

F-Shop Gets Graded

By JASON HOWARD

If you're one of those guys who likes to work with his hands, tinker around with machines and learn about new technology, then F-Shop is the place for you. F-Shop Supervisor Neal Lewis took some time out from his day to explain exactly what goes on in his shop. Here's what he had to say:

Mirror: How long have you been employed at the DOC?

Lewis: I have been here about two months.

Mirror: Can you tell us how this shop came to be?

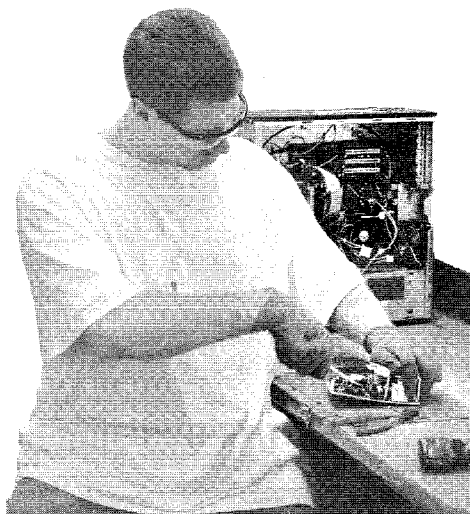
Lewis: This program originated in California, and was brought to this state by former Governor Arne Carlson. When funding ran out it then became a non-profit organization that works within the prison.

Mirror: Do you provide service nationwide?

Lewis: We are only active in the state of Minnesota.

Mirror: What are the functions of F-Shop?

Lewis: The shop provides two different services. They both have to do with the computer technology industry.



Jacob Nelson scraps out an outdated system

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Squeeze Play

The history of canteen prices and inmate pay

By MATT GRETZ

Rising canteen prices have been a way of life for inmates in Minnesota prisons for years. The complaints are well-known. They're spoken daily at the lunch table and grumbled weekly as the pencil fills one less oval on the order form.

A *Mirror* investigation has uncovered the history behind our rising canteen prices. The results will answer inmates' most popular questions and grievances about canteen prices, reveal problems lurking beneath the surface, and offer solutions to improve the system.

Since 1955, Stillwater has had a canteen. It started with a bang – the canteen list published in the January 12, 1956 *Mirror* listed nearly 150 items, with one-third devoted to tobacco. By 1960, the catalog grew to include over 220 items, including seven styles of shoes, and such items as pocket watches, golf balls, and extension cords.

From the very beginning, canteen was expensive. \$1.95 for a pack of Marlboros sounds like a deal, unless it's 1960 and you're an average worker, making 55 cents a day. Twenty cents for a bar of Dial sounds alright until you factor in that starting wages at some jobs were twenty cents *a day*.

Still, there were some good deals in the good ol' days. Particularly snacks and clothes – 95¢ bought a case of 24 Snickers, a jar of cheese went for 30¢. An inmate earning average wages could buy a sweatshirt for less than two days' wages. (Note to our outside readers: yes, two days' wages for a sweatshirt sounds like a deal.)

For a while, canteen clipped along, even though inmate wages stayed low. The U.S. economy was booming in the 1960's and many inmates got by on gifts from loved ones so they could go to canteen. A visitor could come to the prison and directly put money on an inmate's books. No 10% collected, no Western Union charges.

In the 1970's, Stillwater prison entered a new era of paying inmates. Wages spiked throughout the prison. Industry shops began



paying profit-sharing bonuses to offenders, with some guys taking in as much as \$250 a month (well over \$1,000 in today's dollars).

Minnesota, long known as a progressive state, was ahead of the curve when prison reforms swept the nation in the 70's. When the Attica, NY prison riots grabbed the nation's attention in 1971, inmates in Minnesota had to be shocked at how their brothers in New York were being mistreated. While others fought for basic medical and religious rights, Minnesota convicts had more modern concerns – getting telephones in the blocks and TVs on canteen.

In 1972, Stillwater inmates spent over \$180,000 on canteen. That amounts to \$250 per inmate (\$1,300 in today's money). Inmates were getting paid a lot back then, and they spent a lot on canteen. Why? Besides the obvious comforts canteen provided, profits directly benefited inmates through extras like movie rentals, books, and even an ice rink.

The 1970's saw wages jump outside the walls as well. The United States minimum wage was raised seven times in the 70's, doubling from \$1.45 an hour in 1970 to \$2.90 in 1979.

Pay increases weren't made because prison or government or business was "soft." Prices were increasing everywhere. What cost \$1 in 1970 was marked up to \$1.87 by the end of the decade. Pay rates increased because they had to be. Otherwise, Americans would lose what economists call the "purchasing power" to buy things.

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As the 1970's wore on, the pay that Minnesota inmates made in the early part of the decade stayed the same, and as a result of inflation, their purchasing power slipped. *Mirror* archives reflect a population growing frustrated with rising canteen prices.

It would take until 1984 before inmate pay in Stillwater increased again. The 80's, and the first part of the 90's, are widely seen among long-timers as a golden age of paychecks. Control Data Corp. paid \$4 an hour in the mid-80's (= \$9/hr. today) while guys in some industry shops were making even more. Even the unemployed got in the act: T.U.s made up to \$3 a day in 1989.

Not surprisingly, higher wages resulted in higher canteen sales. In 1987, canteen raked in \$773,000. In today's dollars, that comes to \$1,329 spent per Stillwater inmate.

By the end of the 80's, a typical Stillwater worker was clearing \$2 an hour, an impressive sum considering the U.S. minimum wage was \$3.35 per hour. Canteen kept getting more expensive, with a color TV fetching \$300 in the early 90's (= \$500 today).

But somehow it all worked. The money flowed to the inmates, and they turned it right back into the system. Why? Besides

the obvious comforts canteen provided, the profits directly benefited inmates.

In 1991, with local wages at an all-time high, and Stillwater canteen sales breaking the \$1 million mark, Minnesota was named "most cost-effective correctional system" by *Financial World*. Despite that recognition, Minnesota was about to pull the plug on premium pay.

The 1993 Unified Pay Plan ushered in the modern era of inmate pay. Many jobs saw starting hourly pay slashed from \$1.50 to 40¢. *Mirror* archives during this time show a population shaken out of the comfort of independence.

By the end of the 90's, pay took another hit. Starting Base hourly pay was cut from 40¢ to 25¢ while students were frozen at 50¢ an hour. This pay plan, with a few tweaks, is what we still have in 2012.

Centralized Canteen Takes Control

MINNCOR Industries was created in 1994 by the DOC to combine all facility industries into a single unit. The aim was to increase efficiency and reduce costs, with profits going to pay for offender jobs in industry, as well as programming, rehabilitation, pre-release, and post-release support. It was founded with the goal to not need outside support. In

time, MINNCOR would succeed so well that it would be supporting the outside.

In 2003, MINNCOR was given the authority to run canteen for all eight DOC facilities. The idea made sense: why have eight prisons make

separate contracts with vendors? Since suppliers give better deals to customers who buy in bulk, MINNCOR was able to use new purchasing power to drive its prices down.

Inmates were skeptical at first. But with meager paychecks, they were primed to believe the hype and waited for the canteen price cuts.

The price cuts never came.

In 2003, *Mirror* archives show an outraged population. Prices inched up when they were all-but-promised to be lowered. Fingers were pointed. Some inmates accused MINNCOR of being dishonest, or pocketing profits that inmates had been relying on for 50

Nothing is more necessary than serving time than to be maintaining to the extent that items that are essential for peace of mind. Anything and anything that falls short of dignity and self respect creates all of the problems of prisons as being demonstrated.

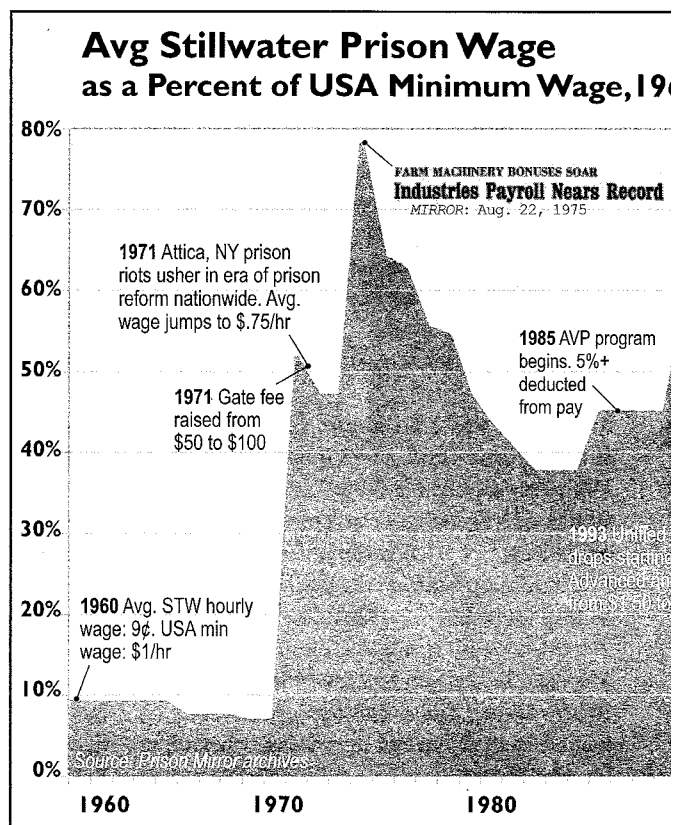
— Gordon Lee Po

We are now able to be of being satisfied and will be able to achieve goals for the future.

— MINNCOR A

Canteen Price Increases: 1960 - 2012
 What cost \$8.07 in 1960, costs \$62.54 today

Product	1960	2007	2012	Percent Change	
				60-12	07-12
Bar of Soap - Dial	\$0.20	\$0.96	\$1.02	410%	6%
Toothpaste - Colgate	0.40	2.85	2.85	613%	0%
Toothbrush	0.10	0.40	1.20	1100%	200%
Deodorant Stick - Mennen	0.60	2.85	2.85	375%	0%
Shampoo	0.75	2.30	2.77	269%	20%
Razor Blades (10-pack)	0.40	1.50	1.50	275%	0%
Shaving Cream	0.40	1.80	1.80	350%	0%
Sweatshirt	1.35	16.75	16.75	1141%	0%
Pencil	0.03	0.08	0.09	267%	20%
Loose Notebook Paper	0.10	1.73	2.00	1900%	16%
Envelope	0.05	0.51	0.58	1060%	14%
Postcard	0.04	0.36	0.45	1025%	25%
Instant Coffee (8 oz)	1.50	6.38	7.59	406%	19%
Cookies - Nabisco	0.45	3.00	4.40	878%	47%
Snickers (6-pack)	0.25	3.82	4.55	1720%	19%
Peanut Butter (jar)	0.45	2.10	3.36	647%	60%
Cheese Whiz Spread (jar)	0.30	3.00	3.00	900%	0%
Peanuts	0.20	1.20	1.68	740%	40%
Crackers, Snacker	0.35	1.55	2.25	543%	45%
Plastic Tumbler	0.15	1.85	1.85	1133%	0%
Totals	\$8.07	\$54.99	\$62.54	675%	14%
Overall Inflation in USA				658%	8%



ary to an inmate while able to become self-sufficient can afford to purchase to his cleanliness and less than this privilege, short of allowing him the caring for his own needs as that add to the picture realizing and destructive.

erson, Mirror, 11/12/1971

years for things like library and phones. Some inmates turned on each other, saying theft in canteen was raising costs for everyone else.

If this would have happened during the 80's when wages were high, maybe inmates wouldn't

have been so upset. Or at least, they would have eventually gotten over it.

For all the complaints, the canteen prices that Stillwater inmates saw in 2003 were in fact in line with the history of canteen. From 1960 to 2012, prices in the world increased 658%, according to the U.S. Department of Labor, while popular canteen goods increased only slightly more, by 675% (see left chart).

But if it seems like prices are rising now more than ever, you might be right. While the

move past the point with breaking even to set new, aggressive next fiscal year. Annual Report, 2010

50-year trend of canteen price increases is only a little above average, the last four years have seen canteen inflation nearly double the national average.

Canteen Profits Leave the DOC

From 2007 to 2012, prices increased 8% in the U.S., due to higher gas and other costs. During the same time, a bag of canteen (left chart) increased 14%.

Why did canteen prices jump so much more these past four years? Maybe it's because MINNCOR wasn't able to negotiate well with suppliers. Maybe they weren't aggressive enough in sourcing new vendors. Whatever the reasons, they failed to hold the line on costs as well as a typical retailer did.

The other reason canteen costs have increased so much lately may be because MINNCOR has sprung a leak.

In 2011, lawmakers made MINNCOR give \$1.2 million in profits from canteen and industry to the state's general fund. The DOC was facing \$4 million in budget cuts and by cutting this check, the DOC was able to keep treatment programs and other programming.

In one sense, MINNCOR might be getting too good at what it does. With so much profit, it might have welcomed a new routine where lawmakers threaten the DOC with budget cuts on the one hand, while the other hand is held out for another kickback.

From 1955 until just a couple years ago, canteen was simple: an inmate scraped together what he could from a job and/or a loved one's generosity, overpaid for canteen, but got the profits back in programming that

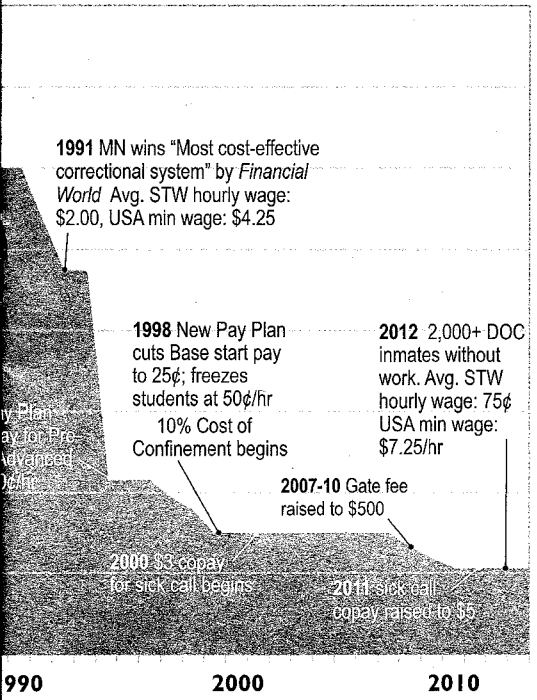
the DOC budget wouldn't cover. Even though inmates griped about overhead costs, at least the money stayed in the building.

With centralized canteen, the profits also became centralized. All the money flowed out of Stillwater. Some flowed back, some didn't. Phone calls became more expensive, for instance, to pay for what canteen used to cover.

In this day and age, inmates won't re-enter communities with as much skills and training as possible unless MINNCOR makes money. This puts the DOC in new territory. With so much profit, and state coffers bare, they will have to prove the purpose of their profits, or lose them. It will be up to them to convince lawmakers that the money made off canteen and industry needs to stay in the DOC because it ultimately reduces recidivism.

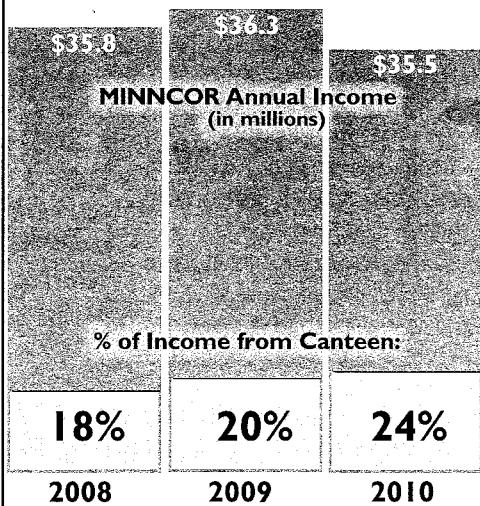
We've come a long way since canteen began over 50 years ago, but in one respect we're back right where we started. Not since 1960 have Minnesota inmates been paid so little compared to outside wages. This makes it hard to afford canteen, which ultimately limits the money that could be flowing into programs that ultimately make Minnesota safer.

0 - 2012



Counting on Canteen

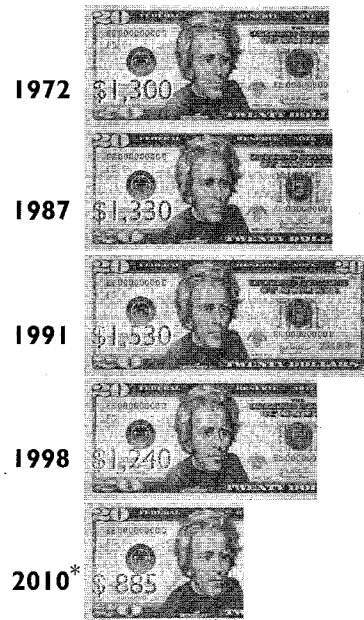
Canteen sales now total over \$8 million a year and are a growing part of MINNCOR's income. Now more than ever, MINNCOR's financial goals rely on offenders turning work and gift checks into canteen orders.



Sources: MINNCOR Industries Annual Report, 2009, 2010, Office of the Legislative Auditor Evaluation Report, 02/09

Spending Cut

In 1972, the first record of canteen sales appeared in the *Mirror*. Through time, a clear connection can be seen between inmate pay and canteen sales at Stillwater. In 1972, sales averaged \$1,300 per inmate (today's dollars shown). Sales peaked in 1991 – even with no phone time on canteen – then began a steady decline.



* Sales for MN DOC