

## **SB 498 A STAFF MEASURE SUMMARY**

### **House Committee On Judiciary**

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**Prepared By:** Addie Smith, Counsel

**Meeting Dates:** 5/8

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#### **WHAT THE MEASURE DOES:**

Prohibits Department of Corrections (DOC) from entering into contracts with telephone service providers in which DOC receives a fee or commission. Allows contracts with telephone service providers that include reimbursements to DOC for internal and external oversight and management costs or payment to a third party provider. Limits the fee or commission that an inmate telephone service provider may provide to a local or regional correctional facility to five cents per minute or less for completed calls, or other amount authorized by the Public Utility Commission (PUC) by rule. Requires all fees or commissions received by a local or regional correctional facility, city, or county from an inmate telephone service provider to be deposited into an Inmate Welfare Fund Account and allows funds to be expended only for inmate welfare, including items or programs that enhance the lives of inmates. Forbids the use of the Inmate Welfare Fund for inmate meals, clothing, or medical care; staff clothing or equipment; and facility maintenance or staff salaries. Requires any facility, city, or county that receives funds to provide a publicly available quarterly report. Authorizes PUC to adopt rules to carry out the provisions of the measure. Requires local or regional correctional facilities, cities, or counties that issue a request for proposals to procure inmate telephone services to consider call quality and to weigh the call quality as 35 percent of the final evaluation. Requires monthly reports to the facility, city, or county from any inmate telephone service provider with which a local or regional correctional facility contracts. Sets per-minute rate limits for local and regional corrections facilities based on facilities with less than 350 beds, 350-1,000 beds and facilities with more than 1,000 beds. Limits the type and cost of fees an inmate telephone service provider can collect. Applies to contracts entered into, extended or renegotiated on or after the effective date of the measure. Declares emergency, takes effect July 1, 2019.

#### **ISSUES DISCUSSED:**

##### **EFFECT OF AMENDMENT:**

No amendment.

##### **BACKGROUND:**

Correctional facilities across the country contract with private for-profit telephone companies to provide inmate telephone services. To compete for customers, phone providers began offering correctional facilities a commission based on the revenue earned from inmate calls. Competition over commissions has led to an increase in per-minute rates for inmates.

In August 2013, the Federal Communications Commission (FCC) capped per-minute rates at .21 cents per minute for prepaid calls and .25 cents per minute for collect calls. In response, phone providers began increasing fees not shared with the correctional facility. This led to the FCC enacting caps on those fees as well. Facility phone contracts across the nation, including Oregon, were amended to reflect these FCC interim rate and fee caps. In 2017, the FCC rate and fee caps were struck down, and per-minute phone rates, fees, and facility commissions began to increase again.

The Oregon Department of Corrections (DOC) currently collects approximately \$4.6 million in commissions each year from its telephone service provider contract: a flat fee of \$3 million, plus a percentage of the revenue when the calls exceed certain projections. This funding is used for purposes other than the provision of phone

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services—specifically, the Inmate Welfare Fund. DOC has recently issued a Request for Proposals for a telephone service provider and will be negotiating a new contract as part of that process.

Many Oregon jails continue to have contracts that reflect the FCC caps. A large number of these contracts provide a facility commission of .05 cents per minute, with the phone provider retaining the remainder of the .21 or .25 cents per minute charge. Oregon jails have used those commissions to fund inmate welfare, paying for such things as education programs, drug and alcohol programs, exercise equipment, televisions, magazine subscriptions, and books.

Senate Bill 498 A prohibits DOC from entering into contracts with telephone service providers in which DOC receives a fee or commission, but allows DOC to enter into contracts with telephone service providers in which the provider reimburses DOC for internal and external oversight and management costs or payment to a third party provider. It also limits the fee or commission that an inmate telephone service provider may provide to a local or regional correctional facility and requires any commission received to be deposited into an Inmate Welfare Fund Account and prohibits certain uses of those funds. Finally, SB 498 A requires local or regional correctional facilities that issue a request for proposals to procure inmate telephone services to consider call quality and to publish quarterly reports regarding the cost, fees, and quality of services that are made publicly available.