



**Inmate Calling Services
WC Docket 12-375
Rate/Fee/Product discussion
January 2015**

Joint Provider Proposal

- Rates, fees and premium products were too high.
- Recommended elimination of commissions (Don Woods estimated this would be \$200 million per year windfall)
- Protected their main sources of profit (ancillary fees and premium/convenience products.
- Allows them to dominate market with extensive security products, campaign donations and exclusive sponsorships of state/national trade associations
- Ask for only 3 year caps. Should be indefinite.
- No need to grandfather contracts or allow more than 90 days to transition

Comparison of Joint Provider Fees to Alabama PSC caps

	Joint Proposal	ALPSC
Account Funding (Live Agent)	\$7.95 *	\$5.95
Account Funding (IVR/Web)	\$7.95 *	\$3.00
Convenience / Premium Products Western Union / MoneyGram	\$14.99/\$9.99 per call	\$5.99 per call
Validation Fee	\$2.50	\$0.00
Bill Statement Fee (LEC/ Direct bill)	8%	0%
Commissary Transfer (Cost)	0%	5%
Collect Call Processing Fee (LEC)	\$0.00	\$3.00

* Denotes \$7.95 is charged per destination number. PSC ruling dictates up to 5 destination numbers per fee

Commissions are not the reason for high fees and premium products

- Hedge fund mentality drives 80% of the market, not focus on inmates and jails.
- Prison Policy Initiative noted that after interstate rates capped, at least one major provider increased their fees. (Extensive research on all fees)
- ICSolutions pointed out that commission payments on premium products are only 3%-7%. Often carriers make premium products the “easier” product to use and do not promote cheaper calling options.
- Alabama and Louisiana already had rates capped below interim rates, but commissions were still climbing.
- Martha Wright, et. al., support Alabama’s approach on capping fees and premium products.

We recommend the FCC consider mirroring Alabama caps

- Rates mirror FCC interim rates. (FCC should consider safe-harbor rates for prisons and interim for county/city jails.)
- Cap ancillary fees and premium products
- Allow market to control site commissions in order to prevent other incentives

Elimination of commissions / cost recovery will significantly decrease availability of phone access

- National Sheriff's Association (NSA) cost-study shows jails incur up to \$1.66 per minute to offer ICS
- If costs cannot be recovered, may return to the scenario of 30+ years ago of "You're allowed one call"
- What is the point of diminishing returns? Yes, an inmate can get a cheap price, but only make one or two calls per week.
- Jails and decision makers are not informed on fees and premium payment products. Purchasing departments are required to accept the "best" offer.
- Until 2009, the State of Texas prisoners were only allowed one five-minute call every 90 days; the ability to recover costs was the incentive to allow daily calling.
- Most small jails under 100 beds currently offer ICS at below their costs (NSA cost study)

Shelby County Alabama Test of New Rates

- In October 2014, NCIC moved Shelby County to proposed rate caps, low ancillary fees and no premium payment products.
- Calls went up over 34%, revenue stayed about the same, costs went up 34% and inmate complaints went down 70% (due to postalized rates)

Date Range Selected: 08/01/2014 - 11/30/2014

Compared to Aug Compared to Sept

Year	Month	Active Phones	Attempts	Completions	Talk Time (min)	Charges	Avg Call Price	Avg Call Dur	Comp %
2014	8	50	119922	33966	170331	\$35,032.60	\$1.03	5	28.32
2014	9	50	112164	34486	178182	\$36,781.90	\$1.07	5	30.75
2014	10	50	140151	46167	169775	\$37,592.47	\$0.81	3	32.94

36%

34%

A summary of some costs jails incur by offering ICS:

- management of network and infrastructure,
- administration of debit, invoice reconciliation,
- inmate fraud research,
- Review of monthly reporting,
- blocking and unblocking numbers,
- contract compliance,
- administering calling lists,
- coordinating issue resolution,
- pulling reports,
- call monitoring,
- call recording analysis,
- Prison Rape Elimination Act compliance,
- law enforcement requests and other cross-agency in
- burning of calls,
- retrieval of call detail records,
- vendor transitions.
- managing alerts on suspected activity,
- updating system users,
- voice biometric enrollments,
- data analytics,
- assisting in phone repair process (escorts, tests, etc.),
- PIN administration,
- responding to general public inquiries,
- responding to inmate requests and grievances,
- separation of privileged and therefore non-recorded calls,
- administering free calls and training,
- Americans with Disabilities Act compliance,
- ICE compliance,
- RFP evaluation,
- Provider interviews,
- ICS contract negotiation, and
- legal challenges