials, hygiene items, books, etc. The commissary carries 220 national brand products. These items are marked up 20 to 24 percent including tax. In FY 1998–99 the commissary filled 422,000 orders. Field surveys by commissary personnel were conducted to determine that their prices were below retail sale prices (i.e., convenience store prices).

Under Section 1265 of the *State Correctional Standards, California Code of Regulations, Title 15*, the Sheriff must provide personal hygiene items to inmates if they are held over twenty-four hours and are unable to obtain personal care items due to indigence or the absence of an inmate account utilizing a credit arrangement. The commissary provides “fish kits” consisting of a toothbrush, comb, toothpaste, shampoo, pencil, two stamped envelopes, and two sheets of stationery. If the inmate receiving a fish kit establishes credit at the commissary at a later date, the cost of the kit is deducted from his account.

The commissary recycled 135 tons of aluminum, pallets, and cardboard in calendar year 1999 that generated \$4,600 of revenue deposited into the IWF. Cost savings to the County amounting to \$137,000 were realized by eliminating service fees and landfill charges for the 135 tons of recycled items.

PROGRAMS FINANCED BY THE INMATE WELFARE FUND

The IWF strives to improve the transition of inmates to the community by financing education, lifeskills training, recreational programs, individual/family counseling, and library services. This broad array of activities is administered by the Correctional Programs Unit and consists of two teams: the Inmate Resources Team and the Inmate Education Team. Specific activities for each team are summarized below:

I. INMATE RESOURCES TEAM

This team is responsible for a variety of support and recreational activities. The services include:

Library Services

In addition to entertainment reading, books are distributed concerning job development, parenting, overcoming addiction, goal setting, and a variety of self-improvement topics. Reading materials are available in English, Spanish, and Vietnamese. There are two libraries, James A Musick and Theo Lacy.

Recreation

Current activities include 17 outdoor and 15 indoor activities. These are very popular activities with extensive inmate participation.

Audio-Visual

This service includes radios, television, and video programs; over 150 “first release” videos are presented each year.

Substance Abuse Recovery Programs

There are several hundred Alcoholics Anonymous and Narcotics Anonymous meetings conducted each year.

Pre-Release Readiness Program

The Great Escape program encourages inmates to continue substance abuse treatment after release and arranges inpatient and outpatient treatment on request.

Religious & Inspirational Programs

Most major religions have regular programs; other services are scheduled if requested.

Public Visiting Program

In addition to official and attorney visits, personal visiting privileges are provided to inmates at the five Orange County facilities.

The Inmate Law Library

This library distributes approximately 12,000 law books or reference materials to inmates each year. In FY 1998–99, \$32,295 was allocated for additional books for the library.

Community Volunteer Program

Over 1,200 Community Volunteers provide programs for inmates. Typical volunteer activities focus on substance abuse recovery, self-esteem, maintenance of family relationships, and religious activities.

II. Inmate Education Programs

These programs are carried out in partnership with Rancho Santiago College District, the Orange County Department of Education, the Community Services Agency, and the Orange County Public Library/READ literacy services. Whenever feasible, each program is offered at all five jails and include:

Academic Programs

These programs primarily consist of classes leading to the General Education Degree, English as a Second Language, Adult Basic Education, and Government classes.

Life Skills Services

These programs include substance abuse, job development skills, positive parenting and health.

Vocational Education

Many job skills are involved in these training programs:

- Cabinetry and Furniture Making/Refurbishing
- Construction Technology/Commercial Painting
- Commercial Sewing
- Horticulture
- Welding
- Computer Business Skills
- Computer Literacy
- Food Services

Job Training Partnership Act (JTPA)

This federally funded program provides individual career counseling including further academic and/or occupational training for inmates upon release and job placement.

Working for Inmate Literacy Now (WIN)

WIN identifies and assesses inmates' literacy levels and provides post-release coordination of literacy services. Trained literacy volunteers provide one-to-one tutoring for inmates who are unable to read and/or write. It is currently estimated that 42 percent of the inmates in County jails are not literate.

CORRECTIONAL PROGRAMS EXPENDITURES (TABLE 1)

Total spending for the Correctional Programs Unit in FY 1998–99 (including salaries) was \$2.8 million. This represents an increase of \$1.7 million over the past five years. Almost all the total increase has been in staff salaries and benefits (\$1.6 million). The total spent for benefit, education, and welfare for inmates was \$552,000 amounting to 12 percent (excluding staff salaries) of the total expenditure for FY 1998–99.

Many inmate programs have a significant waiting list because of the lack of classroom and counseling space. Shortage of training space is a problem in all five County jails.

Determining the effectiveness of the various training programs and services is difficult because post-release tracking of individuals is not available. The Federal Job Training Partnership Act (JTPA) does have a follow-up/tracking program. This data indicates approximately 80 percent of those completing JTPA have not returned to the Orange County jail system within three years of their release. However, this does not include tracking data for other county jails or prisons in California or in other states.

**TABLE 1
INMATE WELFARE FUND
FIVE YEAR HISTORY**

	1994/95	1995/96	1996/97	1997/98	1998/99
Revenues	\$2,278,093	\$2,808,047	\$6,825,946	\$3,913,780	\$5,072,560
Expenditures	\$2,080,680	\$1,539,188	\$4,170,247	\$5,141,283	\$4,454,433
Number of Employees (as of 6/30)	40	40	41	46	52
Number of Inmates (Avg. Daily Population by Calendar Year)	5004 1994	5123 1995	5199 1996	5280 1997	5374 1998
BREAKDOWN OF EXPENSES					
Staff Support	\$714,002	\$1,020,584	\$1,362,093	\$2,009,459	\$2,282,000
Inmate Education					
Supplies/Equipment	\$118,236	\$ 144,445	\$ 120,578	\$ 128,340	\$ 174,162
Programs Buildings	—	15,607	120,693	61,961	85,430
Audio Visual	\$ 57,523	\$ 54,979	\$ 81,763	\$ 99,693	\$ 60,846
Recreation	38,098	43,269	47,496	58,771	46,293
Library Services					
Books & Magazines	67,577	97,553	75,075	115,962	81,472
Newspapers	56,075	63,766	56,965	36,644	51,702
Law Books	14,923	17,497	11,468	23,675	32,295
General Inmate Welfare	\$ 82,215	\$ 81,488	\$ 60,874	\$ 14,497	\$ 19,233
Nabisco Warehouse	—	—	\$2,233,242	\$ 192,281	\$ 468,225
Lacy Expansion*	—	—	—	\$2,400,000	\$ 400,000
Reimburse Sheriff's Main Budget	—	—	—	—	\$ 752,775
Bankruptcy Loss	\$ 932,031	—	—	—	—
TOTAL	\$2,080,680	\$1,539,188	\$4,170,247	\$5,141,283	\$4,454,433
Correctional Programs	\$1,148,649	\$1,539,188	\$1,937,005	\$2,549,002	\$2,834,433

* An additional \$3.2 million has been committed for the period 1999/2000 through 2006/2007

Total revenues for the past five years have exceeded expenses by \$3.5 million. (Revenues of \$20.9 million with expenditures of \$17.4 million).

This surplus of \$3.5 million has been achieved despite heavy capital expenditures the last three years: \$2.8 million for the Theo Lacy expansion and \$2.9 million for the Nabisco warehouse purchase and renovation. This total of \$5.7 million for two buildings represents 41 percent of total IWF expenditures for the past three fiscal years. There still remains a

future commitment of \$3.2 million for Theo Lacy expansion activities over the next eight years.

The Grand Jury recognizes the wide latitude the fund administrators are allowed under the *California Penal Code* 4025(e) in managing the fund. However, 41 percent of total expenditures for building programs over the past three years seems excessive in light of the code's language: *...The fund shall be expended by the Sheriff primarily for the benefit, education and welfare of the inmates.... Any funds that are not needed for the welfare of the inmates may be expended for the MAINTENANCE of county jail facilities....* (Emphasis added.)

In reviewing the San Bernardino IWF, a similar pattern of high capital spending was also evident in FY 1998–99. However, this capital improvement spending of \$1.9 million was used to directly benefit inmate programs with the construction of a new training complex at the Glen Helen Rehabilitation Center. This complex was completed in the spring of 1998 at a cost of \$3.1, and includes 15 classrooms, automobile shop, print shop, and bakery.

GLEN HELEN REHABILITATION CENTER—SAN BERNARDINO

The Grand Jury visited the Glen Helen Center to review and discuss the operation. The revenues and expenditures are comparable to Orange County taking into consideration that their daily inmate population is approximately 1,000 less than the Orange County daily average.

Glen Helen originally had its own commissary, which was operating at a loss. Consequently, the county contracted with Aramark for commissary services with the provision the IWF would get 28 percent of Aramark's gross profit. Commissary revenue for FY 1998–99 was \$802,066.

Glen Helen has 15 classrooms accommodating 30 inmates per class. These classrooms are well-lighted, carpeted, and air-conditioned. They currently offer general education classes to inmates who want to earn the equivalent of a high school diploma. English as a Second Language (ESL) is also offered as an additional program. Under Regional Occupational Program (ROP) provisions, there is a print shop, and auto body shop, computer classes, and a bakery. These ROP training programs generated \$134,624 revenue for the IWF.

The inmates under the tutelage of an instructor operate the print shop. All the forms required to run the facility are printed in this building. Several of the inmates working in the print shop already have job offers subsequent to their release.

The auto body shop was large, clean, and well maintained. Several county vehicles were being serviced during our inspection.

There is a waiting list for inmates to get into the computer class; however, there is an adequate number of computers for the inmate class of 30 to have hands-on training.

The bakery operation was impressive. The inmates were baking bread and cookies at the time of our inspection. They not only provide bakery products for the three jails in San Bernardino, but they also supply bakery products to the Riverside County jails.

JOB FAIR

On April 18, 2000, the IWF Services in San Bernardino held their first job fair. They selected inmates who were qualified through job training and who would be released within the next 90 days. Since unemployment figures are so low, businesses that would not normally hire former inmates were interested in attending the job fair. Statistics are not currently available showing how many inmates were actually offered jobs and how many offers were accepted. Since the response to the job fair was so positive (108 inmates and 17 employers attended), the staff at IWF Services now plans to have quarterly job fairs for inmates who will be released within 60 days.

INMATE WELFARE COMMITTEE

The San Bernardino Inmate Welfare Committee consists of six private citizens appointed by the Sheriff. Meetings are held bi-monthly. The Committee must approve any expenditure over \$5,000. Communications with Riverside, San Diego, and Los Angeles Counties confirmed they also have IWF committees.

FINDINGS

In accordance with *California Penal Code* Sections 933 and 933.05, responses are required to all findings. The 1999–2000 Orange County Grand Jury has arrived at the following findings:

1. The County does not have adequate classroom space for educational and vocational programs.

A response to Finding 1 is required from the **Board of Supervisors** and from the **Sheriff-Coroner**.

2. Over the past three years, 41 percent of the Inmate Welfare Fund was spent on capital expenditures.

A response to Finding 2 is required from the **Board of Supervisors** and from the **Sheriff-Coroner**.

3. Except for the Federal Job Training Partnership Act, there is no County tracking of program participants or other inmates after their release to determine their level of success.

A response to Finding 3 is required from the **Board of Supervisors** and from the **Sheriff-Coroner**.

4. The money expended on inmate library services (books, magazines and newspapers) has increased 7 percent over the past five years.

A response to Finding 4 is required from the **Board of Supervisors** and from the **Sheriff-Coroner**.

5. Orange County has no provision to assist inmates in finding employment prior to release, such as job-fairs.

A response to Finding 5 is required from the **Board of Supervisors** and from the **Sheriff-Coroner**.

RECOMMENDATIONS

In accordance with *California Penal Code* Sections 933 and 933.05, each recommendation must be responded to by the government entity to which it is addressed. These responses are submitted to the Presiding Judge of the Superior Court. Based on the findings, the 1999–2000 Orange County Grand Jury recommends that:

1. The County must provide a location for expanding urgently-needed educational and vocational facilities.

A response to Recommendation 1 is required from the **Board of Supervisors** and from the **Sheriff-Coroner**.

2. The Sheriff-Coroner to allocate a larger percentage of Inmate Welfare Fund monies to developing inmate life skills, academic programs, substance abuse programs, libraries, recreation, welfare, and vocational education rather than to capital expenditures.

A response to Recommendation 2 is required from the **Board of Supervisors** and from the **Sheriff-Coroner**.

3. The Sheriff-Coroner Department budget and develop a tracking system for all jails to collect data for program participants and other inmates who have been released from the jails.

A response to Recommendation 3 is required from the **Board of Supervisors** and from the **Sheriff-Coroner**.

4. The Sheriff-Coroner explore ways to better meet and/or to expand library services to ensure that the specialized ethnic needs of inmates are provided for, as well as the general population.

A response to Recommendation 4 is required from the **Board of Supervisors** and from the **Sheriff-Coroner**.

5. The Sheriff-Coroner Department consider providing employment opportunities for inmates who will be released within 60 days, such as job fairs.

A response to Recommendation 5 is required from the **Board of Supervisors** and from the **Sheriff-Coroner**.

COMMENDATIONS

The Grand Jury commends the **Sheriff-Coroner Department** on their decision to acquire the Nabisco building for a commissary. The floor space has been strategically planned to move items in and out with little repeat motion. The foresight used in allowing room for expansion is another example of good strategic planning. The areas not currently used by the commissary are being rented out and are generating income for the Inmate Welfare Fund. Accolades should be given to management for their recycling efforts. Not only does this recycling generate revenue, but the cost savings are substantial and environmentally beneficial.

The Grand Jury received outstanding support from the **Financial/Administrative Services Division**. Their responses to our requests were timely and in-depth. For our first meeting they prepared a financial profile of the Inmate Welfare Fund that was invaluable in preparing this report. Their knowledge and professionalism were very much appreciated.

The Grand Jury applauds the **Correctional Program Unit Staff** for its accomplishments in developing and managing the inmate educational and training programs. The attention, interest, and energy shown by the inmate welfare staff members is commendable.

APPENDIX A

Inmate Welfare Fund Revenue Sources

based on FY 1998-99 Actuals totaling \$5,072,560

