

LINDA LINGLE  
GOVERNOR



STATE OF HAWAII  
**DEPARTMENT OF PUBLIC SAFETY**  
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No. \_\_\_\_\_

**TESTIMONY ON HOUSE BILL 2007  
RELATING TO CORRECTIONS**

By

Clayton A. Frank, Director  
Department of Public Safety

House Committee on Public Safety & Military Affairs  
Representative Cindy Evans, Chair  
Representative Sharon E. Har, Vice Chair

Thursday, January 31, 2008, 8:30 a.m.  
State Capitol, Conference Room

Representative Evans, Representative Har, and Members of the Committee:

The Department of Public Safety opposes House Bill 2007, which requires the auditor to conduct a financial and management audit of each commissary located in a Hawaii Correctional facility, as well as commissaries located at out-of-state contracted correctional facilities where Hawaii inmates are confined.

The Department of Public Safety's outer island facilities operate individual inmate stores utilizing a maximum mark-up not exceeding 10 percent of the distributor's wholesale price. These stores are operated by the individual facilities, which utilize general fund positions to provide this inmate privilege.

In comparison, the Department of Public Safety's Centralized Canteen, which encompasses all of the Oahu facilities' canteens or inmate stores are operated by the department's Correctional Industries. Correctional Industries is a self-supporting vocational rehabilitation program, which is mandated to provide work and training opportunities for qualified, able-bodied inmates. The intent of

the canteen centralization was to take advantage of volume purchasing discounts while providing the means to train inmates in warehousing, receiving and distribution, inventorying, and quality assurance methods.

While the amount charged to the inmates for products provided appears to be high, the service to provide direct delivery of products to an incarcerated inmate and operating this type of vocational training program within a correctional facility is costly due to the amount of training time required and security and administrative restrictions. By having Correctional Industries operate commissaries and other inmate operations, it allows the department to utilize general fund positions and monies to provide a safe and secure environment for inmates, staff, and the public. Further, KMH LLP, the state-designated auditor for the department, annually audits centralized canteen operations.

In addition, in the Department of Public Safety's contractual agreement with out-of-state private facilities under Inmate Commissary, all proceeds generated from the commissary services shall benefit all persons housed at the facility. This includes equipment (i.e. satellite television hook up in every cell, weights, basketballs, etc.), special meals for special occasions, such as Super Bowl BBQ meals, and commissary operating expenses, which include purchasing inventory, and salaries and benefits for three employees operating the commissary.

Because this is a contractual item, this area is already routinely audited and the facility is required to provide the state with a financial report on its commissary revenues. In addition, an independent auditing firm audits the facility's commissary operations annually. The audit is conducted in part to ensure inventory controls are in place, waste/spoilage is kept to a minimum, and that all inmates benefit for commissary services.

Thank you for the opportunity to provide testimony on this measure.