

Equal Justice Initiative

Criminal Justice Issues and Prisoners' Rights

<https://eji.org/news/private-companies-profit-from-charging-high-fees-to-prisoners-and-families/>

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10.10.14

Mounting evidence is emerging about the exploitation of incarcerated people and their families by private companies that overcharge and monopolize services to the incarcerated. The Center for Public Integrity and CNBC reported on their investigation into how private for-profit financial companies charge high fees to prison inmates and their families. Every year, companies like JPay Inc. collect from inmates families tens of millions of dollars in fees for basic financial services.

Governments are increasingly shifting the costs of imprisonment to inmates families, requiring them to pay for basic needs like toothpaste, doctor visits, and winter clothes, and in some states, for toilet paper, electricity, and even room and board. To get money to incarcerated loved ones, families used to buy a money order for \$1.25 and mail it to the prison.

Today, in many states, JPay handles all deposits into inmate accounts. Nearly 400,000 people are incarcerated in states where there is no free deposit option. JPay charges fees up to 45 percent. Prisons take a cut, deducting fees and charges before the money is deposited into an inmates account. They also allow phone and commissary vendors to charge inflated prices in exchange for kickbacks to the agency.

JPay provides money transfers to more than 1.7 million offenders in 32 states, and it is the only way to send money to nearly 40 percent of those prisoners. JPay handled almost 7 million transactions in 2013, generating more than \$50 million in revenue. For every transaction, JPay sends between 50 cents and \$2.50 to the prison.

In a six-month investigation, the Center for Public Integrity found that families sacrifice medical care, paying utility bills, and visiting their incarcerated loved ones in order to pay these high fees. Taken together, the center wrote, the costs imposed by JPay, phone companies, prison store operators and corrections agencies make it far more difficult for poor families to escape poverty so long as they have a loved one in the system.

Last year, the Federal Communications Commission capped rates for many calls under its jurisdiction in response to a petition filed by inmates families twelve years earlier. The Alabama Public Service Commission on Tuesday approved a plan it says will lower the cost of phone calls from jail and prison inmates by setting caps on calling rates and on some fees and banning other fees. The PSC is resisting a proposal by the FCC to eliminate kickbacks to prisons.

But unlike the FCC, which has authority to set rates for pay-phone calls, financial and consumer protection regulators have less power over pricing, making it less likely that JPay will be forced to reduce its fees.

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