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Jail Telephone Costs To Inmates

Issue

Is the San Mateo County's Sheriff Department providing satisfactory telephone service to its jail inmates and to the Department?

Summary

A San Jose Mercury News article dated August 22, 2004, under the heading "Phone Firms Cash in on Jails," prompted the Grand Jury to launch an investigation into the telephone service provided by the Sheriff's Department to its jail inmates. Since 2001, San Mateo County, on behalf of its Sheriff's Department, has contracted with Evercom Systems, Inc. (Evercom) to provide inmate telephone service on an exclusive basis. Under the amended contract of 2004, Evercom is to pay the County a commission of 51.5 % of the gross revenue billed from use of equipment for all collect-calls placed by inmates within the jails, and guarantees that the annual commissions on gross revenues will be a minimum of \$700,000. These commission revenues and fees are paid directly into an Inmates Welfare Trust Fund for the exclusive benefit of the inmates.

Inmates can either place a collect call or purchase a prepaid calling card from the jail. The telephone bill can become a burden for a low-income family receiving collect calls from jail because a surcharge of \$2.95, benchmarked to PUC tariff rates, is placed on the call. The Sheriff has arranged with Evercom to contact inmates' families and arrange with them to set a specific dollar limit for the maximum monthly amount they will pay for collect calls from the jail. Inmate calls to attorneys, pastors, counselors, and bail bondsmen can be made at no charge from specific phones in the jail.

The Grand Jury found that Evercom's collect call rates are set in accordance with California Public Utilities Commission rates for the dominant carrier in the area (SBC in San Mateo County). Evercom's per minute rates for an operator-assisted day call are about five percent lower than SBC's rates, even though Evercom bears maintenance costs that are higher in jails than in non-penal institutions because of damage and sabotage to phones. The Grand Jury also noted the importance of the Inmate Welfare Trust Fund supported principally from commission income generated by inmate telephone usage and profits from the operation of the commissary. Revenues in excess of \$3 million dollars in the past three years paid for a wide variety of inmate services, such as the non-profit Service League of San Mateo County, mental health counseling, the CHOICES substance abuse treatment program, GED educational services, jail libraries, and inmate recreation.

The Grand Jury concludes that the inmates are not being overcharged for phone service, and benefit from the Welfare Fund that is funded by commissions paid by Evercom. Further, the Grand Jury commends the San Mateo County Sheriff's Department for working diligently in negotiating a phone contract that keeps jail inmate telephone calls at reasonable, competitive rates, and contributes substantially to the Inmate Welfare Fund Trust.



Jail Telephone Costs To Inmates

Issue

Is the San Mateo County's Sheriff Department providing satisfactory telephone service to its jail inmates and to the Department?

Background

A San Jose Mercury News article dated August 22, 2004, under the heading "Phone Firms Cash in on Jails," stated "Telephone companies and California counties have made hundreds of millions of dollars from some of the state's poorest people through high, unregulated phone rates for calls from local jails, an Associated Press investigation has found. The average California county jail inmate's local call home costs more than seven times as much as a 50-cent pay-phone call." Based on this article, the Grand Jury launched an investigation into the telephone service provided by the Sheriff's Department to its jail inmates.

Jail Telephone Service Background

On October 30, 2001, San Mateo County, on behalf of its Sheriff's Department, contracted with Evercom Systems, Inc. (Evercom) to provide inmate telephone service on an exclusive basis. The Evercom system would service over 1,000 inmates in the three correctional facilities under the Sheriff's control. On November 2, 2004, the contract was extended to October 30, 2007. Under the contract, Evercom is to pay the County a commission of 51.5 % of the gross revenue billed from use of equipment for all collect calls placed by inmates within the jails. In addition, Evercom will guarantee that the annual commissions on gross revenues will be a minimum of \$700,000. Further, Evercom is to pay the County \$400,000 upon execution of the amended contract. These commission revenues and fees are paid directly into an Inmates Welfare Trust Fund for the exclusive benefit of the inmates.

Findings

Inmates wishing to place a personal telephone call from a San Mateo County jail can either place a collect call or they can purchase a prepaid calling card from the jail. Collect calls are relatively expensive, since a connection charge or surcharge of \$2.95, benchmarked to PUC tariff rates, is placed on each call. Paying the monthly telephone bill can become a

burden for a low-income family receiving calls from jail. The Sheriff has arranged with Evercom to contact inmates' families and arrange with them to set a specific dollar limit for the maximum monthly amount they will pay for collect calls from the jail; when that amount is reached no more calls are accepted that month. Inmate calls to attorneys, pastors, counselors, and bail bondsmen can be made at no charge from specific phones in the jail. As they enter the jail system, inmates are allowed three free calls on a one-time basis.

Evercom is the nation's largest inmate telephone service provider. As a result of its size, it benefits from economies of scale and established telephone systems that allow it to be an efficient service provider and competitive bidder for new business. In fact, the commission rate is the highest and most competitive offered by inmate system providers in California.

Evercom's collect-call rates are set in accordance with California Public Utilities Commission rates for the dominant carrier in the area. For San Mateo County, SBC is the dominant carrier. Evercom's per minute rates for an operator-assisted day call are about five percent lower than SBC's rates. As an example, for a call to a destination ten miles distant, SBC charges \$.1614 for the first minute and Evercom charges \$.153. Additional minutes are \$.0800/min SBC and \$.0759/min Evercom. Longer distances show similar differences. For both carriers the flat fee of \$2.95, which does not go to the carrier, applies on each call.

The Evercom and SBC rates are competitive, especially given that maintenance costs that Evercom must bear are higher in a jail than in non-penal institutions because of damage and sabotage to phones. Also, service costs are expensive in jails because no-call lists must be maintained and constantly updated for judges, prosecutors, victims, witnesses, and others.

Evercom has provided an on-site system administrator who attends to all service needs, such as telephone repairs, and inmate complaints. In addition, Evercom replaced all telephones in the jails with modern heavy-duty phones designed specifically for correctional facilities.

An important benefit for the inmates is the Inmate Welfare Trust Fund. It was established by California Penal Code section 4025, which provides that Sheriff's Departments may operate a commissary in the jails solely for the benefit of the inmates. It is funded principally from commission income generated by inmate telephone usage and profits from the operation of the commissary. In the past three years, revenues deposited in the Welfare Trust Fund were in excess of \$3 million. These monies are used to pay for a wide variety of inmate services, such as the non-profit Service League of San Mateo County, mental health counseling, the CHOICES substance abuse treatment program, GED educational services, jail libraries, and inmate recreation. If it were not for the Welfare Trust Fund, many of these programs for the inmates would be reduced or eliminated.

In addition to the cost-reduction provisions of the Evercom contract, the Grand Jury found that the Sheriff's Department has been working closely with SBC to eliminate unused and

or abandoned telephone lines within the jail system. Over 50 lines were eliminated in 2004, resulting in savings of approximately \$165,000. This was a reduction of almost 30% from the prior year's costs.

Conclusions

The Grand Jury found that the San Jose Mercury News August 22, 2004 article criticizing inflated phone costs to jail inmates in California was not applicable to San Mateo County.

The Evercom rates are very competitive with SBC rates. In San Mateo County, the inmates are not being overcharged and benefit from the Welfare Fund that is funded by commissions paid by Evercom.

The Grand Jury commends the San Mateo County Sheriff's Department for working diligently in negotiating a phone contract that keeps jail inmate telephone calls at reasonable, competitive rates, and contributes substantially to the Inmate Welfare Fund Trust.

The Grand Jury also commends the Sheriff's Department for finding ways to save San Mateo County a substantial amount of dollars each year in telephone costs.



COUNTY OF SAN MATEO

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ADDRESS ALL COMMUNICATIONS TO THE SHERIFF

April 28, 2005

Hon. Norman J. Gatzert
Judge of the Superior Court
Hall of Justice
400 County Center, 2nd Floor
Redwood City, CA 94063-1655

Re: **Grand Jury Report: Jail Telephone Costs to Inmates**

Dear Judge Gatzert:

We are pleased to agree with the Grand Jury's conclusion that inmates are not being overcharged for phone service. The revenue received from inmate telephones primarily supports a variety of important services and programs provided to inmates. Being commended for our efforts is especially gratifying.

As noted, we have diligently negotiated with our service provider to ensure rates are competitive, reasonable, and continue to contribute to the Inmate Welfare Trust Fund and thus maximize the level of services to San Mateo County inmates. It remains our intention to continue aggressively pursuing the best services possible while ensuring revenue levels which support the inmates' needs in our correctional facilities.

As a footnote to the report, since the Grand Jury conducted their study our service provider, Evercom, was purchased and merged with T-Netix. The resulting merger has created a new company, Securus, which now provides the inmate telephone services. The change in name has not affected our agreement and the transition has been seamless.

Sincerely,

Don Horsley, Sheriff

Copy: Grand Jury
Board of Supervisors
File