United States Department of Justice

Federal Prison System

Federal Prison Industries

FY 2027 PERFORMANCE BUDGET

Congressional Submission

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I. Overview for Federal Prison Industries

1. Introduction

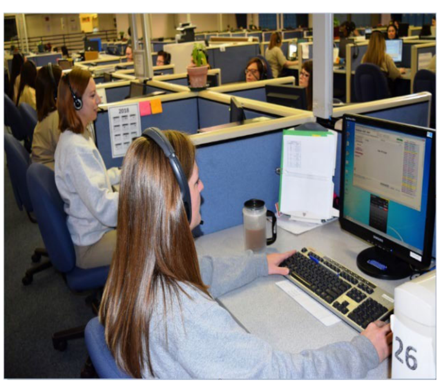
The mission of Federal Prison Industries, Inc. (FPI) is to protect society and reduce crime by preparing inmates for successful reentry through job training. Electronic copies of the Department of Justice's Congressional Budget Justifications and Capital Asset Plan and Business Case exhibits can be viewed or downloaded from the Internet using the Internet address: https://www.justice.gov/doj/budget-and-performance

FPI assists inmates 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 inmates, while minimizing the impact on private industry and labor.

For FY 2027, 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 inmates 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 inmates working in the FPI program, and compensation to former inmates for injuries they sustained while working for FPI.

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 over $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. The Director of the BOP serves as the Commissioner of FPI while general management of the Corporation is vested in an Assistant Director, 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 2025, 19,560 inmates worked in 61 factories and two farms. For FY 2026 through FY 2027, FPI projects the employment of 20,500 inmates annually. Inmates manufacture items such as furniture, clothing, electronics, vehicle 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.

3. Positive Impact

FPI is one of BOP's most important inmate work programs, providing valuable job skills training and work experience to 19,560 Federal inmates annually as of September 30, 2025. FPI directly supports the BOP's mission by keeping inmates productively occupied and by enhancing the likelihood of their successful reentry into society. Inmates 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.

Through the First Step Act, inmates can earn 500 hours of Evidence Based Recidivism Reduction (EBRR) program credits. Additionally, inmates participating in the FPI program are twenty-four percent (24%) less likely to recidivate than similar non-participating inmates, 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 2025 have resulted in a reduction of non-cash assets. 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 Inmates Employment. These metrics directly relate to FPI's goals of inmate's reentry success, as well as safe, secure, and less costly population management.

The chart below details sales, factory earnings and net income data for FY 2021 through FY 2025. In FY 2025, sales increased by $43 million when compared to FY 2024, and FPI incurred a net income of $15.5 million.

Sales, Factory Earning and Net Income for Federal Prison Industries
FY 2021 – FY 2025
($000s)

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Sales	$404,065	$386,308	$389,948	$423,689	$466,744
Factory Earnings	$43,732	$33,663	$37,655	$49,864	$52,193
Net Income/(Loss)	$4,540	($6,229)	($1,718)	$14,798	$15,511

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 those 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 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.

The large BOP inmate 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.

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.

During FY 2025, FPI incurred an operating income of $15.5 million. FPI's estimated accounts receivable decreased by $4.3 million; estimated inventories decreased by $2.4 million while estimated operating cash decreased by $9.8 million (with $120.0 million invested in short term investments) from FY 2025. For FY 2026 and FY 2027, FPI has set an operating income goal of $23.5 million and $25.0 million, respectively, based on a goal of $431.0 million and $450.0 million in sales.

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

Federal Prison Industries	Direct Pos.	Estimate FTE	Amount
2025 Enacted	1,950	649	549,032
2026 Enacted	1,950	792	749,510
Adjustments to Base and Technical Adjustments	0	0	74,625
2027 Current Services	1,950	792	824,135
2027 Program Increases	0	0	0
2027 Program Offsets	0	0	0
2027 Request	1,950	792	824,135
Total Change 2026-2027	**0**	**0**	**74,625**

Federal Prison Industries-Information Technology Breakout (of Decision Unit Total)	Direct Pos.	Estimate FTE	Amount
2025 Enacted	50	45	24,733
2026 Enacted	50	45	25,475
Adjustments to Base and Technical Adjustments	0	0	764
2027 Current Services	50	45	26,239
2027 Program Increases	0	0	0
2027 Program Offsets	0	0	0
2027 Request	50	45	26,239
Total Change 2026-2027	**0**	**0**	**764**

1. Program Description

Federal Prison Industries (FPI) employs many inmates 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 inmates will recidivate upon release. FPI employment reduces inmate 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 inmate workforce will consist of inmates 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, inmate 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 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 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. Inmate 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 inmates explaining and demonstrating the work to newly assigned inmates. 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.

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.

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