

Factsheet: Corporate Exploitation and the Prison System

Since 1999, the Center for Constitutional Rights (CCR) has been fighting on the ground and in the courts to end the exploitative telephone contract between New York State and MCI/Verizon which charged family members 630 percent more for collect phone calls from their loved ones in prison than the average consumer.

This year, after three years of tireless work, we won!

Single-carrier collect call systems are the norm for telephone service in prisons across the United States. Prisoners may only call collect, and loved ones who accept the calls must accept the terms dictated by the chosen phone company. At a time when prisoners are increasingly housed in facilities hundreds of miles away from their home communities, telephones become for many the only way to stay in touch. The New York Campaign for Telephone Justice thinks this isn't just wrong—it's illegal.

Typically, states receive kickback commissions from the phone companies who receive the contract, creating a situation in which there is no incentive to seek competitive bids. Not surprisingly, rates for such calls are well above market rates – as much as six dollars per minute. The phone companies and prison officials justify the high prices by saying there is a need for added security measures for phone calls from prisons, but there is little evidence to justify this claim, especially since calls from all federal prisons cost just seven cents a minute. What the records actually show is that companies and states often make millions of dollars in profits from surcharges and inflated per-minute rates. In New York State, 57.5 percent of the profits – over \$200 million since 1996 – were kicked back to the state in the form of commissions.

Meanwhile, the effect upon prisoners' loved ones is profound. With inflated per-minute charges compounded by various extra surcharges, families often find themselves owing hundreds or even thousands of dollars a month. Disproportionately, prisoners come from poor communities, and the burden of staying in touch falls heaviest on those with the least ability to pay. Phone companies recognize this: they reserve the right to cut off service without notice if they see extra activity on an account and decide those accepting the charges may not be able to pay. Those who are allowed to accept calls face staggering bills and must often choose between basic necessities and the chance to speak with their loved ones.

These exploitative phone contracts are also unjustifiable as a matter of public policy. The profits returned to the states are treated as income—in New York, they are said to pay for basic prisoner services such as health care and release clothes. This system is analogous to an unlegislated, regressive, and highly selective tax, under which specific individuals are asked to bear the financial burdens that are the proper responsibility of the State. By imposing such burdens on families of prisoners, the practice resembles a form of collective punishment.

After CCR began hearing from families that they could not afford to speak to their loved ones due to monthly phone bills in the hundreds of dollars, we launched the New York Campaign for Telephone Justice (NYCTJ) in 2004 to organize families across the state to demand an end to the contract. Working with prison family organizations, we coordinated an extensive campaign that involved grassroots organizing, numerous lawsuits, media outreach, and legislative advocacy.

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In April 2007, as a direct result of CCR's organizing and advocacy, New York Governor Eliot Spitzer eliminated the State's 57.5 percent profit share commission and reduced the prison telephone rates by 50 percent. This reduction in rates impacted thousands of families across New York State, whose monthly bills have been cut in half.

And in June 2007, after years of pressure from CCR, the New York State Legislature finally passed the

Family Connections bill, which makes it law that the State will not profit from any future prison telephone contract and that any future contract instead must “prioritize the lowest cost to the consumer.” Practically speaking, this means the 2008 contract will likely include even lower rates for families.

We continue to fight the legal battle with our case *Walton v. NYSDOCS and MCI*. This year, CCR argued the case before the New York State Court of Appeals, the highest court in New York State. The case seeks a court judgment that the State’s commission is unlegislated and, therefore, unconstitutional. If we win this case, it would prevent future legislatures from creating similar contracts and would provide an opportunity for impacted families to seek damages.

We hope, too, that our victory in New York will impact families across the country. Despite the gains we have made in New York State, prison telephone contracts throughout the United States still continue to charge exorbitant rates and exploit inmate and their families. CCR will continue to fight to ensure the end of all exploitative prison telephone contracts so that no one will have to choose between basic necessities and maintaining contact with their loved ones.