

# United States Department of Justice



## Federal Prison System

### Federal Prison Industries

## FY 2025 PERFORMANCE BUDGET

### Congressional Submission

**U.S. Department of Justice**  
FY 2025 Performance Budget  
Congressional Submission  
Federal Prison System  
Federal Prison Industries, Inc.

**Table of Contents**

<b>I. Overview .....</b>	<b>1</b>
<b>II. Summary of Program Changes (Not Applicable)</b>	
<b>III. Appropriations Language and Analysis of Appropriations Language</b>	<b>6</b>
<b>IV. Program Activity Justification</b>	
A. Federal Prison Industries	
1. Program Description .....	7
2. Performance Tables .....	10
3. Performance, Resources, and Strategies .....	12
<b>V. Program Increases by Item (Not Applicable)</b>	
<b>VI. Program Offset by Item (Not Applicable)</b>	
<b>VII. Exhibits</b>	
A. Organizational Chart	
B. Summary of Requirements	
C. FY 2025 Program Increases/Offsets by Decision Unit <b>(Not Applicable)</b>	
D. Resources by DOJ Strategic Goal/Objective	
E. Justification for Technical and Base Adjustments	
F. Crosswalk of 2023 Availability	
G. Crosswalk of 2024 Availability	
H-R. Summary of Reimbursable Resources <b>(Not Applicable)</b>	
H-S. Summary of Sub-Allotments and Direct Collections Resources <b>(Not Applicable)</b>	
I. Detail of Permanent Positions by Category	
J. Financial Analysis of Program Changes <b>(Not Applicable)</b>	
K. Summary of Requirements by Object Class	
L. Status of Congressionally Requested Studies, Reports, and Evaluations <b>(Not Applicable)</b>	
R. Summary of Change	



# Federal Prison Industries

## I. Overview for Federal Prison Industries

### 1. Introduction

The mission of Federal Prison Industries, Inc. (FPI) is to protect society and reduce crime by preparing inmates for successful reentry through job training.



FPI assists adults in custody with developing vital skills necessary to become law abiding citizens. Through the production of market-priced quality goods and services, FPI provides job training and work opportunities to adults in custody, while minimizing the impact on private industry and labor.

For FY 2025, a total of 1,950 positions and 792 work years are requested for FPI. Further, \$2,700,000 is included as the administrative expenses limitation for the FPI program.

### 2. Background

FPI was created by Congress in 1934 and is a wholly owned Government corporation that operates at no cost to the U.S. taxpayer. The Corporation is authorized to operate industries in Federal penal and correctional institutions and disciplinary barracks (18 U.S.C. §§ 4121-4130). UNICOR is the trade name for FPI. The Director of the Federal Bureau of Prisons (BOP), who has jurisdiction over all Federal penal and correctional institutions, is the Commissioner of FPI.

FPI reduces idleness by providing a full-time work program. It strives to attain the goal that thirty percent (30%) of the FPI workforce will consist of adults in custody within thirty-six (36) months or less of their release date. FPI provides a program of constructive work whereby job skills can be developed and work habits acquired. Revenues from the Corporation's activities are used to defray its operating costs, including the purchase of raw materials and equipment, employee salaries and benefits, compensation to adults in custody working in the FPI program, and compensation to former adults in custody for injuries they sustained while working for FPI.





# Federal Prison Industries

A board of six directors, appointed by the President, reviews and approves the policies of the Corporation, long-range corporate plans, and establishment of new industries, bylaws, and capital investments in excess of \$500,000. The Board also submits annual reports to Congress on the conduct of the business of the Corporation and the condition of its funds. General management of the Corporation is vested in an Assistant Director of the BOP, who serves as Chief Executive Officer, and is carried out by a staff of 13 Corporate Management employees located in Washington, DC. Expenses for this administrative function are subject to Congressional limitation.

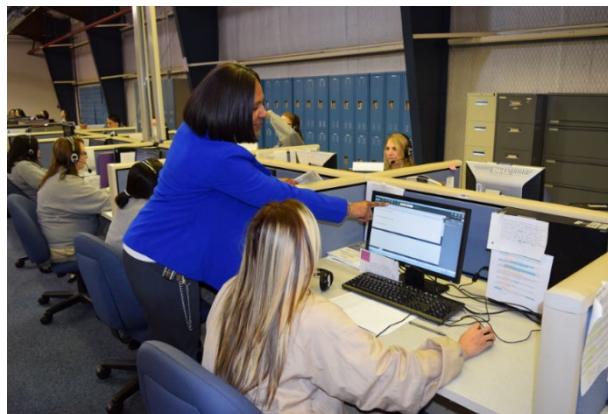
In FY 2023, 20,196 adults in custody worked in 66 factories and two farms. For FY 2024 through FY 2025, FPI projects the employment of 19,255 adults in custody annually. Adults in custody manufacture items such as furniture, clothing, electronics, vehicular and metal products, and provide such services as printing, data processing, call centers, laundry, farming and recycling activities. Products and services of the Corporation



are sold primarily to Federal agencies. The Department of Defense (DOD), Department of Homeland Security (DHS), Department of Justice (DOJ), and Social Security Administration (SSA) are FPI's largest customers. The large BOP adults in custody population and the corresponding need to increase employment while minimizing FPI's effect on private labor and business continues to be FPI's major challenge.

### 3. Challenges

FPI is one of the BOP's most important adults in custody work programs, providing valuable job skills training and work experience to 20,196 Federal adults in custody annually as of September 30, 2023. FPI directly supports the BOP's mission by keeping adults in custody productively occupied and by enhancing the likelihood of their successful reentry into society. Adults in custody who participate in the FPI program are less likely to engage in disruptive behavior, a benefit which contributes significantly to the safe and secure management of prisons, thereby reducing operating costs. Additionally, adults in custody participating in the FPI program are twenty-four percent (24%) less likely to recidivate than similar non-participating adults in custody, a result which reduces the future costs of enforcement and incarceration. FPI also positively impacts





the U.S. economy through the raw materials purchased from its suppliers around the country and the employees’ salaries spent in local communities, all without additional tax burden to society.

#### 4. Full Program Costs

FPI operates as a revolving fund and does not receive an annual appropriation. FPI maintains a proprietary, full accrual accounting system. Cash control measures implemented during FY 2010 through FY 2023 have resulted in a reduction of non-cash assets in order to preserve cash. Based on anticipated orders (Revenues), this budget reflects the associated costs to produce the products and services and maintain the facilities for manufacturing, adjusted for anticipated replenishments. FPI



monitors the following program metrics: Sales Volume, Number of Factories, and adults in custody Employment. These metrics directly relate to FPI’s goals of adults in custody reentry success, as well as safe, secure, and less costly population management.

The chart below details sales, factory earning and net income data for FY 2019 through FY 2023. In FY 2023, although net income increased by \$4.5 million when compared to FY 2022, FPI incurred a net loss of \$1.7 million.

**Sales, Factory Earning and Net Income for Federal Prison Industries  
FY 2019 – FY 2023  
(\$000s)**

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Sales	\$466,747	\$363,224	\$404,065	\$386,308	\$389,948
Factory Earnings	\$61,166	\$34,127	\$43,732	\$33,663	\$37,655
Net Income/(Loss)	\$20,830	(\$2,995)	\$4,540	(\$6,229)	(\$1,718)



## 5. Performance Challenges

### External Challenges

FPI does not receive appropriated funding for operations and sustains itself through its operations. Historically, FPI operates on a very low margin. The margins are much lower than that of a non-government corporation of similar size and longevity.



The delicate balancing act between self-sufficiency and growth creates a sizable challenge for FPI. Additionally, FPI is faced with challenges that may impact this balance, including changes to FPI's preferred position as a supplier to the Federal Government and increases in costs not directly controlled by FPI, such as in the Federal staff pay schedule and benefits costs.

### Internal Challenges

FPI also faces challenges similar to that of a non-government corporation. These challenges include control of costs, collection of accounts receivable, control of raw materials inventory levels, and stability of sales.

By the end of FY 2023, FPI incurred an operating loss of \$1.7 million. FPI's accounts receivable decreased by \$6.5 million; inventories decreased by \$.4 million while operating cash increased by \$70.6 million from FY 2022. For FY 2024, and FY 2025, FPI has set an Operating Income goal of \$.4 million and \$.4 million, respectively, based on a goal of \$380 million and \$400 million in sales.

### Continuing Impact of COVID-19 on FPI Operations

FPI continues to recover from the unprecedented disruption to operations during the COVID-19 pandemic. Disruptions ensued March 2020, when all FPI factories were closed, except those converted for production of personal protective equipment (PPE) and two farm operations. In FY 2022, most FPI factories were operational, however, overall factory capacity operated at an average of only 68% and well below breakeven. By the end of September 2023, FPI was operating at 74% of pre-pandemic levels due to operational restrictions within the facilities such as adults in custody availability, discontinuing programs such as the Prison Industry Enhancement Certification Program (PIECP) in certain locations, raw material availability and logistical disruptions within the industries FPI operates. These restrictions have had a negative impact on FPI's ability to manufacture and ship products to customers in a timely manner.



## Federal Prison Industries

Additionally, many customers were unable to accept deliveries, as they were either working a modified schedule or non-operational due to the pandemic. However, with many agencies changing policy regarding return to work, FPI expects delays to be minimalized and to not affect future fiscal years.

The recovery, defined as reaching pre-pandemic operational levels, is anticipated to take 6 months to 1 year from the end of FY 2023. Driving this recovery will continue to be the exceptional efforts of FPI employees and adults in custody workers under extraordinary circumstances.



FPI will continue to see sales growth, as customer demands are satisfied, and will continue to seek opportunities to expand both existing and new product lines. During FY 2023, FPI secured several new contracts and modifications to current contracts that are expected to generate additional sales over the next five years. FPI continues to pursue new business leads to assist with its strategic plan of corporate growth potential of 10% per year over the next five years.



### **III. Appropriations Language and Analysis of Appropriations Language**

#### **Federal Prison Industries, Incorporated**

The Federal Prison Industries, Incorporated (FPI), is hereby authorized to make such expenditures, within the limits of funds and borrowing authority available, and in accord with the law, and to make such contracts and commitments, without regard to fiscal year limitations as provided by section 9104 of title 31, United States Code, as may be necessary in carrying out the program set forth in the budget for the current fiscal year for such corporation.

#### **Limitation on Administrative Expenses, Federal Prison Industries, Incorporated**

Not to exceed \$2,700,000 of the funds of the Federal Prison Industries, Incorporated shall be available for its administrative expenses, and for services as authorized by section 3109 of title 5, United States Code, to be computed on an accrual basis to be determined in accordance with the corporation's current prescribed accounting system, and such amounts shall be exclusive of depreciation, payment of claims, and expenditures which such accounting system requires to be capitalized or charged to cost of commodities acquired or produced, including selling and shipping expenses, and expenses in connection with acquisition, construction, operation, maintenance, improvement, protection, or disposition of facilities and other property belonging to the corporation or in which it has an interest.

#### **Analysis of Appropriations Language**

No substantive language changes.





**IV. Program Activity Justification**

**A. Federal Prison Industries**

<b>Federal Prison Industries</b>	<b>Direct Pos.</b>	<b>Estimated FTE</b>	<b>Amount</b>
2023 Enacted	1,950	705	721,437
2024 Continuing Resolution	1,950	753	749,622
Adjustments to Base and Technical Adjustments	0	39	46,374
2025 Current Services	1,950	792	795,996
2025 Request <sup>1</sup>	1,950	792	795,996
<b>Total Change 2024-2025</b>	<b>0</b>	<b>39</b>	<b>46,374</b>

<sup>1</sup>Figures are updated from the President's Budget Appendix and may deviate.

<b>Information Technology Breakout (Of Decision Unit Total)</b>	<b>Direct Pos.</b>	<b>Estimated FTE</b>	<b>Amount</b>
2023 Enacted	50	45	23,313
2024 Continuing Resolution	50	45	23,313
Adjustments to Base and Technical Adjustments	0	0	1,420
2025 Current Services	50	45	24,733
2025 Request	50	45	24,733
<b>Total Change 2024-2025</b>	<b>0</b>	<b>0</b>	<b>1,420</b>

**1. Program Description**

Federal Prison Industries (FPI) employs many adults in custody who do not have marketable skills when they enter prison. FPI provides a program of constructive work whereby job skills can be developed, and work habits acquired, thereby reducing the likelihood that adults in custody will recidivate upon release. FPI employment reduces adults in custody idleness by providing a diversified work program that improves prison safety and security. FPI strives to attain the goal that thirty percent (30%) of the FPI adults in custody workforce will consist of adults in custody within thirty-six (36) months or less of their release date.

FPI’s operations are self-sustaining. Revenues are primarily derived from the sale of products and services to other Federal departments, agencies, and government institutions that purchase products listed on FPI’s Schedule of Products. FPI provides services on a non-mandatory, non-preferred-source basis. Operating expenses such as the costs of raw materials and supplies, adults in custody wages, employee salaries, and capital expenditures are applied against these revenues, resulting in operating income or loss, which is reapplied toward operating costs for future production.

Institution factories are operated by civilian supervisors and managers responsible for training and overseeing the work of adults in custody. The factories utilize raw materials and component parts purchased from the private sector to produce finished goods. FPI’s major government



## Federal Prison Industries

customers include the Departments of Defense (DOD), Department of Homeland Security (DHS), Department of Justice (DOJ), and Social Security Administration (SSA). Institution factories manufacture such items as furniture, clothing, electronics, vehicle retrofit and metal products, and provide such services as printing, data processing, call centers, laundry, farming and recycling activities. Orders for goods and services are obtained through marketing and sales efforts by civilian staff. A portion of the earnings realized by these operations is reinvested to improve and build new facilities, purchase equipment, maintain the existing equipment base, and provide working capital.

Extensive testing and product development procedures are required to operate modern factories that produce products that meet government specifications. Adults in custody training is also extensive because most have no previous training, experience, or skills. Most training is on-the-job, with the civilian supervisors and experienced adults in custody explaining and demonstrating the work to newly assigned adults in custody. Where skills require more formal training, such as soldering, FPI staff provide classroom instruction.



FPI makes necessary capital investments in buildings and improvements, machinery, and equipment. Other expenses charged to the manufacturing program include payments pursuant to the Inmate Accident Compensation Act (18 U.S.C. § 4126(c)(4)).

In 1988, Congress amended FPI's statute regarding the production of new products and significant product expansion (18 U.S.C. § 4122). Before any significant product expansion or new products subject to these provisions are manufactured, a review process is conducted, which includes full notice to and input from the public and interested parties. Implementing guidelines were first promulgated in 1990 and updated in 1997, with input from the private sector.

Under 18 U.S.C. § 4122, when FPI proposes to produce a new product or expand its market share of an existing product subject to the provisions of § 4122, it first must conduct a market impact study. This study must identify and consider the number of vendors currently meeting the requirements of the Federal Government; the proportion of the Federal market for the product currently served by small businesses, small disadvantaged businesses, or businesses operating in labor surplus areas; the size of the Federal/non-Federal markets for the product; the projected growth in the Federal Government's demand for the product; and the projected ability of the Federal market to sustain both FPI and private vendors. FPI then must announce in Federal Business Opportunities (SAM.gov) its proposal and invite comments from private industry. FPI must also directly notify those trade associations affected and allow them to provide comment.



## Federal Prison Industries

FPI's Board of Directors is appointed by the President, and by statute is composed of six members representing Industry, Labor, Retailers and Consumers, Agriculture, the Secretary of Defense, and the Attorney General. The Board receives copies of the market impact study, the comments received, and FPI's recommendations. The Board also holds hearings that the public can attend and provide testimony.

At the conclusion of this process, the Board renders its decision, which is also published in SAM.gov. Parties can appeal to the Board if and when market conditions change, or new facts could impact the decision.



# Federal Prison Industries

## 2. Performance and Resource Tables

PERFORMANCE AND RESOURCES TABLE											
Decision Unit: Federal Prison Industries											
RESOURCES		Target		Actual		Target		Changes		Requested (Total)	
		FY 2023 Enacted		FY 2023		FY 2024 Continuing Resolution		Current Services Adjustments and FY 2025 Program Changes		FY 2025 Request	
Total Costs and FTE (reimbursable FTE are included, but reimbursable costs are bracketed and not included in the total)		FTE	\$000	FTE	\$000	FTE	\$000	FTE	\$000	FTE	\$000
		753	764,752	705	711,898	753	749,622	39	46,374	792	795,996
TYPE	PERFORMANCE	FY 2023		FY 2023		FY 2024		Current Services Adjustments and FY 2025 Program Changes		FY 2025 Request	
Program Activity	Federal Prison Industries Spending Authority	FTE	\$000	FTE	\$000	FTE	\$000	FTE	\$000	FTE	\$000
		753	764,752	705	711,898	753	749,622	39	46,374	792	795,996
Performance Measure: Efficiency	Number of adults in custody employed	19,255		20,196		19,255		0		19,255	
Performance Measure: Efficiency	* Number of eligible adults in custody employed who are within 36 months of their release date. .	30%		33%		30%		0%		30%	

\* FPI adults in custody employment goal is that thirty percent (30%) of the FPI adults in custody workforce will consist of adults in custody within thirty-six (36) months or less of their release date. This goal was approved by the Board of Directors on August 20, 2020.



# Federal Prison Industries

## PERFORMANCE MEASURE TABLE

### Decision Unit: Federal Prison Industries

Performance Report and Performance Plan Targets		FY 2019	FY 2020	FY 2021	FY 2022	FY 2023		FY 2024	FY 2025
		Actual	Actual	Actual	Actual	Target	Actual	Target	Target
<b>Efficiency Measure</b>	Number of adults in custody employed annually	16,430	16,478	16,315	17,699	19,255	20,196	19,255	19,255
<b>Efficiency Measure</b>	** Number of eligible adults in custody's employed who are within 36 months of their release date.	N/A	N/A	N/A	30%	30%	33%	30%	30%

\*\* FPI adults in custody employment goal is that thirty percent (30%) of the FPI adults in custody workforce will consist of adults in custody within thirty-six (36) months or less of their release date. This goal was approved by the Board of Directors on August 20, 2020.

N/A = Note that this new goal is not applicable to prior years.



### **3. Performance, Resources, and Strategies**

#### **a. Performance Plan and Report for Outcomes**

As illustrated in the preceding Performance and Resources Table, the performance measure for FPI is the percentage of adults in custody workers who are within thirty-six (36) months or less of their release date. The target for FY 2024 through FY 2025 is 30 percent. FPI's annual adults in custody employment as of September 30, 2023 was 20,196. In FY 2015, FPI implemented considerable cost-reduction measures, which included the closing of twenty-five factories, unavoidably reducing the number of adults in custody it employed by 600 positions. Recent efforts to grow the business resulted in positive earnings in FY 2016 through FY 2019, with the activation of eight factory operations resulting in continued growth in FY 2019. The COVID-19 pandemic in FY 2020 through FY 2022, however, resulted in FPI not meeting its performance measure for percentage of adults in custody workers. Now that COVID-19 pandemic has ended, FPI expects to reach the 30 percent target in FY 2024 and FY 2025.

Due to recent legislation that has given FPI new authorities, FPI anticipates ramping up workload by offering new opportunities to adults in custody, which will require additional staff. In December 2018, the Formerly Incarcerated Reenter Society Transformed Safely Transitioning Every Person Act (First Step Act) (P.L. 115-391) provided FPI with four additional market authorities to expand inmate employment. These new authorities include the sale of FPI products to public entities for use in correctional institutions; public entities for use in disaster relief or emergency response; the D.C. government; and, except for office furniture, certain IRS-recognized non-profit organizations. FPI is now assessing and pursuing opportunities under these new authorities.

The First Step Act authorities augment the authorities Congress provided to FPI earlier in the last decade through the Consolidated and Further Continuing Appropriations Act of 2012 (P.L. 112-55), which authorized FPI to participate in PIECP and repatriate the foreign manufacture of products in certain circumstances as approved by FPI's Board of Directors.

FPI continues its renewed emphasis on the use of job-share adults in custody workers to increase the number of adults in custody participating in the FPI program while reducing the per-adult in custody cost of employment. This initiative will be continued through FY 2024 and FY 2025.

#### **b. Strategies to Accomplish Outcomes**

For FY 2025, a total of 1,950 positions and 792 work years are requested for FPI. Further, \$2,700,000 is included as the administrative expense limitation. FPI is expanding product lines, which resulted in factory activations (in FCI Bennettsville and FCI McKean), pursuant to its authorities.



## Federal Prison Industries

FPI's primary goal for population management is to proactively manage the adults in custody population through meaningful work programs. FPI meets this objective by reducing adults in custody idleness, the number one cause of adults in custody unrest and violence in prison, through diversified work programs that provide constructive work wherein job skills can be developed, and work habits acquired.

At the end of FY 2025, FPI is projected to employ 19,255 adults in custody and provide work skills training to help ensure the safe and secure operation of BOP institutions. In this way, FPI plays a vital role in the management of adults in custody and improves the likelihood that adults in custody will remain law abiding after their release from BOP custody.