

PRISON POLICY INITIATIVE

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The Honorable Kim Reynolds

Office of the Governor

Iowa State Capitol

1007 East Grand Ave.

Des Moines, Iowa 50319

VIA First-Class Mail

Dear Governor Reynolds:

After more than a year of working with the Iowa Utilities Board (the “Board”), it is my pleasure to provide you with this update on our organization’s campaign to protect the families of incarcerated Iowans from exploitative high phone rates in jails.

The Board reviewed tariffs for a number of telecommunications companies that provide service to people incarcerated in Iowa jails and the Prison Policy Initiative actively participated in five of these reviews. Before this process, phone rates in Iowa jails were as high as \$3.74 for the first minute and \$0.74 for each subsequent minute.

Following the Board’s tariff revision process, rates are now effectively capped at 25¢ per minute, resulting in aggregate savings to consumers of approximately \$1 million per year.¹

Despite the great strides achieved by the Board over the past year, we believe that there are still several outstanding issues that could be resolved with decisive action by the executive or legislative branches. Specifically:

- We have identified two telecom carriers — Lattice and Turnkey — that operate in Iowa but have not submitted tariffs for the Board’s approval. These two companies serve the jails in Davis, Iowa, Johnson, Marion, Muscatine, Pocahontas, and Pottawattamie counties, meaning that approximately 577 people in Iowa jails are forced to pay phone rates that have not been approved

¹ We calculate this savings based on the difference in cost between the 2019 tariff rates and the 2020/2021 tariff rates, multiplied by the average minutes of use per month per person, multiplied by the average daily population at each facility. We assumed that minutes of use would stay the same from year to year, though we believe that lower cost phone calls would actually increase minutes of use. For that reason, this is a relatively conservative estimate, and actual annual savings could indeed be higher. This savings is, by carrier: approximately \$396,000 Reliance, \$206,000 Securus, \$231,000 GTL, \$110,000 Encartele, and \$78,000 Prodigy.

by the Board as required by law. An appropriate state agency should take enforcement action.

- Some companies continue to seize unused consumer funds held in prepaid accounts and on prepaid cards. Prison Policy Initiative believes that, under Iowa law, this money should be refunded or turned over to the Iowa treasurer's unclaimed property program. Some companies appear to be improving their unused-funds policies as a result of the Board's inquiries, but additional work remains to determine whether and how consumers can obtain refunds of unused funds.
- Five companies are unfairly charging two duplicative transaction fees when consumers deposit money into a prepaid account. As we explained to the Board, we strongly believe that this practice violates federal law. While we are bringing this matter to the attention of the Federal Communications Commission, Iowa need not wait. The Board can and should prohibit companies from "double dipping" by charging both an automated payment fee and credit card processing charges for the same transaction.
- We remain concerned about abusive 'single call' programs that steer consumers to pay a \$3 transaction fee for each and every call rather than funding a prepaid account and incurring deposit fees only when replenishing the account. This practice unnecessarily increases an individual consumer's per-call cost by \$3, and at least one provider currently steers calls to this particularly inefficient and expensive way to pay for a call.

Finally, we would like to raise our voice in support of a second round of rate reviews, with the goal of lowering per-minute phone rates in Iowa jails. During the last year, the Board has unofficially used an informal "rate cap" of roughly 25¢ per minute, based on previous FCC rules imposing interstate rate caps of 21¢ for prepaid calls. However, much has changed since the FCC imposed those *interim* rate caps in 2013. In October 2020, then-chair of the FCC Ajit Pai announced a new rulemaking to lower interstate rates to 14¢ for calls from prisons, and 16¢ for calls from jails. **If the FCC finalizes those changes, then many Iowa carriers would be charging substantially more for in-state calls (up to 25¢) than they could for interstate calls (16¢).**

Because there is no technological difference between intra- and interstate calling, this price differential would be due solely to government regulations. We encourage you to proactively address this issue now before the potential disparity becomes a reality, and we thank you for your past leadership on this issue.

Sincerely,

Peter Wagner
Executive Director