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Supervisor Ryan Clancy  
Milwaukee County Board of Supervisors  
Courthouse, Room 201  
901 North 9th Street  
Milwaukee, WI 53233

**RE: Fiscal impact of free phone calls for incarcerated people**

Dear Supervisor Ryan Clancy,

We, at Worth Rises, are grateful for your championship of legislation in Milwaukee County that would promote communication for incarcerated people and their loved ones by making it free. We welcome the opportunity to support the county in passing and implementing such an important policy. We are writing today to provide an expert analysis of the fiscal impact this policy would have on Milwaukee County.

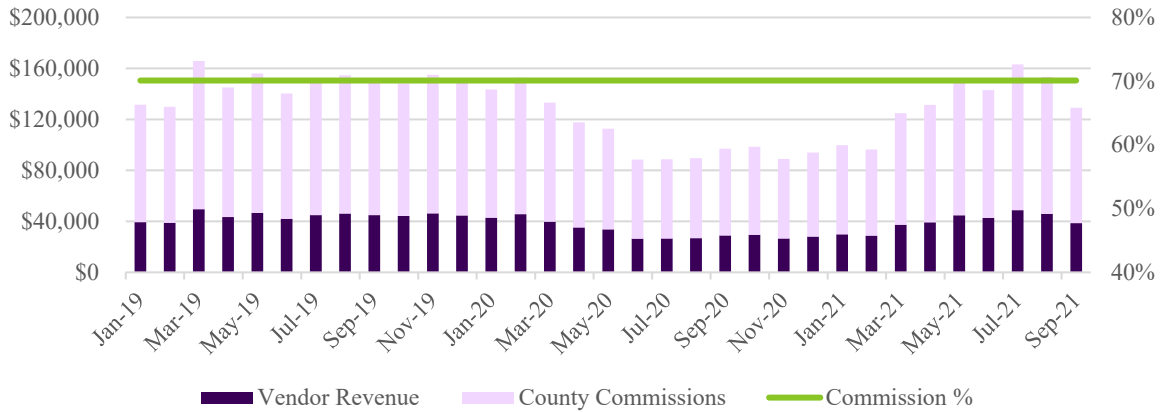
Worth Rises is non-profit organization working to end the exploitation of incarcerated people and their loved ones. We are a leader in the prison phone justice space at the federal, state, and local level, and helped pass policies in Connecticut, New York City, San Francisco, San Diego, and others to make prison and jail calls free. We have built proprietary models based on the data we have gathered from prisons and jails across the country that allow us to support administrators and lawmakers with critical fiscal analyses.

Our findings are based on the following assumptions:

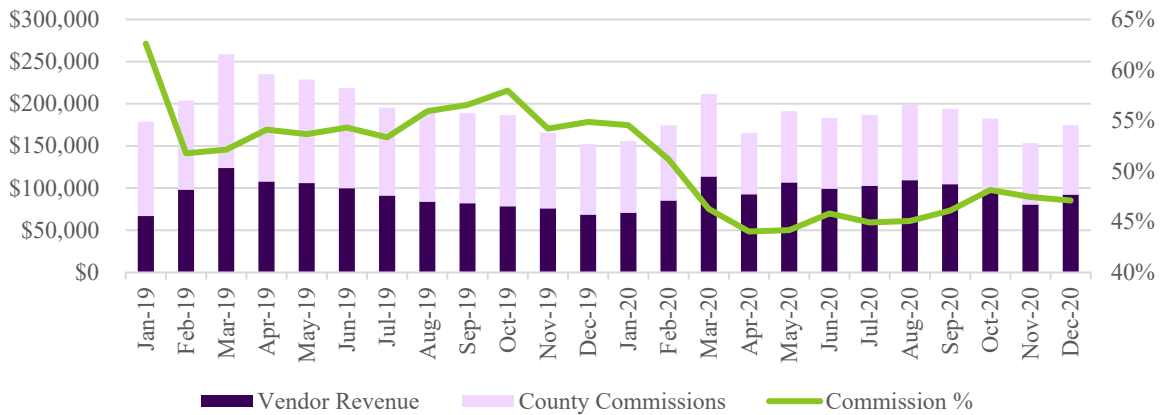
- **Jail population.** The average daily population in Milwaukee jails declined in 2020 due to COVID-19. The population seems to have rebounded to a new normal. For this analysis, we assume that the average daily population to be 1,469 for both the County Jail Facility and House of Corrections, as per the county's fiscal note on this policy. However, if it falls again, the fiscal impact could be lower.
- **Commission revenue.** According to 2021 data provided by the county, Milwaukee collects \$1,556 in commission revenue per person in custody on phone calls and \$61 per person on video calls. The House of Corrections did not provide revenue data for its video calls and thus we assumed the same per person rate as the County Jail Facility. Notably, our commission revenue figure for video calls differs significantly from the figure used in the county's own fiscal note for this policy, a difference we could not reconcile based on the detailed data provided by the county. We believe the figure in the fiscal note to be an error. Further, we have concerns about the accuracy in the revenue data provided by the county for the County Jail Facility. The commission revenue appears to be backed into using the county's commission rate of 70.1% rather than representing actual figures given that both the County Jail Facility and the House of Corrections

are under the same contract and yet the House of Corrections commission revenue is much more variable, which is common. Below please find a graphic representation of the county provide revenue data.

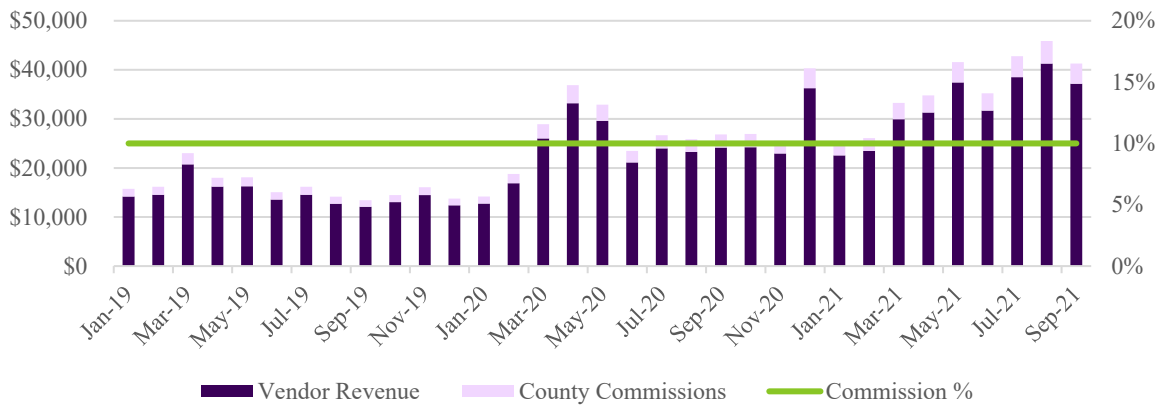
### CJF Phone



### HOC Phone



### CJF Video



- **Cost of phone service.** Incarcerated people in Milwaukee and their loved ones are charged \$0.21 per minute for calls. In this analysis, we estimate the cost of phone service using two models: (1) cost per minute and (2) cost per phone line.
  - **Per minute:** If the county maintained a per minute model, we assume that the county would renegotiate a rate in line with other progressive states and counties that have stopped taking commissions and prioritized affordability in assuming the cost directly. There are more competitive rates offered by all the leading jail telecom providers. For example, Rhode Island has a rate of \$0.029 per minute, California has a rate of \$0.025 per minute, Dallas has a rate of \$0.0119, and Illinois has a rate at \$0.009 per minute. For this analysis, we have used \$0.03, which is very conservative given the size of the county contract. Our proprietary elasticity model accounts for changes in call volume based on rate changes. We use this model to account for the increase in volume expected when rates fall to zero as this policy requires.
  - **Per phone line:** If the county moved to a per phone line model – pioneered by San Francisco in 2020 – the county would pay a monthly fee per phone line. Based on information provided by the county, we understand the County Jail Facility has 208 phones and the House of Corrections has 177 phones. For this analysis, we assume a monthly rate of \$89.78 per phone based on the rate secured by San Francisco. Given that San Francisco was the first jurisdiction to execute such a contract and it is a smaller system, it may be the case that Milwaukee can secure a better rate, which would reduce the fiscal note.
- **Cost of video service.** In this analysis, we assume the county would make a one-time investment in the infrastructure needed to provide video calling services and outsource the ongoing provision of video calling services to Ameelio, a non-profit organization that specializes in free communication services for incarcerated people and their families.

After careful and thorough analysis, we found that:

- **Making jail phone and video calls free would save Milwaukee families an estimated \$5.1 million each year.**
  - Based on data provided by the county, Milwaukee residents spent an estimated \$3.3 million on phone calls and \$0.9 million on video calls to speak with incarcerated loved ones, *not including* taxes and fees. The county receives \$2.5 million in commissions on these calls and the county’s vendors, Century Link and Inmate Calling Solutions, retain the remaining \$1.7 million.
  - The county vendors also collect fees not included in these figures, including an account funding fee of \$3 per transaction (capped at \$50). With a national average deposit of \$17, the account funding fee alone is estimated to cost families an additional \$0.7 million annually.
  - With a state sales tax of 5%, taxes amount to an additional \$0.2 million. Interstate calls are charged additional federal fees, such as the Universal Service Fund fee of 32%, which are not accounted for in this analysis.
- **The fiscal impact of this policy on the county budget would be max at \$3.3 million in the coming year and \$0.6 million in out years.**

- The fiscal implication of this policy has two parts: (1) the loss of commissions derived from jail calls, and (2) the cost of service for the provision calls.
  - The county is estimated to earn \$2.5 on jail phone and video calls. In the near-term, this revenue will need to be absorbed. The loss of revenue makes up 75% of the fiscal impact of this policy.
  - The cost of providing phone calls is estimated to be \$491,000, if based on the per minute model, or \$415,000, if based on the per phone line model. Accordingly, we encourage the county to pursue the per phone line model, which will both save the county resources and prevent the perverse incentives associated with the per minute model.
  - The cost of providing video calls would involve a one-time infrastructure cost of \$256,000 as estimated by the county and a service cost of \$76,000 per year.

ADP		1,469
Number of Phones		385
<b>Cost of Calls</b>		
Phone Calls		\$3,261,388
Video Calls		\$892,772
Fees		\$733,087
Taxes		\$207,708
<b>Total Spending on Calls</b>		<b>\$5,094,954</b>
<b>Loss of Revenue</b>		
Phone Calls		\$2,286,233
Video Calls		\$89,277
Other		\$100,000
<b>Cost of Phone Service (options)</b>		
Per Minute Model	\$0.0250	\$490,801
Per Phone Line Model	\$89.7800	\$414,784
<b>Cost of Video Service</b>		
Infrastructure	One-time, provided by county	\$255,680
Ameelio	\$0.0045	\$76,376
<b>Max Fiscal Impact (2022)</b>		<b>\$3,298,367</b>
<b>Max Fiscal Impact (out years)</b>		<b>\$567,177</b>

We hope this analysis is helpful as you continue to fight for phone justice for the thousands of Milwaukee residents directly impacted by incarceration. Please feel free to reach out with any questions.

Sincerely,



Bianca Tylek  
Executive Director