

Increased prisoner telephone rates: a summary of the issues

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Being able to maintain contact during incarceration is critical for both prisoners and their loved ones. It helps keep families unified, positively affects prisoners' behavior and greatly increases the chances for success when people return to the community. In-person visits are limited by prison rules, cost and distance. Letter writing is difficult for many prisoners and family members, especially young children. For many people, telephone calls are the primary means of communication.

Until August 2008, Michigan prisoners and their families paid extremely high rates for telephone calls because the price included a substantial surcharge that yielded millions of dollars for the MDOC budget. After much effort by prisoner advocacy groups, corrections appropriations subcommittee chairs Sen. Alan Cropsey and Rep. Alma Wheeler Smith agreed to prohibit the surcharge. Boilerplate in corrections appropriations bills now states that fee schedules for prisoner telephone calls must be the same as fee schedules for calls placed from outside of correctional facilities except for surcharges "necessary to meet special equipment costs." Rates plummeted so that, for example, a 15-minute in-state call that previously cost \$7.52 became \$1.50 or \$.10/minute when made by a prisoner using a debit card. Phone usage by prisoners attempting to maintain contact with their loved ones increased.

As the result of a five-year contract awarded to Public Communications Services, Inc. or PCS, beginning on Feb. 9, 2011, phone rates are nearly doubling. The \$0.10/minute in-state debit call now costs \$0.18/minute, or \$2.70 for 15 minutes. There are similar increases for collect and interstate calls. **These increases are occurring despite the fact that all the bidders who passed the initial screening offered base rates that were substantially lower than the rates in the expiring contract.** For an intrastate debit call, these bids ranged from a high of \$0.085/minute to a low of \$0.030/minute.

It is estimated that the minimum amount this increase will generate is \$11.2 million. That would assume a nearly 40% drop in call volume. If call volume stayed constant, the increase would yield \$18.4 million. The proceeds are to be split between the MDOC and PCS, with the department's share increasing as the volume of calls goes up. At a minimum, 70% (\$7.8 million) would go into a special equipment fund controlled by the MDOC and 30% would go to PCS. At current call volume, the MDOC would receive 72.5% or \$13.3 million.

The rationale being offered is that the special equipment fund is to be used for cell phone detection equipment. There are numerous problems with this rationale, most of which are evident from the bid documents.

1. While preventing prisoners from possessing cell phones is an important goal, it is unclear that cell phones constitute a major problem in Michigan prisons. Some have been found,

but none has resulted in charges for criminal conduct. Cell phones, like drugs, alcohol and weapons, are contraband that can be discovered in searches of prisoners and their living areas. However, the additional benefit to be gained from investing millions of dollars in high tech detection equipment is unclear, especially since that technology is still not mature. Purchasing less sophisticated but far less expensive equipment that could be piloted at selected facilities would help determine how widespread the problem is and whether a more complex system is actually necessary.

2. Even if purchasing cell phone detection equipment is warranted, it cannot possibly cost the amount that the state would derive from the special equipment fund. Five of six bidders addressed cell phone detection as an optional service. None proposed prices anything near \$8 million a year for five years. In fact, PCS proposed the option of cell phone detection/control for an additional \$0.01/minute.
3. Neither the budget bill boilerplate language nor any reasonable logic supports using the Special Equipment Fund to enhance PCS's profits by 4 to 5 ½ cents a minute.

It is worth noting that in its original proposal, PCS gave a base rate of \$0.059/minute for collect calls and \$0.049/minute for debit calls. It also proposed a rate of \$0.005/minute to generate each \$500,000 for a special equipment fund. In a subsequent pricing clarification, it reduced the base rate to \$0.0393/minute for collect calls and \$0.0343 for debit calls but raised the special equipment fund rate to \$0.0075 for each \$500,000. The result of adding an average of \$0.1487/minute to each call is to make PCS's share of the total per minute rate between \$0.0789 and \$0.08391. (See contract Change Notice No. 1, Special Equipment Fund (per Month) Revised V2.)

4. It is difficult to distinguish the special equipment fund from the statutorily prohibited surcharge in light of the following passage in the Executive Summary to PCS's Telephone Pricing Clarification:

“Understanding that budgets are shrinking for all State agencies, as part of our Best and Final Offer, PCS is also willing to work with the MDOC to create a Special Equipment Fund to help bridge any potential budget shortfalls. The amount of this fund can be set at the discretion of the MDOC.”

CAPPS urges the Legislature to examine these issues. The inevitable outcome of increased phone rates will be less contact between prisoners and their loved ones. The Legislature should determine whether giving tens of millions of dollars to the MDOC for cell phone detection and millions more to PCS, apparently for pure profit, is worth this result.

This analysis is based on research conducted by CAPPS and MI-CURE.