



**State of New Jersey**  
DEPARTMENT OF CORRECTIONS  
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CHRIS CHRISTIE  
*Governor*

KIM GUADAGNO  
*Lt. Governor*

GARY M. LANIGAN  
*Commissioner*

May 14, 2015

David J. Rosen  
Legislative Budget and Finance Officer  
Office of Legislative Services  
State House Annex, P.O. Box 068  
Trenton, New Jersey 08625-0068

Dear Mr. Rosen:

Please find the Department of Corrections' response to questions raised by members of the Assembly Budget Committee.

**Assemblyman Singleton:**

**Question #1:** *Please provide the committee with information concerning the Department of Corrections' contract with the kiosk services provided through JPAY. Was the contract negotiated by the Department of the Treasury, or was the contract part of a pre-set national master agreement entered into by several states and was joined by the State with no negotiations?*

**Response:** This contract was competitively bid by the Multi-State Corrections Procurement Alliance (MCPA) and National Association of State Procurement Officials (NASPO) acting by and through the State of Nevada. It was awarded to Keefe Commissary Network, (KCN) & JPay, Inc. Both contractors provide Inmate Kiosks Systems and Banking Services at no cost to the using agency.

The contract, a Statewide Master Service Agreement, is a cooperative contract agreement known as Contract #1901 for Inmate Kiosk and Banking Systems. It was bid in a manner making it potentially available for State participation pursuant to N.J.S.A. 52:34-6.2.

When staff from the Department of the Treasury's Division of Purchase and Property (DPP) became aware of the contract as a potential procurement option, DPP staff contacted the New Jersey Department of Correction's (NJDOC) Procurement Unit and advised them of it. The NJDOC confirmed with DPP its interest in utilizing the NASPO/MCPA cooperative, multi-state contract. The State of New Jersey was approved by MCPA to participate in the cooperative contract.

In February 2013, following appropriate notices and a determination that it was the most cost effective method of procurement, DPP awarded a State term contract (State Contract M-7008) to vendors JPay, Inc. and Keefe Commissary Network LLC to provide kiosk and inmate banking services to our inmate population. NJDOC could then select either of the two vendors, based on operational needs and vendor product offerings.

### **New Jersey Department of Corrections Vendor Selection Process**

A committee of NJDOC officials was established to evaluate the offerings of each vendor, with the goal of reaching a consensus on the selection of a single vendor to provide all services, through an open and competitive process.

Through this process JPay, Inc. was determined to be the most beneficial provider of Inmate Kiosk Services to the NJDOC. JPay, Inc. received the highest total cumulative score amongst the NJDOC evaluators, and was also the provider favored by each evaluating unit, without exception.

Executives over the units making up the evaluation committee presented the recommendation to the Commissioner for final approval. Based on the results of the evaluation, the NJDOC engaged JPay, Inc. as the sole provider of Kiosk and inmate banking services in the NJDOC facilities.

The contract is also open for use by other local government entities including county jails.

**Question #2:** *Were the commissions to be paid by the inmates for specific services contracted individually, or a part of this national, pre-determined contract?*

**Response:** Commissions paid to the using agencies were pre-determined through the MCPA contract #1901. However, based on New Jersey's Terms and Conditions, the State has the authority to discuss pricing terms within ranges as outlined in JPay's cost proposal. The pricing in these ranges are subject to the requirements contained in the MCPA Statewide Master Service Agreement for Services of Independent Contractor.

An example of discussions that DOC had with JPay regarding product pricing would apply to the recently implemented debit release card. This product has price ranges associated with different types of transactions. The DOC was able to come to an agreement with JPay that there would be no activation and transaction charges for this product. Instead, there is only a \$2.00 charge incurred after seven (7) days if a balance exists and every seven (7) days thereafter. Also, there is a \$5.00 charge for card replacement (if needed). Thus, based on this contract, for products and

services that have a pricing range associated with them, the department has worked with the vendor to obtain the best price available for the inmate population.

**Question # 3:** *Please provide the committee with the number of Corrections Officers employed by the department as of June 30, 2013, June 30, 2014, and April 30, 2015.*

**Response:** Below are the Full Time Employee (FTE) counts for uniform custody staff (all ranks including trainees) for each of the pay periods requested. Note, at the time of this writing pay period 09, ending April 17, 2015, is the most current pay period for which this data is available.

| <u>Pay Period Ended Date</u> | <u>FTE Filled</u> |
|------------------------------|-------------------|
| June 28, 2013                | 6,007             |
| June 27, 2014                | 5,921             |
| April 17, 2015               | 5,762             |

**Question # 4:** *Please provide the committee with the number of inmates housed by the Department of Corrections as of December 31, 2013, December 31, 2014, and April 30, 2015. Please break this number out by those inmates housed in correctional facilities, those held in the county jails, and those housed in halfway houses.*

**Response:** Below are the counts for the New Jersey Department of Corrections' jurisdictional population for the dates requested.

| <u>Population</u>              | <u>12/31/13</u> | <u>12/31/14</u> | <u>04/30/15</u> |
|--------------------------------|-----------------|-----------------|-----------------|
| State Correctional Facilities  | 19,468          | 18,590          | 18,321          |
| County Jail                    | 119             | 106             | 210             |
| Residential Community Programs | 2,696           | 2,715           | 2,667           |
| Civilly Committed              | 472             | 469             | 472             |
| Mutual Agreement Program       | <u>38</u>       | <u>37</u>       | <u>33</u>       |
| <b>Total</b>                   | <b>22,793</b>   | <b>21,917</b>   | <b>21,703</b>   |

**Assemblyman Johnson:**

**Question #1:** *Please provide the committee with a list of the products and services to be provided by JPAY along with the projected date that these products and services will become available.*

**Response:** The following JPay, Inc. products and services are currently available at all facilities:

- Money Services – Started on 12/2/2013
- Debit Release Cards – Started on 1/20/2015

A pilot program for inbound email began at South Woods State Prison (SWSP) on January 20, 2015. Friends and family members could log on to JPay.com and create an account and send an email to an inmate at SWSP. The emails were printed in the mail room and distributed to the inmate accordingly.

Email, purchase of music, e-books, e-cards and JP5 Media Device player along with Trust Account balances and electronic grievances will be available on a site by site basis as kiosks are installed. SWSP was the first institution to go-live on May 6, 2015. The DOC anticipates that the kiosks will be installed at the remaining facilities by the end of the calendar year.

**Question # 2: Please provide a list of the commissions the Department of Corrections will receive for each of the products and services to be provided by JPAY.**

**Response:** See below

| Service   | Fees  | Commission to DOC            |
|---|---|------------------------------|
| Email/Secure Messaging  | \$0.40  | \$0.05<br>(only on outbound) |
| E-Card Attachment   | \$0.40  | \$0.05                       |
| Video Visitation 30 minute sessions<br>(not yet avail.)                             | \$9.95  | N/A                          |
| Purchase Music (per song)   | \$1.06 - \$1.99   | 5.0%                         |
| JP-5 Media Device Player 16GB   | \$49.99   | \$5.00                       |
| E-Books   | \$1.99 - \$25.99  | 3%                           |
| Money Services – Sending money with Debit/Credit Card                               | \$3.95 - \$11.95  | \$0.50                       |
| Money Services - Sending money from Retail Location –Walgreens, CVS, Wal-Mart, etc. | \$5.00 - \$8.95   | \$0.50                       |
| Sending money order via JPay, Inc. Lockbox  | Free  | No Commission                |
| Debit Release Card (no activation cost to inmate)                                   | \$2.00 after 7 days if a balance exists and every 7 days thereafter | No Commission                |
| Trust Account Balance Inquiry   | Free  | No Commission                |
| Inmate Grievance/Inquiry  | Free  | No Commission                |

As a point of clarification, during the hearing I stated that the commission for the purchase of music was \$0.05. However, after further research it was confirmed that the correct commission for this service is 5.0% of the song purchase price. Per the MCPA contract, songs are listed at \$1.95. The contract reflects a fixed price but allows the using agency to work with the vendor to charge reduced rates for the pricing of a song. Therefore, song pricing will fluctuate within the range from \$1.06 to \$1.99. The pricing will depend on what the label is charging for the song title. I would like to apologize for this miscommunication.

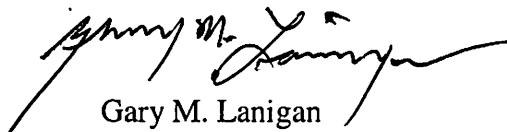
**Committee Chair, Assemblyman Schaer:**

***Question # 1: What is the average cost per inmate for medical services for those inmates housed in the South Woods State Prison extended care unit.***

**Response:** The department is unable to isolate inmate healthcare costs associated with specialized groups of inmates; therefore, an average annual cost per inmate is calculated. For FY 2014 the cost for the provision of medical and dental services was \$5,103.74 per inmate.

Should you have need for additional information, please do not hesitate to contact me at your convenience.

Sincerely,

A handwritten signature in black ink, appearing to read "Gary M. Lanigan", with a long horizontal flourish extending to the right.

Gary M. Lanigan  
Commissioner

c: Judi Lang, Chief of Staff  
Mark Farsi, Deputy Commissioner  
Gary T. Alpert, Assistant Commissioner  
Jerry Traino, Governor's Office  
file