

S. 1541, Martha Wright-Reed Just and Reasonable Communications Act of 2022

As ordered reported by the Senate Committee on Commerce, Science, and Transportation on March 22, 2022

By Fiscal Year, Millions of Dollars	2023	2023-2027	2023-2032
Direct Spending (Outlays)	0	0	0
Revenues	0	0	0
Increase or Decrease (-) in the Deficit	0	0	0
Spending Subject to Appropriation (Outlays)	0	*	not estimated
Statutory pay-as-you-go procedures apply?	No	Mandate Effects	
Increases on-budget deficits in any of the four consecutive 10-year periods beginning in 2033?	No	Contains intergovernmental mandate?	No
		Contains private-sector mandate?	Yes, Over Threshold
* = between zero and \$500,000.			

S. 1541 would direct the Federal Communications Commission (FCC) to issue rules to ensure that payphone service providers charge “just and reasonable rates” for payphone calls and other communication methods used by inmates in correctional facilities. The bill also would clarify the FCC’s authority to regulate intrastate calls facilitated by payphone service providers.

Using information from the FCC, CBO estimates that it would cost \$6 million over the 2023-2027 period to implement the bill. CBO expects the commission would need about 20 employees to collect and analyze data on the cost of inmate communications and then issue rules based on that analysis. However, because the FCC is authorized to collect fees each year sufficient to offset the appropriated costs of its regulatory activities, CBO estimates that the net cost to the FCC would be negligible, assuming appropriation actions consistent with that authority.

S. 1541 would impose private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA). CBO estimates that the total cost of the mandates on private entities would exceed the annual threshold established in UMRA for private-sector mandates (\$184 million in 2022, adjusted annually for inflation).



The bill would prohibit providers of communication services (audio and visual) at correctional facilities from charging rates higher than a cap set by the FCC in a future rulemaking for all interstate and intrastate calls to and from correctional facilities. The cost of the mandate would be the amount of income foregone by communication service providers as a result of the FCC rate cap, which CBO expects would be lower than current charges. According to industry sources, the correctional telecom industry generates \$1.4 billion annually from inmate calls with roughly 500 million calls a year. Given the current rates charged by those communication providers and the vast number of audio and video calls made and received by inmates at correctional facilities, CBO expects the cost of the mandate would be significant and would exceed the annual threshold established in UMRA.

If the FCC increases annual fee collections to offset the costs of implementing provisions in the bill, S. 1541 would increase the cost of an existing private-sector mandate on entities required to pay those fees. CBO estimates that the incremental cost of that mandate would fall below the annual threshold established in UMRA.

The bill contains no intergovernmental mandates as defined in UMRA. A number of state and local governments have established commission or revenue sharing agreements with communication service providers affected by the bill. Because the cap under the bill is expected to be lower than the current rates, state and local governments with such revenue sharing agreements would have a loss of income as a result of the bill. However, the bill would not impose a mandate because requirements under the bill are on communication service providers, not intergovernmental entities.

The CBO staff contacts for this estimate are David Hughes (for federal costs) and Rachel Austin (for mandates). The estimate was reviewed by H. Samuel Papenfuss, Deputy Director of Budget Analysis.