



COUNTY OF LOS ANGELES OFFICE OF INSPECTOR GENERAL

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INSPECTOR GENERAL

February 6, 2025

TO: Supervisor Kathryn Barger, Chair
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FROM: Max Huntsman
Inspector General

A handwritten signature in black ink, appearing to be "Max Huntsman", written over a light blue horizontal line.

SUBJECT: **REPORT BACK ON PEOPLE OVER PROFIT: FAIRNESS AND EQUITY
IN COMMISSARY PRICES FOR THE LOS ANGELES COUNTY JAILS
(ITEM 2, AGENDA OF JULY 9, 2024)**

I. Introduction

On July 9, 2024, the Board of Supervisors (Board) passed a motion titled [People Over Profit: Fairness and Equity in Commissary Prices for the Los Angeles County Jails](#). The motion directed the Sheriff's Department to provide a report back regarding: steps the Department has taken to address overpriced commissary items, including eliminating profit markups on items; updates on how the Sheriff's Department ensures commissary prices are not overpriced; and an implementation plan to ensure commissary prices, especially for food, drinks, and hygiene items, are on par with grocers and retailers.

The motion directed the Office of Inspector General to review the Sheriff's Department's report back and provide a report with an assessment and updates on the Department's progress on the removal of the profit markups and reduction of prices on commissary items.

Since May 2021, the Board tasked the Sheriff's Department to with taking meaningful steps to ensure that it and the private, third-party contractor that provides the commissary services, Keefe Commissary Network (KCN), eliminate profit markups on items and ensure fair pricing, i.e. that prices are on par with local grocers and retailers.

Our review of the Sheriff's Department's current practices and its [October 30, 2024, report back](#), reveals the following: (1) prices for commissary items can be decreased by eliminating the markups attributable to the portion of the revenue that goes to the Sheriff's Department's Inmate Welfare Fund (IWF); (2) the Sheriff's Department's report back fails to address how the IWF funds are used; (3) the Sheriff's Department's report does not detail how it assesses KCN's price increases for commissary goods, and (4) the current contract with KCN limits the Sheriff's Department's ability to remove inequitable profit markups of commissary items.

The Sheriff's Department issued a reply to a draft of this report. That reply is posted at the end of this report.

II. Background

Nationwide, prison and jail commissaries sell goods such as food, beverages, and hygiene items, with several jurisdictions using profits from their commissaries to supply "inmate welfare funds," pools of money used to support programming or services for incarcerated persons. California originally established inmate welfare funds by statute in 1949 for the "benefit, education, and welfare" of incarcerated persons, and later expanded the permissible use to include "required county expenses as determined by the sheriff to be in the best interest of inmates."¹

In recent years, reform-minded governmental and advocacy groups, including the Board, the Office of Inspector General, the Sybil Brand Commission, and the Sheriff Civilian Oversight Commission (COC), have raised concerns that inmate welfare funds are bankrolled by substantial markups on commissary items, thereby unfairly taxing incarcerated persons and negatively impacting indigent families.²

III. Prices for commissary items can be decreased by eliminating the markups attributable to the portion of the revenue that goes to the Sheriff's Department's Inmate Welfare Fund

In its report of October 30, 2024, the Sheriff Department noted that the contract with KCN allocates revenue sharing between KCN and the Sheriff's Department Inmate Welfare Fund (IWF). According to the Department's report, that share started as a split

¹ [Penal Code § 4025\(e\)](#).

² See [The Marshall Project \(2023\) Inflation and Prisons: Why Price Hikes Are Even Worse Behind Bars](#).
[Prison Policy Initiative \(2024\) Shadow Budgets: How mass incarceration steals from the poor to give to the prison](#).

of commissionable revenue with 53% to the IWF and 47% to KCN. In August of 2024, the revenue sharing was adjusted lowering the share allocated to the IWF to 51.5%.

The revenue being shared is generated by markups on the products sold at the commissary.³ While the share allocated to the Sheriff's Department IWF goes directly into the IWF account, based on state law and the Department's practice, that money is controlled by the Sheriff's Department. According to a report by Sheriff's Department personnel to the Inmate Welfare Commission at its October 2024 meeting, for the current fiscal year \$9.6 million from the IWF (out of approximately \$13 million in Department spending from the IWF) goes to salaries and benefits for 59 Sheriff's Department employees.⁴ The Department confirmed the accuracy of this information in response to an inquiry by the Office of Inspector General. There is no discussion in the Sheriff's Department's [October 30 report](#) as to how these 59 employees support inmate welfare.⁵

An [Office of Inspector General 2019 presentation](#) to the COC on the IWF noted that 49% of IWF funds went to jail maintenance, which should not be paid for by charging persons in custody higher prices for commissary items. While documents from the [December 6, 2024 Inmate Welfare Commission](#) meeting indicate that, effective fiscal year 2024 to 2025, the IWF will no longer provide funding for repairs and maintenance at custody facilities, the Sheriff's report back does not discuss this change.⁶ In response to an inquiry by the Office of Inspector General, the Department confirmed that effective this fiscal year, "the IWF no longer funds repairs and maintenance of custodial facilities."⁷ Because the IWF will no longer fund repairs and maintenance, the County

³ As used in this report, markup is the difference in the cost of the product to KCN and the cost of the product at the commissary.

⁴ With the exception of four employees, the \$9.6 million covers 100% of salaries and benefits. For the remaining four employees it covers the salaries and benefits as follows: Assistant Director, Bureau Operations, Sheriff: 10%; Accounting Officer: 80%; Accounting Officer III: 20%; and Accounting Technician II: 50%. Total IWF spending by the Department calculated from the *Statement of Financing Sources and Uses*, [Agenda & Minutes of Inmate Welfare Commission, December 6, 2024](#), at 14.

⁵ The Office of Inspector General requested the job descriptions for these 59 employees, [which may be found at this link](#). The Sheriff's Department [October 30 report](#) on the fairness and equity of commissary lacks any discussion as to how the monies received from the IWF are spent.

⁶ The financial documents attached to the [December 6, 2024 Inmate Welfare Commission meeting agenda](#) include the minutes from the October 25, 2024 Inmate Welfare Commission meeting at which at least some of the financial information was provided to the commission.

⁷ According to the Department's response, "All IWF money spent on facility repairs and maintenance during FY24/25 was encumbered for projects that were initiated prior to 7/1/2024. No IWF money for facility repair and

must include adequate funding for all necessary maintenance and repairs in the Sheriff's Department's regular budget.

While the Sheriff's Department did not include any reporting on expenditures by the IWF, the [financial documents from the December 6 Inmate Welfare Commission meeting](#) detail some of the expenditures budgeted including: hygiene admission kits, installation and implementation of the Jail Information Management System Contract; emotional support services for incarcerated persons in accordance with the Prison Rape Elimination Act (PREA); iPad deployment; improvements to the jail visitation video system; County purchasing process fees; Cable/Internet television, and television sets for Men's Central Jail (MCJ). While undoubtedly incarcerated persons benefit from having hygiene kits, emotional support counseling, visits with loved ones, and watching television, these seem like basic services a custodial facility could provide as a budgeted item for the Department and not through higher commissary prices. It also is fair to question whether some of these expenditures are for inmate welfare. While perfectly legal, funding these things by charging exorbitant prices for commissary items has the reverse effect, causing incarcerated persons and their families emotional and financial hardship by requiring them to pay inflated prices for supplemental food or other commissary goods, or to go without. While some of the budgeted items are for programming, the County should consider funding programming and other services that truly support inmate welfare in order to lower commissary pricing.

The simplest way to decrease commissary prices is to eliminate the portion of the revenue allocated to the Sheriff's Department, which accounts for approximately half of the current markup by KCN. Funding for jail maintenance, programming, and for the welfare of persons in custody should be part of the Sheriff's Department budget allocated from County resources, not from sharing profits with the vendor for commissary items. Given the broad discretion the law allows for the use of the IWF funds, programming or other benefits for persons in custody should not be paid for by charging exorbitant prices to the persons the funds are meant to benefit or to their families.

maintenance projects initiated after that date was approved for inclusion within the FY24-25 IWF budget. CEO provided one-time AB109 funding in the amount of \$10.697M for FY 24-25. As part of the Department's FY 25-26 Recommended submission, the department is requesting \$10.697M in ongoing funds to support these needs."

IV. The Sheriff's Department's report back fails to address how IWF funds are used.

The Department has not conducted sufficient accounting of how IWF funds are utilized. As the Board noted in 2021, the use of IWF funds lacks comprehensive oversight, both in how the funds are approved for use and in the effectiveness of the programs or services paid for with such funds.⁸ The Sheriff's report back does not discuss either issue. The report back also fails to comment on programming information and financial data on the IWF presented by the Sheriff's Department to the Inmate Welfare Commission, an advisory body appointed by the Sheriff that meets monthly to review and approve expenditure requests for IWF spending.⁹ That includes information that Correctional Health Services recently refused to use the tattoo removal devices purchased by the IWF for the voluntary removal of tattoos by incarcerated persons. Nor does the report discuss that the Department uses \$9.6 million from IWF funds to cover salaries and benefits, while allocating \$732,000 for programming.¹⁰

A recent audit by the Sheriff's Department's Audit and Accountability Bureau (AAB) evaluated the IWF's policies and procedures for compliance with the Los Angeles County Fiscal Manual and the procedures for procurement and purchasing.¹¹ But the audit did not evaluate how the funds are used, nor whether expenditures from the fund align with the Sheriff's Department's policy that 51% of the funds must benefit the inmate population. An Office of Inspector General review of the audit, which reviewed expenditures for the fund in June 2023 found that of the 43 transactions, 36 were for maintenance and 7 were for programs. This raises questions as to whether the funds are being utilized in accordance with Department policy. Without increased oversight of the IWF, there is no way to determine whether the revenue-sharing system provides any substantial improvement to the welfare of incarcerated persons.

⁸ [November 2, 2021 Motion, Fiscal Responsibility: Comprehensive Review and Audit of the Inmate Welfare Fund and Understanding the Needs of People Who are Incarcerated in the Los Angeles County Jails.](#)

⁹ MPP 3-05/010.00 Inmate Welfare Commission. [See Inmate Welfare Commission Agenda of December 6, 2024, with minutes from the October 25, 2024 meeting.](#)

¹⁰ See Statement of Financing Sources and Uses, Attachment IV: Approved Requests – Inmate Programs, 23 (attached to [agenda for Inmate Welfare Commission Meeting, Dec. 6, 2024](#)) (noting \$4.2 million allocated from the Inmate Welfare Fund in FY 2024-25 for 25 employees at Inmate Services Unit, \$4.9 million for 28 employees in the Population Management / Community Transition Unit, and \$530,000 for 6 employees in the Special Funds Accounting Unit).

¹¹ [Los Angeles County Sheriff's Department Audit and Accountability Bureau Inmate Welfare Fund Audit](#) (2023).

V. The Sheriff’s Department’s report does not detail how it assesses KCN’s price increases for commissary goods.

In 2019, the Office of Inspection General conducted a review of commissary prices.¹² The presentation included the pricing information on the chart below:

Item	KCN Cost FY 2018-2019	Sale Price to Inmates FY 2018-2019	Profit Markup
Irish Spring Soap 3.2 oz	\$0.68	\$1.45	110%
Roll-on Deodorant	\$1.88	\$4.00	112%
Freshmint Toothpaste 2.75 oz.	\$1.02	\$2.16	111%
Cocoa Butter Lotion 4 oz.	\$0.66	\$1.41	113%
Flaming Hot Cheetos 8 oz.	\$2.51	\$5.33	112%

Looking at those same items for the fiscal year 2023 to 2024, while the price of soap remained the same, other prices increased significantly:

Item	Sale Price to Inmates FY 2023-2024	Increase in Price from FY 2018-2019
Irish Spring Soap 3.2 oz	\$1.45	No increase
Roll-on Deodorant	\$4.00	No equivalent
Freshmint Toothpaste 2.75 oz.	\$4.75	+\$2.59 (59%)
Cocoa Butter Lotion 4 oz.	\$3.85	+\$2.44 (25%)
Flaming Hot Cheetos 8 oz.	\$6.46	+\$1.13 (17.5%)

¹² [Office of the Inspector General \(2019\) Inmate Welfare Fund Presentation](#)

Economic factors, such as inflation or increased labor costs, may impact the pricing, but without a detailed analysis of the reasons for the substantial increases, it is difficult to know whether the revenue for KCN or the Sheriff's Department IWF has increased. If the price increases also increased revenue, the increases may not be supported. While the Sheriff's report back states that "menu price adjustment requests lacking the requisite documentation are rejected," it does not explain how the Sheriff's Department assesses information in KCN's documentation in order to approve the annual adjustment request. The Department does not mention in its report whether the approved price increases have also increased revenue for KCN and the Sheriff's Department IWF.

Finally, based on the percentage increases since 2019, the increases do not appear to meet Board goal of the Board to *reduce or eliminate* profit markups.¹³

The chart below shows some examples of year over year price increases of commissary items that do not seem to align with the rising cost of inflation:

Item	Sale Price 2019 Change Order 23	Sale Price 2024 Change Order 31	Increase in Price
Chicken Ramen	\$1.18	\$1.60	+\$0.42 (35.6%)
Conditioner 4 oz.	\$1.75	\$3.00	+\$1.25 (71.43%)
Indigent Kit "No Razor"	\$2.58	\$4.75	+\$2.17 (84.1%)

KCN is a major provider of commissary services throughout the nation. Persons incarcerated in other states have raised complaints about price gouging by KCN.¹⁴ As a private company, KCN's incentives are to maximize profit. The Department therefore bears responsibility for critically monitoring KCN's pricing in order to ensure that it actually reflects "wholesaler price, warehouse storage, transportation costs, and the labor costs..." of doing business and that the business of selling goods to people in custody is conducted in an ethical and equitable manner.¹⁵

¹³ As reported in 2023, "The rising cost of groceries and other goods due to historic inflation has jolted shoppers across the country. Grocery prices increased by 8.4% in the last year, according to the U.S. Bureau of Labor Statistics." [The Marshall Project \(2023\), Inflation and Prisons: Why Price Hikes Are Even Worse Behind Bars.](#)

¹⁴ [THE CITY - NYC News \(2023\), Private Contractor Running Rikers Commissary Charges Stiff Prices.](#)

¹⁵ Id.

KCN also justifies some of the cost of items by services that the Department may be better-positioned to provide, such as the costs of delivery to inmates or security. The Department should investigate whether those services may be provided by the Department, rather than KCN, as a cost savings measure.

Another major provider of commissary items and services is Aramark, which as a publicly held company provides at least some measure of transparency regarding its profits.¹⁶ As the contract with KCN is up for renewal in 2025, the Sheriff's Department should put the contract out for bid that includes the Board's specifications for fairness, equity, and transparency.

VI. The current contract with KCN limits the Sheriff's Department's ability to remove inequitable profit markups of commissary.

The current contract with KCN limits the Department from moving toward prompt and meaningful reform to its current pricing structure. But as the Sheriff's Department noted in its report back, the current agreement with KCN is set to expire in the coming year. Although the Department notes several proposed cost savings measures for the forthcoming contract, each of the measures merely projects anticipated cost-savings and does not address whether cost savings will result in lower commissary prices.¹⁷

Renewing the contract under similar terms will inhibit the Department from reducing its commissary prices, as directed by the Board. As previously stated, the Sheriff's Department should consider issuing a request for proposal in order to determine if a different vendor is able to provide goods at lower prices.¹⁸ Regardless of the chosen vendor for commissary services, the Sheriff's Department should also explore whether the current revenue-sharing structure may be adjusted by eliminating or lowering the revenue to the IWF and requesting that the County provide direct funding for

¹⁶ [The Marshall Project \(2023\), Inflation and Prisons: Why Price Hikes Are Even Worse Behind Bars. Prison Policy Initiative \(2024\), Shadow Budgets: How mass incarceration steals from the poor to give to the prison.](#)

¹⁷ [October 30, 2024 LASD Report Back, Los Angeles County Sheriff's Department People Over Profit: Fairness and Equity in Commissary Prices For the Los Angeles County Jails.](#)

¹⁸ In its reply to this report, the Sheriff's Department notes that it issued an RFP and the only proposal was submitted by KCN. If the County were to fund the salaries and services currently being funded by the IWF, an RFP could be issued that does not include a requirement of approximately half of the revenue going to the Department, which might make the contract more attractive to alternative vendors.

maintenance of the jails and programs or services that benefit incarcerated persons as a way to lower commissary prices.

VII. Recommendations

The Office of Inspector General makes the following recommendations to the Sheriff's Department's commissary pricing structure and practices:

1. The County should directly fund all maintenance and repairs to County jail facilities and all programming for persons incarcerated in the jails through the Sheriff's Department budget, rather than requiring the Department to fund programs and services or necessary maintenance through markups on commissary sales to people in custody.
2. The Department should limit the markup of commissary items to the amount attributable to KCN's profit and should forgo the portion of the revenue generated by the contract for the IWF.
3. The Sheriff's Department should assess whether the funds being used are for basic services that all incarcerated persons should be provided or whether the funds are for the welfare of the persons in its custodial facilities.
4. The Sheriff's Department should not assess the IWF for things such as purchasing process fees or its Jail Information Management System, which are ordinary expenses for the Sheriff's Department necessary for all day-to-day operations.
5. The Department should audit the current pricing structure for commissary items and publicly identify any inequitable pricing markups by KCN.
6. The Department should audit the current pricing to determine whether KCN has actual and reasonable costs related to labor, storage, production, and delivery of commissary items. This audit should be thorough and completed prior to the renewal of the agreement with KCN.
7. The Department should evaluate whether certain purported costs currently borne by KCN, such as the costs of delivery to inmates or security, may be absorbed by the Department as a cost-savings measure.
8. Rather than renewing the contract with KCN, the Department should issue a request for proposals to provide commissary goods under the fair and equitable approach the Board has requested and with sufficient transparency to ensure compliance.

9. The Department should renew focus on increasing transparency on the approval and use of Inmate Welfare funds, including whether the use of funds results in effective programming or services for incarcerated persons.

c: Robert G. Luna, Sheriff
Fesia Davenport, Chief Executive Officer
Edward Yen, Executive Officer
Dawyn R. Harrison, County Counsel
Sharmaine Moseley, Executive Director, Sheriff Civilian Oversight Commission
Haley Broder, Chair Sybil Brand Commission



OFFICE OF THE SHERIFF

COUNTY OF LOS ANGELES

HALL OF JUSTICE

ROBERT G. LUNA, SHERIFF



February 4, 2025

Max Huntsman, Inspector General
Los Angeles County Office of the Inspector General
312 South Hill Street, Third Floor
Los Angeles, California 90013

Via Electronic Transmittal

Dear Mr. Huntsman:

**RESPONSE TO THE OFFICE OF INSPECTOR GENERAL'S
REPORT BACK ON PEOPLE OVER PROFIT: FAIRNESS AND EQUITY IN
COMMISSARY PRICES FOR THE LOS ANGELES COUNTY JAILS
(ITEM 2, AGENDA OF JULY 9, 2024)**

The Office of Inspector General (OIG) conducted a review of the Los Angeles County Sheriff's Department's (Department) current practices on the Fairness and Equity in Commissary Prices and its October 30, 2024, report back. The OIG made the following recommendations (in **bold**) to the Department, followed by the Department's responses:

1. The County should **directly fund all maintenance and repairs to County jail facilities and all programming for persons incarcerated in the jails through the Sheriff's Department budget, rather than requiring the Department to fund programs and services or necessary maintenance through markups on commissary sales to people in custody.**

Beginning of Fiscal Year (FY) 2024-25, the new jail maintenance and repair costs are no longer funded through the Inmate Welfare Fund (IWF).

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2. **The Department should limit the markup of commissary items to the amount needed to cover the cost of providing commissary items to people in custody, and should not use commissary markups to generate funds.**

The Department does not set commissary prices or assign "markups" to any items. The pricing for all items is established by the contractor/vendor, in accordance with the contract terms dating back to 2007. These terms were approved by the Department, County Counsel, and the Board of Supervisors. (See Item #10 for further information regarding revenue share)

3. **The Sheriff's Department should provide information as to the job duties for the 59 employees whose salaries and benefits are currently funded by the IWF.**

See Attachment #1 for this information.

4. **The Sheriff's Department should assess whether the funds being used are for basic services that all incarcerated persons should be provided or whether the funds are for the welfare of the persons in its custodial facilities.**

"Basic services" such as meals, clothing, bedding, and medical and mental health care are not funded by the IWF. Bulk hygiene kits are purchased with the IWF and distributed to all custody facilities upon request. These items are distributed to inmates free upon request, independently of optional hygiene items available for purchase through commissary.

5. **The Sheriff's Department should not assess the IWF for things such as purchasing process fees or its Jail Information Management System, which are ordinary expenses for the Sheriff's Department necessary for all day-to-day operations.**

The IWF expenditures for such programs as the Jail Information Management System (JIMS) maintenance are requested by the Department's Data Services Bureau (DSB) and voted on by the Inmate Welfare Commission. It is not clear what "purchasing process fees" means.

6. **The Department should audit the current pricing structure for commissary items and publicly identify any inequitable pricing markups that exist.**

The "current" pricing structure for commissary items has been in place since the contract began in 2007. All price change requests have been initiated by the contractor, in accordance with the contract terms. The approved menu prices include all the contractor's internal costs, and the pre-negotiated revenue share deposited into the IWF. The Department does not "markup" commissary items.

7. **The Department should audit the current pricing to determine whether KCN has actual and reasonable costs related to labor, storage, production, and delivery of commissary items. This audit should be thorough and completed prior to the renewal of the agreement with KCN.**

The contractor bears full responsibility for meeting the terms of the contract and providing the services accordingly. The Contract Compliance Unit conducts regular reviews of the contract, meeting first with County personnel who manage the contract, and then again separately with the contractor. Terms of the contract are revisited, discussed as needed, and sample reports are reviewed. Over the life of the contract, the contractor's performance and County personnel's management of the contract have been reviewed favorably and in compliance. The County does not probe the internal component of the Contractor's operation. The contractor's measured compliance with the lengthy requirements of the contract as written satisfy the County's ethical standards and expectation of due diligence.

8. **The Department should evaluate whether certain purported costs currently borne by KCN, such as the costs of delivery to inmates or security, may be absorbed by the Department as a cost-savings measure.**

While the Department does not stipulate a minimum salary for the contractor's employees, it is understood that delivery personnel are paid approximately minimum wage. All orders are pulled and assembled in a large industrial warehouse that is secured and has video surveillance. The contractor maintains a fleet of delivery vehicles and specially designed locking merchandise carts, as required by the contract. One shift of employees assembles and stages orders, while a second shift completes the

actual deliveries. All associated costs of this operation are factored into the price of commissary items.

It should be noted that uniformed Department personnel have historically provided security for all commissary operations inside the facilities. It is also common for Department personnel to personally assist contractor employees with the deliveries, especially in high-security or acute mental health housing areas. There was a tremendous level of teamwork between Custody personnel and Commissary personnel throughout the COVID-19 pandemic, resulting in uninterrupted deliveries throughout that challenging time. However, it would be unfeasible to formally hand off the contractor's responsibilities over to Department personnel. None of the storage space or logistical needs exist, and unlike a purpose driven contractor staff with a singular objective, Department personnel must constantly reprioritize a variety of duties in order to maintain safety, security, and compliance with policies and statutes. While important, commissary deliveries handled solely by Department personnel would be frequently deprioritized due to more pressing matters. All of this is in addition to the significantly higher labor costs incurred by replacing contractor employees with County employees, regardless of the item.

9. **Rather than simply renewing the contract with KCN, the Department should issue a request for proposals to provide commissary goods under the fair and equitable approach the Board has requested and with sufficient transparency to ensure compliance.**

The County did not and will not "simply renew" the contract with KCN. A new Request for Proposal (RFP) was created and posted online more than a year ago. The RFP called for a single contractor who could provide commissary and vending services in a single comprehensive agreement. Any qualified contractor would be able to bid on the contract. Questions and inquiries from any interested parties were solicited, and a bidder's conference was conducted. The conference included guided tours of the Department custody facilities over two days. Ultimately, the County only received one bid, which was submitted by Keefe Commissary. Ongoing negotiations are currently taking place regarding revenue models and a host of other logistical and technical matters. There are additional negotiations in progress with Keefe Commissary to add online deposit functions for friends and family to deposit funds remotely into inmate trust accounts. While there will be negotiated fees assessed by Keefe Commissary for this service, the existing

cashier services at Inmate Reception Center (IRC) and Century Regional Detention Facility (CRDF) will continue to operate and provide deposit services with no fees.

10. **The Department should renew focus on increasing transparency on the approval and use of Inmate Welfare funds, including whether the use of funds results in effective programming or services for incarcerated persons.**

Transparency in the approval and use of IWF remains a priority for the County and is the primary purpose of the Inmate Welfare Commission (IWC). Proposals and suggestions for programming, educational, vocational, and quality of life improvements are always welcomed and encouraged for funding consideration by the IWC.

Also, the Department has restructured the Inmate Telephone Contract in order to make all inmate telephone calls completely free to the inmate population. This resulted in the loss of \$15 million per year from the Inmate Welfare Fund and now costs the County more than \$600,000 per month in inmate telephone calls. The removal of all financial impediments inmates previously faced in keeping close contact with loved ones also provides many with the option to buy "comfort" items such as beverages and snacks rather paying for phone calls.

The current revenue share to the IWF for commissary items was recently reduced from **53 percent** to **51.5 percent**. It is projected that after negotiations and all the terms of the new commissary contract are finalized, there will be a further reduction down to **39 percent** in revenue shared to the IWF. This will maintain commissary pricing very close to current levels and in many cases will see price reductions for popular items such as ramen and soups.

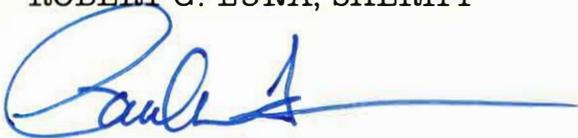
The formula for establishing commissary pricing will also be simplified in all commonly available menu items will be calculated by averaging three different store receipts for the same type and size of items. Nothing else will be factored in the menu prices. All revenue going to the IWF will be a percentage of that averaged price, with no "markups" or fees added whatsoever. The contractor will simply be sharing a portion of the proceeds from the sale of items that mirror regular store prices. This business model is agreeable to the contractor, because of the exclusivity of the customer base.

The County has also responded to the guidance and input of the justice deputies who expressed concerns over geographic boundaries from which the contractor could comparison shop. The contractor will be able to shop and gather prices from anywhere in the County, rather than from a fixed radius around downtown Los Angeles. The County has also barred convenience stores, gas stations, and any high markup type stores from use in generating price comparisons. Grocery stores and "big box" stores such as Target or Wal-Mart will be the only suitable establishments from which to establish pricing on any common retail items sold via commissary or vending.

Should you have any questions, please do not hesitate to contact me.

Sincerely,

ROBERT G. LUNA, SHERIFF

A handwritten signature in blue ink, appearing to read "Paula L. Tokar", with a long horizontal flourish extending to the right.

PAULA L. TOKAR
ASSISTANT SHERIFF