



FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON

OFFICE OF  
THE CHAIRMAN

November 24, 2015

The Honorable Jan Schakowsky  
U.S. House of Representatives  
2367 Rayburn House Office Building  
Washington, D.C. 20515

Dear Congresswoman Schakowsky:

Thank you for your letter urging the Commission to adopt comprehensive reform of intrastate, interstate, and international inmate calling services (ICS) to address the unreasonable costs of communication for inmates and their families. Your views are very important and will be included in the record of the proceeding.

Few issues the Commission acts upon have a more direct and meaningful impact on the lives of millions of American than ICS reform. As you note, contact between inmates and their loved ones has been shown to reduce the rate of recidivism, but high inmate calling rates have made that contact unaffordable for many families, who often live in poverty. Therefore, inmate calling reform is not only the right thing to do, it is also good policy.

Our reform efforts have been spearheaded by Commissioner Mignon Clyburn, who began championing this issue when she arrived at the Commission in 2009. Under her stewardship as acting Chairwoman in 2013, the FCC adopted interim caps on excessive rates for ICS calls across state lines, and she continues to demonstrate her valiant leadership on this critically important issue, particularly for the 2.7 million children for whom at least one parent is incarcerated.

On October 22, 2015, the Commission adopted the *Second Inmate Calling Services Report and Order* (Order) and *Third Further Notice of Proposed Rulemaking* (FNPRM). In this Order, the Commission adopted additional ICS reforms to ensure a reasonable rate structure for phone calls from inmates at correctional facilities, including tiered rate caps that apply to all interstate and intrastate inmate calling. Pursuant to Sections 201 and 276 of the Communications Act, the tiered rate caps are sufficient to allow providers to continue to receive fair compensation and a reasonable return on investment and, at the same time, fully cover the enhanced security requirements of inmate calling. The tiered rate caps are based on facility size and type and grounded in the data received in response to the Commission's 2014 Mandatory Data Collection, which demonstrated a difference in costs to serve facilities of different types and sizes.

The new rules also close loopholes by barring most add-on fees imposed by ICS providers and set strict limits on the few fees that remain. This includes prohibiting mandatory minimum payments and placing a floor on mandatory maximum account deposits. Furthermore, the rules prohibit providers from imposing so-called "flat-rate calling," which is a flat rate for a

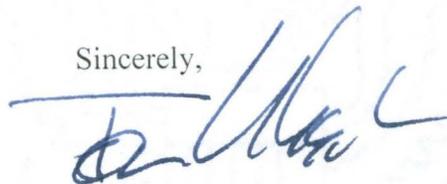
call up to 15 minutes regardless of actual call duration. Extra fees and charges can increase by as much as 40 percent the cost of families staying in touch by phone with loved ones who are incarcerated. In addition, the Order mandates discounted rates for disability-access calls, requires annual reporting and certification by inmate calling providers, and establishes periodic reviews of these reforms.

Although the Commission did not prohibit providers from paying site commissions, the Order excluded site commission payments from the cost data the Commission used in setting the rate caps. It also made clear that providers may not exceed the rate caps or ancillary service charge caps, even if they have agreed to pay site commissions. Furthermore, the associated FNPRM seeks comment on how to encourage parties to move away from site commissions and urges states to take action on this issue. Additionally, the Commission committed to monitor site commission payments and stated that it will not hesitate to re-evaluate the Commission's findings and take further action if necessary.

The FNPRM also seeks additional comment on rates for international calls, promoting competition in the ICS industry, the benefits of a recurring Mandatory Data Collection, requiring ICS providers to file their ICS contracts with the Commission, and video visitation and other newer technologies to increase ICS options

I appreciate your interest in this matter. Please let me know if I can be of any further assistance.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Tom Wheeler', with a horizontal line above it.

Tom Wheeler