

**Federal Prison System
Federal Prison Industries, Incorporated
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I. Overview for Federal Prison Industries, Incorporated

A. General Overview

1. Introduction

Federal Prison Industries' (FPI) mission is to employ and provide work skills training to the greatest practical number of inmates in Federal correctional facilities necessary to ensure the safe and secure operation of such institutions, and in doing so, to produce market priced, quality goods and services in a self-sustaining manner that minimizes the potential impact on private business and labor. Beginning in FY 2007, electronic copies of the Department of Justice's congressional budget justifications and Capital Asset Plan and Business Case exhibits can be viewed or downloaded from the Internet using the Internet address: <http://www.usdoj.gov/jmd/2008justification/>.

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. 4121-4129). UNICOR is the trade name for FPI. The Director of the Federal Prison System (FPS), who has jurisdiction over all Federal penal and correctional institutions, is the Chief Executive Officer. FPI reduces inmate idleness by providing a full-time work program and continually strives to attain the goal of employing approximately 25 percent of the eligible inmate population. Many of the inmates do not have marketable skills. FPI provides a program of constructive industrial work and services wherein job skills can be developed and work habits acquired. Earnings from the Corporation's industrial activities are used for all operating costs of the Corporation, including purchase of raw materials and equipment, staff salaries and benefits, compensation to inmates performing in industrial work details, and compensation to former inmates for injuries they received while in Federal prisons.

A board of six Directors, appointed by the President, reviews and approves the policies of the Corporation, long-range Corporate plans, establishment of new industries, and bylaws and capital investments in excess of \$500,000. The Board also makes 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 FPS, who serves as Chief Operating Officer, and carried out by a staff of 32 Corporate Management employees located in Washington, DC. Expenses of this function are subject to Congressional limitation.

As of September 30, 2006, there were 21,205 inmates employed in 108 factories. Inmates manufacture items such as furniture, clothing, electronics, and metal products, and provide such services as printing, data processing and laundry. Products and services of the Corporation are sold primarily to Federal Agencies. The Departments of Defense and Justice, the Postal Service, the Department of Homeland Security, and the

General Services Administration are FPI's largest customers. The growth of the BOP and the corresponding need to increase inmate employment while minimizing FPI's effect on private labor and business continue to be FPI's major challenge.

For FY 2008, a total of 2,075 positions and 1,930 workyears are requested for FPI. Further, \$2,477,000 is included as the Administrative Expenses limitation. This includes a program increase for the operation of one factory at Pollock, Louisiana which will employ a total of 288 inmates in Fiscal Year 2008.

2. Issues, Outcomes, and Strategies

Strategic Goal 4: Ensure the fair and efficient operation of the Federal Justice System.

Strategic Objective 4.5: Provide services and programs to facilitate inmates' successful reintegration into society consistent with community expectations and standards.

FPI's performance goals are part of the Department of Justice (DOJ). The primary FPI goal, inmate population management, is to proactively manage the offender population through meaningful work programs.

FPI meets this objective by reducing undesirable inmate idleness through a full time work program that provides constructive industrial work wherein job skills can be developed and work habits acquired. Inmate idleness is the number one cause of inmate unrest and violence in prison, and FPI employs over 20,000 inmates and provides skills training to help ensure the safe and secure operation of the institutions. FPI plays a vital role in the management of inmates, and also improves the likelihood that inmates will remain crime-free upon their release from BOP custody. A 2005 study, to establish a baseline was conducted of 15,406 FPI participants and an equal number of comparison subjects released between 1994 through 1998. Results indicate that inmates who participate in FPI are significantly less likely to recidivate.

For FY 2008, a total of 2,075 positions and 1,930 workyears are requested for FPI. This request represents a program increase of 17 positions and 16 workyears over the FY 2008 current services. These positions are being requested for the operation of one factory at Pollock, Louisiana which will employ 288 inmates. Further, \$2,477,000 is included as the Administrative Expenses. Impact on performance: This increase will provide employment to over 288 inmates, and keep them constructively occupied while providing them valuable work related experience and skills.

	Activation Funding <u>Date</u>	<u>Pos.</u>	<u>FTE</u>
New Facility:			
FCI Pollock, LA (1,152 beds)	10/2007	17	16
Total, Increase (1,152 beds)		<u>17</u>	<u>16</u>

The dates reported above reflect the funding stream for operations, not when inmates will arrive at the new institutions. Operational expenses are cumulative and reflect post and future months of ramped activity (staffing, equipment purchase and install, etc.) until the facility is ready to house inmates. In fact, the activation process normally continues for up to two years.

3. Full Program Costs

FPI operates as a revolving fund and does not receive an annual appropriation. This budget reflects the full value of anticipated orders received (Revenue) less the associated costs to produce the products ordered and maintain the facilities for manufacturing. FPI maintains a proprietary, full accrual accounting system. The revenue and costs presented in the budget are based upon historical data, market trends of FPI's sales of products and services, and projected expansion (growth) of the BOP. FPI monitors the following program's activities, Sales Volume, Number of Factories and Inmate Employment. These activities directly relate to FPI's goal of population management.

FPI sales have been significantly impacted by the passage of Sections 811 and 819 of the National Defense Authorization Acts of 2002 and 2003, and Section 637 of the FY 2004 and 2005 Omnibus Appropriations Bill which changed the nature of FPI's mandatory source status, as well as several administrative initiatives by the FPI program's Board of Directors.

The impact has primarily been seen in the FPI Office Furniture Business Group, which has historically comprised a major portion of FPI's total sales. FPI's Office Furniture sales in FY 2006 were \$118 million, down from \$140 million in FY 2005, \$141 million in FY 2004, \$152 million in FY 2003, and \$218 million in FY 2002. The \$100 million less

in sales during FY 2006 as compared to the peak sales year of FY 2002 represents a 46 percent decrease.

In response, the FPI program has closed some factories and realigned several others as part of an effort to reduce its operating costs. The FPI program continues to improve customer service relationships and develop other innovative strategies. These initiatives have resulted in FPI's inmate employment decreasing by 1,355 inmates from the FY 2001 total of 22,560 to 21,205 in FY 2006. This represents a decrease of 6 percent.

Overall sales in FY 2006 of \$717,544,000 decreased 6 percent from FY 2005 sales of \$765,396,000. However, FPI earnings decreased to \$71,257,000 in FY 2006 compared to \$114,345,000 in FY 2005, a decrease of 38 percent. This was due to the Electronics Business Group's earnings decreasing to \$62,743,000 in FY 2006 from \$94,515,000 in FY 2005 in continued support of the Department of Defense's war effort. Sales by the Electronics Business Group represent 33 percent of FPI's total sales and 88 percent of FPI total earnings. Electronics sales decreased to \$233,182,000 in FY 2006 from \$287,009,000 in FY 2005, a 19 percent decline.

4. Performance Challenges

External Challenges

FPI does not receive appropriated funding for operations and must maintain itself through the results of operations. Historically, FPI operates on a very low margin. The margins are much below that which would be seen by a non-government corporation of similar size and longevity. FPI has been able to sustain itself despite unprecedented growth in the number of inmates. The growth demands of the BOP are expected to continue for the foreseeable future.

The delicate balancing act between self sufficiency and growth create a sizable challenge for FPI. Additionally, FPI is faced with challenges that may impact this balance. These challenges include changes to FPI's position as a supplier to the Federal Government (preference provided to FPI) and increase in costs not controlled by FPI (staff pay schedule and benefits cost).

Internal Challenges

FPI faces challenges similar to that of a non-government corporation. These challenges include: control of costs, collection of account receivables, control of raw material inventory levels, and stability of sales.

II. Summary of Program Changes

Item Name	Description				
		Pos.	FTE	Dollars (\$000)	Page
FCI Pollock, Louisiana (1,152 beds)	Operation of FPI Factory	17	16	\$11,720	13

III. Appropriation Language and Analysis of Appropriation Language

Appropriation Language

Federal Prison Industries, Incorporated

The Federal Prison Industries, Incorporated, 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, including purchase (not to exceed five for replacement only) and hire of passenger motor vehicles. (Department of Justice Appropriation Act, 2007)

Limitation on Administrative Expenses Federal Prison Industries, Incorporated

Not to exceed \$2,477,000 of the funds of the corporation shall be available for its administrative expenses, and for services as authorized by 5 U.S.C. 3109, 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. (Department of Justice Appropriation Act, 2007)

Analysis of Appropriation Language

No substantive changes proposed.

IV. Decision Unit Justification

A. Federal Prison Industries

TOTAL	Perm. Pos.	FTE	Amount
2006 Enacted w/Rescissions and Supp.	2,458	2,295	\$766,662
2007 Estimate	2,058	1,914	900,445
Adjustments to Base & Technical Adj's.	0	0	617
2008 Current Services	2,058	1,914	901,062
2008 Program Increases	17	16	11,720
2008 Offsets	0	0	0
2008 Request	2,075	1,930	912,782
Total Change 2007-2008	17	16	\$12,337

1. Program Description: Federal Prison Industries, Inc. (FPI) reduces inmate idleness by providing a full-time work program and continually strives to attain the goal of employing approximately 25 percent of the eligible inmate population. Health, security level and other factors determine eligibility for work in FPI. Many of the inmates do not have marketable skills. FPI provides a program of constructive industrial work wherein job skills can be developed and work habits acquired.

FPI's operations are self-supporting. Revenues are derived from the sale of products and services to other Federal departments, agencies, and government institutions which purchase products listed on FPI's Schedule of Products. FPI provides services on a non-mandatory, preferred source basis. Operating expenses such as the costs of raw materials and supplies, inmate wages, staff 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 and shops are operated by civilian supervisors and managers, training and overseeing the work of inmates. The factories utilize raw materials and component parts purchased from the private sector to produce finished goods. FPI's major Government customers include the Department of Defense and Justice, the Postal Service, the Department of Homeland Security and the General Services Administration. Institution factories manufacture such items as furniture, clothing, electronics, and metal products, and provide such services as printing, data processing, laundry 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 and 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 which meet Government specifications. Inmate training is also extensive because most of the inmates have no previous training, experience or skills. Much of the needed training occurs on-the-job, with the civilian supervisors and

experienced inmates explaining and demonstrating the work to newly assigned inmates. Where skills require more formal training, such as soldering, classroom instruction is provided by UNICOR staff.

FPI makes capital investments in building and improvements, machinery and equipment as necessary in the conduct of its industrial operations. Other expenses charged to the industrial manufacturing program include inmate accident compensation.

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 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.

As required under the Federal rules, commonly referred to as the Guidelines process, when FPI proposes to produce a new product or expand its market share of an existing product, they 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 business, 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 the Federal Business Opportunities (Fed Biz Opps) its proposal and invite comments from private industry. FPI must also directly notify those trade associations affected and allow them to provide comment.

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 Attorney General. The Board is provided copies of the market impact study, the comments received, and FPI's recommendations. The Board also holds hearings which the public can attend and provide testimony.

At the conclusion of the above process, the Board renders its decision, which is also published in the Federal Business Opportunities (Fed Biz Opps). Parties can appeal to the Board if and when market conditions change or new facts could impact the decision.

2. PERFORMANCE AND RESOURCES TABLE

Decision Unit: Federal Prison Industries

DOJ Strategic Goal/Objective: 4.5

Workload/Resources		Final Target		Actual		Estimate		Changes		Requested (Total)	
		FY 2006		FY 2006		FY 2007		Current Services Adjustments and FY 2008 Program Changes		FY 2008 Request	
Workload											
Base number of factories		115		108		115		1		116	
Number of Inmate Jobs added		726		1,485		0		288		288	
Inmates employed at year-end		20,446		21,205		21,205		288		21,493	
Total Costs and FTE <small>(reimbursable FTE are included, but reimbursable costs are bracketed and not included in the total)</small>		FTE	\$000	FTE	\$000	FTE	\$000	FTE	\$000	FTE	\$000
		2,295	766,662	2,295	790,620	1,914	900,445	16	12,337	1,930	912,782
TYPE/ STRATEGIC OBJECTIVE	Performance	FY 2006		FY 2006		FY 2007 President's Budget		FY 2008 Current Services Adjustments and Program Change		FY 2008 Request	
Program Activity		FTE	\$000	FTE	\$000	FTE	\$000	FTE	\$000	FTE	\$000
	Sales Volume	2,295	766,662	2,295	790,620	1,914	900,445	16	12,337	1,930	912,782
Performance Measure	Comparative Recidivism for FPI inmates vs. non-FPI inmates (3 yrs.)	15%		23%		15%		0		15%	
	Comparative Recidivism for FPI inmates vs. non-FPI inmates (6 yrs.)	10%		10%		10%		0		10%	
Efficiency Measure	Number of Inmates Employed	20,446		21,205		21,500		288		21,788	
OUTCOME	Number of inmates employed as a percentage of inmates housed in low, medium, and high security institutions.	25%				25%		0		25%	

* The FY 2006 Final Target has not been revised from the FY 2007 President's Budget.

Data Definition, Validation, Verification, and Limitations:

1. Base number of factories equal the number of factories at the beginning of the year and previous year's base number of factories adjusted to agree with previous year-end results.
2. Sales volume is equal to gross revenues for the fiscal year.
3. Decrease is the result of reduction of cost and delayed activations.
4. In FY2005, a Baseline was established for comparative recidivism rates for FPI inmates vs. non-FPI inmates who are less likely to recidivate 3 years after release and less likely to recidivate 6 years after release. In addition, FY 2006 – FY 2008 targets have been developed.

2. PERFORMANCE MEASURE TABLE (cont'd)

Decision Unit: Federal Prison Industries Department of Justice Strategic Goal/Objective: 4.5												
Performance Report and Performance Plan Targets		BY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006		FY 2007	FY 2008	
		Actual	Actual	Actual	Actual	Actual	Actual	Target	Actual	Target	Target	
Performance Measure	Comparative Recidivism for FPI inmates vs. non-FPI inmates (3 yrs.)	N/A	N/A	N/A	N/A	N/A	N/A	Baseline Established	15%	23%	15%	15%
	Comparative Recidivism for FPI inmates vs. non-FPI inmates (6 yrs.)	N/A	N/A	N/A	N/A	N/A	N/A	Baseline Established	10%	10%	10%	10%
Efficiency Measure	Number of Inmates Employed	21,688	22,560	21,778	20,274	19,337	19,720	20,446	21,205	21,500	21,788	

3. Performance, Resources and Strategies

a. Performance Plan and Report for Outcomes

Inmate Employment: The Federal Prison Industries (FPI) actual inmate employment of 21,205 at the end of FY 2006 is 4 percent above the target level of 20,446. The projected number of inmates employed increases consistent with the activation of new institutions.

The recidivism measure was new in FY 2005. Baseline data for this measure was established in FY 2005. A study, to establish a baseline was conducted of 15,406 FPI participants and an equal number of comparison subjects released between 1994 through 1998. Results indicate that inmates who participate in FPI are significantly less likely to recidivate. Now that baseline information is available, FPI will begin targeting and collecting data to report in outyears against a long-term and annual PART measure. The FY 2008 target is 15 percent less likely to recidivate 3 years after release and 10 percent less likely to recidivate 6 years after release.

b. Strategies to Accomplish Outcomes

FPI's performance goals are part of the Department of Justice (DOJ). The primary FPI goal, population management, is to proactively manage the offender population through meaningful work programs.

FPI meets this objective by reducing undesirable inmate idleness through a full time work program that provides constructive industrial work wherein job skills can be developed and work habits acquired. Inmate idleness is the number one cause of inmate unrest and violence in prison, and FPI employs over 20,000 inmates and provides skills training to help ensure the safe and secure operation of the institutions. FPI plays a vital role in the management of inmates, and also improves the likelihood that inmates will remain crime-free upon their release from BOP custody.

For FY 2008, a total of 2,075 positions and 1,930 workyears are requested for FPI. Further, \$2,477,000 is included as the Administrative Expenses limitation.

c. Results of Program Assessment Rating Tool (PART) Reviews

N/A

Program Increases

Item Name: FCI Pollock, LA

Budget Decision Unit: Federal Prison Industries, Inc.

Strategic Goal/Objective: 4.5: Provide services and programs to facilitate inmates successful reintegration into society consistent with community expectations and standards.

Organizational Program: Inmate Work Programs

Component Ranking of Item: 1 of 1

Program Increases:

<u>New Facility</u>	<u>Positions</u>	<u>FTE</u>	(Non-Appropriated) <u>Dollars (\$000)</u>
FCI Pollock, Louisiana (1,152 beds)	<u>17</u>	<u>16</u>	<u>(\$11,720)</u>
Total, Increase	17	16	(\$11,720)

Description of Item

This request represents a program increase of 17 positions and 16 workyears for FY 2008. These positions are being requested for the operation of factories at Pollock, LA which will employ 288 inmates.

Justification

FPI reduces inmate idleness by providing a full-time work program for the inmate population. The operation of work programs at the location cited will provide employment for approximately 288 inmates.

Impact on Performance (Relationship of Increase to Strategic Goals)

FPI employment of inmates reduces inmate idleness at BOP facilities and provides job skills and work habits that assist an inmate's reintegration into society. This request supports the DOJ Strategic Plan, Goal IV ensure the fair and efficient operation of the Federal Justice System and provide services and programs to facilitate inmates' successful reintegration into society, consistent with community expectations and standards.

Funding
(Dollars in thousands)

Base Funding

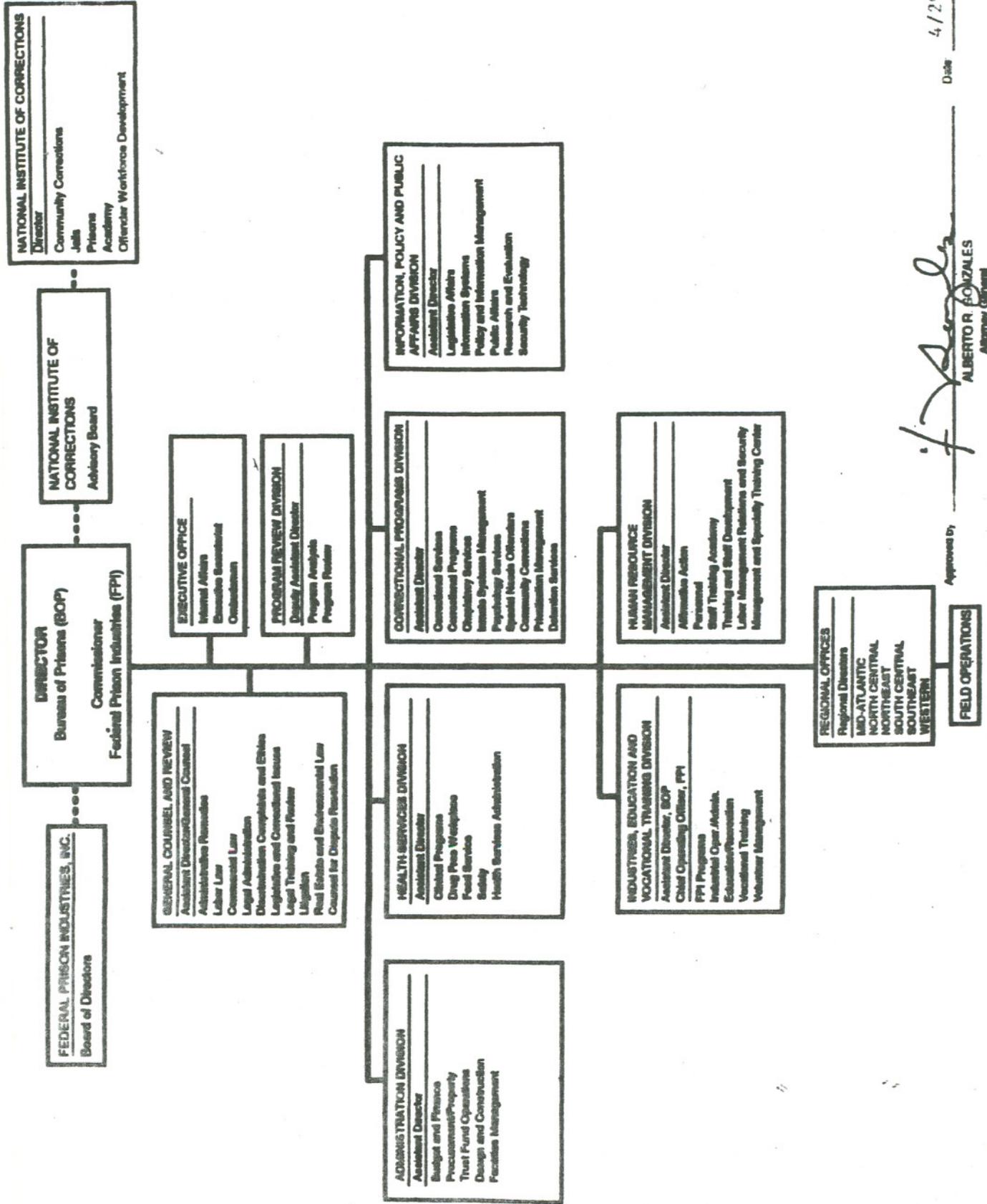
FY 2006 Enacted			FY 2007 Estimate			FY 2008 President's Budget Current Services		
Pos	FTE	Dollars	Pos	FTE	Dollars	Pos	FTE	Dollars
0	0	\$0	0	0	\$0	0	0	\$0

Personnel Increase Cost Summary

Type of Position	Cost per Position (\$000)	Number of Positions Requested	FY 2008 Request (\$000)
AW I&E	108.0	1	108.0
Factory, Business & Sys Mgr	77.3	3	232.0
Assistant Factory Mgr	64.0	1	64.0
QA Mgr, Contract Spec. & Acct	53.3	3	160.0
Ungraded Positions	56.4	9	508.0
Total Personnel	359.1	17	1,072

Non-Personnel Increase Cost Summary

FEDERAL BUREAU OF PRISONS



Approved by:  ALBERTO R. GONZALES
Attorney General

Date: 4/29/05

B. Summary of Requirements

Summary of Requirements
 Federal Prison System
 Federal Prison Industries, Incorporated
 (Dollars in Thousands)

	<u>Perm.</u>	<u>FTE</u>	<u>Amount</u>
	<u>Pos.</u>	<u>FTE</u>	<u>Amount</u>
2006 Enacted (with Rescissions, direct only)	2,458	2,295	766,662
2006 Supplementals	0	0	0
Total 2006 Appropriation Enacted (with Rescissions and Supplementals)	2,458	2,295	766,662
2007 President's Budget (Information Only)	2,058	1,914	791,107
2007 Continuing Resolution Level (as reflected in the 2008 President's Budget, Information Only).	2,458	2,295	766,662
2007 Estimate (direct only)*.	2,058	1,914	900,445
2007 Recission Against Balances.	0	0	0
2007 Estimates with Recissions.	2,058	1,914	900,445
Technical Adjustments			
Restoration of 2007 Recission against balances.	0	0	0
Total Technical Adjustments	0	0	0
Adjustments to Base			
Increases:			
2008 Pay Raise (3.0%).	0	0	4,385
2007 Pay Raise Annualization (2.2%)	0	0	1,121
Subtotal Increases.	0	0	5,506
Decreases:			
Adjustment to 2007 Investment Activity.	0	0	(4,889)
Total Adjustment to Base and Technical Adjustments	0	0	617
2008 Current Services	2,058	1,914	901,062
Program Changes:			
Increases			
Inmate Work Programs at New Institution:			
FCI, Pollock, LA (10/2007)	17	16	11,720
Total Program Changes	17	16	11,720
2008 Total Request	2,075	1,930	912,782
2007-2008 Total Change	17	16	12,337
2008 Rescissions from Balances	0	0	0

*The Department of Justice 2008 budget request was built on a starting point that recognized progress in enacting the FY 2007 appropriation. The starting point used (referred to throughout this document as the "Estimate") is the average of the Senate Committee and House passed marks, less one percent, unless noted otherwise.

	2006 Appropriation Enacted w/Rescissions and Supplementals			2007 Estimate			2008 Adjustments to Base and Technical Adjustments			2008 Current Services			2008 Increases			2008 Offsets			2008 Request			
	Perm. Pos.	FTE	Amount	Perm. Pos.	PTE	Amount	Perm. Pos.	PTE	Amount	Perm. Pos.	FTE	Amount	Perm. Pos.	FTE	Amount	Perm. Pos.	FTE	Amount	Perm. Pos.	FTE	Amount	
Estimates by Budget Activity:																						
1. Administrative Expense	32	32	\$3,322	32	32	\$2,477	0	0	\$0	32	32	\$2,477	0	0	\$0	0	0	\$0	32	32	\$2,477	
Rescission (.54% and .80%)																						
Subtotal	32	32	3,322	32	32	2,477	0	0	0	32	32	2,477	0	0	0	0	0	0	32	32	2,477	
2. Cost of Production	2,426	2,263	686,543	2,026	1,882	821,171	0	0	617	2,026	1,882	821,788	17	16	11,720	0	0	0	2,043	1,898	833,508	
3. Other Expenses	0	0	40,000	0	0	40,000	0	0	0	0	0	40,000	0	0	0	0	0	0	0	0	40,000	
4. Buildings and Improvements.	0	0	15,501	0	0	15,501	0	0	0	0	0	15,501	0	0	0	0	0	0	0	0	15,501	
5. Machinery and Equipment	0	0	21,296	0	0	21,296	0	0	0	0	0	21,296	0	0	0	0	0	0	0	0	21,296	
Total:	2,458	2,295	766,662	2,058	1,914	900,445	0	0	617	2,058	1,914	901,062	17	16	11,720	0	0	0	2,075	1,930	912,782	
Other Workyears:																						
Overtime		63			63																	
Total Compensable Workyears		2,358			1,977																	

FPI funds are non-appropriated.

C. Program Increases/Offsets By Decision Unit

FY 2008 Program Increases/Offsets By Decision Unit
 Federal Prison System
 Federal Prison Industries, Incorporated
 (Dollars in Thousands)

Program Increases	Location of Description by Decision Unit	Cost of Production				* Total Improvements
		Pos.	Agt./Atty.	FTE	Amount	
Increase 1	<u>Operations</u> FCI, Pollock, LA	17	0	16	\$11,720	\$11,720
Total Program Increases		17	0	16	\$11,720	\$11,720

Program Offsets	Location of Description by Decision Unit					* Total Offsets
		Pos.	Agt./Atty.	FTE	Amount	
N/A	N/A					
Total Offsets		0	0	0	0	0

* FPI funds are non-appropriated.

E. Justification for Base Adjustments

Justification for Base Adjustments
Federal Prison System
Federal Prison Industries, Incorporated

Increases:

2008 pay raise

This request provides for the proposed 3.0 percent pay raise to be effective in January of 2008. This increase includes locality pay adjustments as well as the general pay raise. The amount requested, \$4,385,000 represents the pay amounts for 3/4 of the fiscal year plus appropriate benefits (\$2,938,000 for pay and \$1,447,000 for benefits).

Annualization of 2007 pay raise

This pay annualization represents first quarter amounts (October through December) of the 2007 pay increase of 2.2 percent included in the 2007 House Passed Bill for Treasury. The amount requested, \$1,121,000, represents the pay amounts for 1/4 of the fiscal year plus appropriate benefits (\$751,000 for pay and \$370,000 for benefits).

F. Crosswalk of 2006 Availability

Crosswalk of 2006 Availability
 Federal Prison System
 Federal Prison Industries, Incorporated
 (Dollars in Thousands)

Decision Unit	FY 2006 Enacted Without Rescissions			Rescissions			Supplementals			Reprogrammings/ Transfers			Carried/ Recoveries			2006 Availability		
	Pos.	FTE	Amount	Pos.	FTE	Amount	Pos.	FTE	Amount	Pos.	FTE	Amount	Pos.	FTE	Amount	Pos.	FTE	Amount
Federal Prison Industries	2,458	2,295	\$766,705	0	0	(\$43)	0	0	\$0	0	0	\$0.00	0	0	\$0	2,458	2,295	\$766,662
TOTAL	2,458	2,295	\$766,705	0	0	(\$43)	0	0	\$0	0	0	\$0.00	0	0	\$0	2,458	2,295	\$766,662

* FPI funds are non-appropriated.

Enacted Rescissions. Funds rescinded as required by the Department of Justice Appropriations Act, 2006 (P.L. 109-108) and the Department of Defense Appropriations Act

G. Crosswalk of 2007 Availability

Crosswalk of 2007 Availability
 Federal Prison System
 Federal Prison Industries, Incorporated
 (Dollars in Thousands)

Decision Unit	FY 2007 Estimate			Rescissions			Reprogrammings/ Transfers			Unbligated Balances Carried Fwd/Recoveries			2007 Availability		
	Pos.	FTE	Amount	Pos.	FTE	Amount	Pos.	FTE	Amount	Pos.	FTE	Amount	Pos.	FTE	Amount
Federal Prison Industries	2,058	1,914	\$900,445	0	0	\$0	0	0	\$0.00	0	0	\$0	2,058	1,914	\$900,445
TOTAL	2,058	1,914	\$900,445	0	0	\$0	0	0	\$0.00	0	0	\$0	2,058	1,914	\$900,445

* FPI funds are non-appropriated.

J. Financial Analysis of Program Increases

Financial Analysis of Program Changes
 Federal Prison System
 Federal Prison Industries, Incorporated
 (Dollars in Thousands)

	Decision Unit 1		Total	
	FCI Pollock, LA			
	Pos.	Amount	Pos.	Amount
Grades:				
GS-14 AW I&E	1	\$108	1	\$108
GS-12 Factory Mgr, Business Mgr & System Admin.	3	232	3	232
GS-11 Assistant Factory Mgr	1	64	1	64
GS-9 QA Mgr, Contract Specialist & Accountant	3	160	3	160
Ungraded Positions Two Warehouse Position & Seven Factor	9	508	9	508
Total Positions & Annual Rate	17	1,072	17	1,072
Lapse (-)	(1.4)	(89)	(1)	(89)
Total Workyears and Personnel Compensation	15.6	\$983	16	\$983
Personnel Benefits		354	-	354
Travel and Transportation of Persons and Things		95	-	95
Comm., Utilities, and Misc Charges		133	-	133
Other Services		234	-	234
Supplies and Materials		6,632	-	6,632
Equipment		1,755	-	1,755
Land and Structures		1,534	-	1,534
Total, 2008 Program Changes Requested	16	11,720	16	11,720

K. Summary of Requirements by Grade

Summary of Requirements by Grade
 Federal Prison System
 Federal Prison Industries, Incorporated
 (Dollars in Thousands)

Grades and Salary Ranges	2006 Actual Obligations		2007 Estimate		2008 Request		Increase/Decrease	
	Pos.	Amount	Pos.	Amount	Pos.	Amount	Pos.	Amount
SES, \$109,808 - \$152,000	1		1		1		0	
GS-15, \$107,521 - 139,774	19		19		19		0	
GS-14, \$91,407 - 118,828	94		80		81		1	
GS-13, \$77,353 - 100,554	192		205		205		0	
GS-12, \$65,048 - 84,559	379		294		297		3	
GS-11, \$54,272 - 70,558	218		247		248		1	
GS-10, \$49,397 - 64,213	14		6		6		0	
GS-9, \$44,856 - 58,318	274		229		232		3	
GS-8, \$40,612 - 52,794	20		44		44		0	
GS-7, \$36,671 - 47,669	52		42		42		0	
GS-6, \$33,000 - 42,898	9		5		5		0	
GS-5, \$29,604 - 38,487	6		7		7		0	
GS-4, \$26,460 - 34,402	9		4		4		0	
Ungraded positions	1,171		875		884		9	
Total, appropriated positions	2,458		2,058		2,075		17	
Average ES Salary		\$149,625		\$151,121		\$152,000		
Average GS Salary		70,095		72,018		73,950		
Average GS Grade		11.11		11.14		11.14		

L. Summary of Requirements by Object Class

Summary of Requirements by Object Class
 Federal Prison System
 Federal Prison Industries, Incorporated
 (Dollar in Thousands)

Object Classes	2006 Actual Obligations		2007 Estimate		2008 Request		Increase/Decrease	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
11.1 Full-time Permanent	2,280	\$103,840	1,899	\$109,031	1,915	\$114,483	16	\$5,452
11.3 Other than Permanent	15	0	15	0	15	0	0	0
11.5 Other Personnel Compensation	63	5,242	63	5,504	63	5,780	0	275
11.8 Special Service Pay	0	44,252	0	46,465	0	48,788	0	2,323
Total Workyears and Personnel Comp	2,358	153,334	1,977	161,001	1,993	169,051	16	8,050
Other Objects								
12 Personnel Benefits		45,574		47,974		50,373		2,399
21 Travel and Transportation of Persons		8,739		8,826		8,915		88
22 Transportation of Things		3,178		3,210		3,242		32
23.2 Rental Payments to Others		833		841		849		8
23.3 Communications, Utilities and Miscellaneous Charge		18,768		19,332		19,911		580
24 Printing and Reproduction		1,155		1,201		1,249		48
25.1 Advisory and Assistance Services		0		0		0		0
25.2 Other Services		15,353		15,507		15,662		155
25.3 Purchases of Goods & Services from Gov't Acc		0		0		0		0
25.7 Operation and Maintenance of Equipment		0		0		0		0
26 Supplies and Materials		580,020		604,710		607,896		3,186
31 Equipment		10,619		10,725		10,832		107
32 Land and Structures		11,806		12,987		14,285		1,299
93 Administrative Expenses		1,420		2,477		2,477		0
Total Obligations		850,798		888,789		904,742		7,903
Unobligated Balance, Start-of-Year		(176,736)		(116,558)		(128,214)		
Unobligated Balance, End-of-Year		<u>116,558</u>		<u>128,214</u>		<u>136,254</u>		
Total Requirements		790,620		900,445		912,782		
Relations of Obligations to Outlays:								
Total Obligations Incurred		850,798		888,789		904,742		
Less:								
Receipts		(790,620)		(900,445)		(912,782)		
Obligated Incurred, Net		60,178		(11,656)		(8,040)		
Receivables in Excess of Obligations, Start-of-Year		157,256		261,815		250,160		
Receivables in Excess of Obligations, End-of-Year		(261,815)		(250,160)		(242,119)		
Outlays		(44,382)		0		0		

N. FY 2008 Summary of Change

FY 2008 Summary of Change
 Federal Prison System
 Federal Prison Industries, Inc. (Non Appropriated)
 (Dollars in thousands)

	Perm. <u>Pos.</u>	<u>FTE</u>	<u>Amount</u>
2007 President's Estimate	2,058	1,914	\$900,445
Adjustments to Base			
Increases:			
2008 Pay Raise (3.0%)	0	0	4,385
2007 Pay Raise Annualization (2.2%)	0	0	1,121
Adjustment to 2007 Investment Activity	0	0	(4,889)
Total Adjustments to Base	<u>0</u>	<u>0</u>	<u>617</u>
2008 Current Services	2,058	1,914	901,062
2008 Program Increases			
Factory Activation			
FCI, Pollock, LA (1,152 beds), 10/2007	<u>17</u>	<u>16</u>	<u>11,720</u>
Total Program Increases	17	16	11,720
2008 Request	2,075	1,930	912,782
2007 - 2008 Total Change	17	16	12,337