

Memorandum

To: **Sondra Stein**, Board Member, Durham PA Racial Equity Team

From: Javin Schwartzman, Samuel Chernow

Date: 15 November 2019

Re: Durham County Detention Center Telecommunication Rate Comparison

Response to:

There has been a great deal of concern in Durham--and across the country--about the quality of providers for jailhouse services, including healthcare, commissary, and phones, and the cost to the inmates and their families of these critical services. There is particular interest at present in finding providers to deliver phone services that provide better, less expensive access than currently offered through Global Tel-Link, the current provider. Are there other jails in North Carolina or across the country that offer telecommunications at a more reasonable rate? What are some policy options?

Executive Summary

The Durham County Detention Center's contract with GTL is charging inmates unfair rates. Evidence recommends directly pressuring GTL to negotiate a fair contract through increased public awareness and lobbying campaigns. The PA Racial Equity Team might instead choose to lobby the FCC directly to enforce the rate caps, but political gridlock and Chairman of the FCC Ajit Pai's pro-deregulation stance weaken chances of success. Acting at the local level with a strong base of prison reform advocates could provide the pressure necessary for GTL to lower rates for the jail.

Durham County Detention Center and the Telecommunication Industry

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Phone Rates in North Carolina

The Global Tel Link (GTL) contract for telecommunication rates in the Durham County Detention Center (DCDC) is charging prisoners rates that are relatively higher than other prisons and jails in North Carolina. GTL currently charges Durham County Detention Center inmates \$10.85 for a 15-minute local phone call. This is broken up into an initial charge of \$1.85 for the first minute and \$.60 for all subsequent minutes, up to 15 (The City of Durham Human Relations Commission, 2017).

These rates are much higher than the rates for other county and local jails within North Carolina. For a 15-minute local call, Securus, another provider, charges \$6.18 in Brunswick County Jail, \$7.90 in Cabarrus County Jail, and only \$3 in Caldwell County Detention Center (Wagner, 2019). A third provider, Paytel, charges \$3.15 for a 15-minute local call in Wake County Jail (Paytel, 2019).

Securus and Paytel are the current providers for more than 90% of North Carolina county jails, with GTL providing services for just four North Carolina county jails. This accounts for the average cost for a 15-minute phone call in North Carolina being \$4.82, since Securus and Paytel on average charge less than GTL in North Carolina. A map of the average cost for 15-minute calls in all 50 states is located in *figure 1*, and shows that North Carolina on average charges lower rates (Wagner, 2019). This makes the DCDC an exception to the state. DCDC's contract with GTL for telecommunications is more than double the average of other local and county jails in North Carolina.

The Current Global Tel Link Contract

DCDC's contract with GTL lasts from April 2015 to April 2020. It was signed before the FCC, on August 4, 2016, changed the rates that jails were allowed to charge on phone calls. It caps rates at \$.13 per minute for state and federal jails. Privately owned prisons, local, and county jails can charge rates that vary depending on their size (Federal Communications Commission, 2016). Still, State Correctional Departments like in California and South Carolina have negotiated contracts with GTL for rates as low as \$.03 a minute (Global Tel-Link, 2019). This is significant because local and county jails are not more expensive to service than state prisons. The difference stems from the ability of State prisons to have more resources to analyze the costs and benefits of a deal. State prisons also exert more pressure when negotiating because of large populations (Zimmerman, 2007).

Average cost of a 15-minute call from a local jail by state



figure 1

GTL Phone Rates in Other States

However, it is possible for local and county jails to negotiate better contracts. The current service provider for the DCDC, GTL, has negotiated far cheaper contracts with prisons in other states. In South Carolina, Spartanburg County jail has negotiated a contract with GTL which costs \$2.40 for 15 minutes. In California, Santa Clara County Jail has a contract with GTL which costs \$1.50 for 15 minutes (Wagner, 2019). This means that aside from the potential inability to negotiate a cheaper contract, there is an incentive for the DCDC to allow GTL to charge inmates higher prices. These incentives are kickbacks on fees. Kickbacks are a certain percentage of the profit GTL or other providers make that are payed back to the jail or prison. North Carolina is 1 of 26 states to allow kickback fees. In 2017, GTL was recorded as paying 58% of its profits back to jails and prisons in North Carolina, for a total of \$7,627,429 (Prison Phone Justice, 2019).

Hidden Fees

Many people living in poverty (who are the most likely to be incarcerated) do not have bank accounts and often pay their bills by a money transfer using WesterUnion or Moneygram. Both these organizations charge a standard price of at least \$6.00 to send a payment to any telecommunication company (Wagner, 2019).

Provider	Moneygram Fee	WesternUnion Fee
Amtel	N/A	\$9.99
GTL	N/A	\$6.95
Infinity	\$6.95	N/A
Lattice Inc	N/A	\$9.95
NCIC	\$4.99	6.50
Paytel	\$6.49	\$5.00
Securus	\$11.99	\$11.95
Telmate	\$6.99	N/A
ICSolutions	N/A	\$5.00

Policy Options

Prior actions taken by the Durham PA Racial Equity Team suggest raising awareness as a successful and attainable political avenue. The two chosen policy options reflect these former awareness-driven initiatives, focusing on two different policy channels to exert influence.

Increase Public Awareness to Pressure The FCC To Protect Telecommunication Rights

The first policy option highlights current FCC action defending deregulation. Chairman of the FCC Ajit Pai recently refused to defend an Obama-era policy which sought to rectify the exploitative practices of phone companies by capping county jail fees at just 22 cents per minute (Gustin, 2018). GTL has exerted monopoly power in county jails like the DCDC to prevent any fee regulations (Gustin, 2018). Evidence shows that the enforcement of lower fees yields two primary benefits: saving taxpayer money through reduced recidivism and reducing the current 33% chance of a family going into debt because of hidden fees (Gustin, 2018). Advocating for the full enforcement of the 2016 FCC Order would place pressures on Chairman Pai and the Trump administration to protect local and county jails similar to prisons. However, the April 2020 contract expiration demands swift action, and the FCC has failed to respond to criticism of Chairman Pai's actions since March of 2018 (Gossett, 2017). The FCC is unlikely to respond differently to additional criticism,

suggesting that lobbying and awareness efforts on behalf of the PA Racial Equity Team may face difficulties (Gossett, 2017). The Trump administration and Chairman Pai have blocked most efforts to regulate pricing in county jails. The Inmate Calling Technical Corrections Act of 2018 received support from both Democrat and Republican senators but has been waiting in a standing committee since March 2018 (115th Congress, 2018). Providers like GTL are aware that political elites in power have given them the freedom to set their own prices for local and county jails, and short-term change appears unlikely. Although teaching Durham residents about these prison injustices might increase transparency and outrage among the public, they cannot vote these policymakers out of office by April 2020. Thus, the short-term nature of the issue poses a threat to this policy option.

Increase Public Awareness to Pressure GTL into a Financially Equitable Contract

The different telecommunication rates across North Carolina suggests a another policy option of raising awareness about the current GTL contract. Through public

pressure and heightened scrutiny, GTL will have two foreseeable options. They can lower their prices and sign a new agreement with the Durham center, or they can maintain their current prices and lose provider-ship to larger competitors such as Paytel or Securus. (Wagner, 2019). These providers would undercut GTL's prices as more economical options for the Durham County Detention Center (Wagner, 2019). Highlighting the state discrepancies in pricing might further pressure GTL to sign a cheaper contract. The average cost of a 15-minute call from a county jail in New Jersey is just \$1.26, compared to North Carolina's \$4.82 (Wagner, 2019). However, North Carolina's median annual income is 41.3% lower than New Jersey's median income (U.S. Census Bureau, 2018). Publicizing this information to the Durham public might

pressure GTL to consider lowering their per-minute prices to avoid losing out on a new deal with the DCDC.

Surveys indicate that Durham residents will be receptive to the changes that are called for. A 2018 Freedom Partners survey revealed that 77% of North Carolina residents support rehabilitation as a primary purpose of incarceration (Freedom Partners, 2018). These residents are likely to support lower phone call fees, which rehabilitate inmates by saving them money and decreasing chances of recidivism. Similarly, 75% of North Carolina residents believe criminal justice reform to be at least somewhat important (Freedom Partners, 2018). This suggests that North Carolina residents would heavily support a renegotiation of the current GTL contract to benefit inmates and their families.

Policy Recommendation

The available evidence ultimately recommends raising awareness and lobbying GTL directly to renegotiate their contract. While the entire nation would benefit from an enforcement of all FCC-13-113 protections, Chairman Pai and the Trump administration have publicly expressed their disinterest in regulating rates at the local and county level. The PA Racial Equity Team could instead highlight GTL's inequitable fees to the public, heightening pressures to comply with the FCC order. Expanding public knowledge about the exorbitant fees that inmates face could also accomplish other far-reaching goals, including swinging local elections and transforming the way individuals perceive prison reform.

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