



GAO

Accountability * Integrity * Reliability

United States Government Accountability Office
Washington, DC 20548

July 27, 2012

The Honorable Patrick J. Leahy
Chairman
Committee on the Judiciary
United States Senate

The Honorable Robert C. Scott
Ranking Member
Subcommittee on Crime, Terrorism, and Homeland Security
Committee on the Judiciary
United States House of Representatives

The Honorable Elijah E. Cummings
Ranking Member
Committee on Oversight and Government Reform
United States House of Representatives

Subject: *Federal Bureau of Prisons: Methods for Estimating Incarceration and Community Corrections Costs and Results of the Elderly Offender Pilot*

This letter formally transmits the enclosed briefing in response to your request following the issuance of our February 2012 report, *Bureau of Prisons: Eligibility and Capacity Impact Use of Flexibilities to Reduce Inmates' Time in Prison*, that we provide additional information on the Bureau of Prisons' (BOP) methods for estimating costs of housing inmates in BOP facilities, Residential Re-entry Centers (RRC), and home detention, as well as the evaluation of and results of the Elderly Offender Pilot Program (the Pilot) and any cost savings to the federal government.¹ Our briefing addresses the following questions: (1) How does BOP estimate the daily cost of operating BOP facilities of different security levels and community corrections? (2) What are the final results of the Elderly Offender Pilot Program, including any cost savings identified by BOP, and to what extent can these results be used for policy decisions? To conduct this work, we analyzed relevant laws and BOP policies, obtained cost data for BOP facilities from fiscal years 2009 through 2011; reviewed BOP's December 2011 report to Congress summarizing the results of the Pilot, and interviewed BOP headquarters officials responsible for BOP's budget and relevant programs.²

¹GAO, *Bureau of Prisons: Eligibility and Capacity Impact Use of Flexibilities to Reduce Inmates' Time in Prison*, [GAO-12-320](#) (Washington, D.C.: Feb. 7, 2012).

²Federal Bureau of Prisons, *Elderly and Family Reunification for Certain Nonviolent Offenders Pilot Program: Report to Congress* (December 2011).

In summary, BOP uses different factors in estimating the daily costs of its facilities and community corrections and incorporating certain additional factors would increase the daily cost per inmate for its facilities. Specifically, BOP estimates daily costs per inmate for its prison facilities using operational costs such as staff salaries and training, inmate food, and medical supplies, among other things, but does not include factors such as construction of new prisons, certain modernization and repair (M&R) projects, or depreciation of its existing facilities. According to BOP, these M&R projects and depreciation are incorporated into budget requests, financial statements, and a user fee BOP computes to bill states for the full costs of housing state prisoners. Adding these costs into BOP's estimates would raise the costs from between \$4.39 and \$4.82 per day per inmate for the last 3 fiscal years. For community corrections, BOP estimates daily costs using the contract per diem rates paid to the private companies that operate RRCs and monitor inmates on home detention and the costs of management and oversight by BOP Community Corrections officials and subtracts out subsistence fees paid by inmates in RRCs and on home detention. As we reported in February 2012, contractors are not required by law to report various components of their costs, a fact that, according to BOP officials, makes it difficult to identify all the factors that may account for variation between BOP's costs of operating prison facilities and the costs of operating community corrections. However, BOP officials anticipated that an ongoing pilot to separate contract pricing for in-house beds and home detention services would likely inform BOP about the prices of each of these major components of community corrections.

Few inmates were eligible for the Elderly Offender Pilot and BOP estimated that the Pilot achieved no costs savings. However, we identified limitations in BOP's evaluation of the Pilot and cost estimates that raise questions about the reliability of the evaluation for estimating future costs and informing policy decisions. Specifically, statutory requirements limited the number of offenders eligible to participate in the Pilot. Seventy-one of the 855 inmates who applied for the pilot met the criteria and were placed on home detention. According to BOP estimates, the Pilot achieved no cost savings and actually cost the agency \$540,631 above what would have been spent had the inmates remained in BOP facilities. However, we identified limitations in BOP's cost estimates and evaluation, and thus the results may not be reliable for informing future policy decisions. For example, while BOP knows what it paid RRCs to monitor Pilot participants on home detention, we reported in February 2012 that it does not know the exact cost of home detention, since those costs are not separated from the overall cost of the RRC contract. BOP is revisiting pricing for these services in responding to our recommendation, but it does not know what it would pay for home detention services if Congress continued or expanded a program of early release to home detention for elderly inmates. As a result, these limitations raise questions about the reliability of BOP's evaluation for estimating future costs.

For additional information on a summary of the results of our work, see enclosure I, slides 10 through 13. We are not making any recommendations for congressional consideration or agency action.

We provided a draft of this briefing to the Department of Justice and BOP for review and comment. BOP did not provide written comments to include in this report, but provided technical comments, which we incorporated as appropriate.

We are sending copies of this report to the Attorney General, selected congressional committees, and other interested parties. This report will also be available at no charge on our website at <http://www.gao.gov>. Should you or your staff have questions concerning this report, please contact me at (202) 512-9627 or maurerd@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. Key contributors to this report were Chris Currie, Assistant Director; Tom Jessor; Michael Kniss; Billy Commons, III; and Pedro Almoguera.

A handwritten signature in black ink, reading "David C. Maurer". The signature is written in a cursive style with a large, sweeping initial "D" and a long, horizontal flourish at the end.

David C. Maurer
Director, Homeland Security and Justice Issues

Enclosure (1)

Enclosure I



Federal Bureau of Prisons:
Methods for Estimating Incarceration and Community
Corrections Costs and Results of the Elderly Offender Pilot

Briefing for Congressional Requesters

July 23, 2012



Briefing Overview

- Introduction
- Objectives, Scope, and Methodology
- Results in Brief
- Findings
 - Objective 1: Federal Bureau of Prisons (BOP) Estimates of Facility and Community Corrections Costs
 - Objective 2: Results of the Elderly Offender Pilot Program (the Pilot)
- Agency Comments
- GAO Contacts



Introduction

BOP Facilities and Community Corrections

- At the end of fiscal year 2011, about 94 percent of BOP's inmate population of about 217,800 was incarcerated in either federal institutions or privately managed prisons, operating at four different security level designations: minimum, low, medium, and high.¹
- Security designations depend on the level of security and staff supervision the institution provides, such as the presence of security towers, perimeter barriers, the type of inmate housing, and staff-to-inmate ratio, among other things.
- To facilitate inmates' reintegration into society, BOP may transfer its eligible inmates to community corrections locations for the final portion of their sentences. Inmates may spend up to 12 months in contract residential reentry centers (RRC)—also known as halfway houses. BOP, to the extent practicable, can also place inmates on home detention for the shorter of 10 percent of their term of imprisonment or 6 months.
- BOP inmates in RRCs or on home detention are held to strict schedules and are monitored by RRC staff or by U.S. Probation and Pretrial Services (USPPS) probation officers. At the end of fiscal year 2011, about 5 percent of BOP's total inmate population was housed in RRCs or home detention.

¹BOP also has agreements with state and local governments and contracts with privately operated facilities for the detention of federally adjudicated juveniles and for the secure detention of some short-term federal inmates. About 1 percent of the inmate population was incarcerated in such facilities at the end of fiscal year 2011.



Introduction (cont.)

Contractors Monitor Inmates in RRCs and on Home Detention

- Each RRC is operated by 1 of 105 contractors used by BOP. The contractors are paid a negotiated per diem rate for each inmate housed at the facility (per RRC bed) and are paid 50 percent of the negotiated per diem rate to monitor an inmate on home detention.
- We reported in February 2012 that²
 - RRC contractors are not required to disclose financial information to BOP, such as the actual costs of providing various services to inmates, and
 - BOP also does not require RRC contractors to separate the price of home detention services from the price of RRC beds and thus does not know the actual costs of home detention. In accordance with standard practices for program and project management, specific desired outcomes or results should be conceptualized and defined in the planning process as part of a road map, along with the appropriate projects needed to achieve those results, and milestones; thus we recommended that BOP establish a plan for requiring contractors to submit prices of RRC beds and home detention services.
 - BOP agreed with our recommendation and identified an RRC solicitation in two locations as a pilot for separating contract pricing for in-house beds and home detention services. BOP stated that if the results of the pilot were determined to be cost-effective and in the best interest of BOP, it anticipated separating the pricing for in-house RRC and home detention services in all future RRC solicitations.

²GAO, *Bureau of Prisons: Eligibility and Capacity Impact Use of Flexibilities to Reduce Inmates' Time in Prison*, GAO-12-320 (Washington, D.C. Feb. 7, 2012).



Introduction (cont.)

Elderly Offender Pilot Program

- The Second Chance Act of 2007 (Pub. L. No. 110-199) directed BOP to conduct the Elderly and Family Reunification for Certain Non-Violent Offenders Pilot Program (the Pilot) from fiscal years 2009 through 2010 to determine the effectiveness of placing eligible elderly offenders on home detention until the end of their prison terms.
- The statute required eligible inmates to be at least 65 years old and have served the greater of 10 years or 75 percent of the imposed sentence. Other statutorily set criteria for inclusion in the program were that applicants could not have a life sentence; a history of violence, espionage, sex offenses, or acts in connection with terrorism; or a history of escape or attempted escape. The statute also required that eligible offenders not be at substantial risk, as determined by BOP, of engaging in further criminal conduct or endangering the public and that placement on home detention would result in a substantial net reduction of costs to the federal government, as determined by BOP.
- The statute further required that (1) BOP monitor and evaluate each eligible elderly offender placed on home detention and (2) BOP report to Congress on the Pilot results, which it did in December 2011.



Objectives, Scope, and Methodology

- In February 2012, we reported that BOP utilizes various statutory authorities to reduce the time inmates are incarcerated in prison.³ As part of our work, we provided information on BOP's reported costs of housing inmates in prisons versus the costs of RRCs and home detention and preliminary results from BOP on the Elderly Offender Pilot Program, among other things.
- In response to this report, you asked us to provide additional information on BOP's methods for estimating costs of housing inmates in BOP facilities, RRCs, and home detention, as well as the implementation and results of the Elderly Offender Pilot Program and any cost savings to the federal government. Specifically, our objectives were to determine
 - how BOP estimates the daily cost of operating BOP facilities of different security levels and community corrections and
 - the final results of the Elderly Offender Pilot Program, including any cost savings identified by BOP, and the extent to which these results can be used for future policy decisions.

³GAO-12-320.



Objectives, Scope, and Methodology (cont.)

- To determine the factors BOP included in its estimates of the daily cost of operating BOP facilities of different security levels and community corrections, we reviewed
 - BOP cost data for facilities of various security levels and community corrections for fiscal years 2009, 2010, and 2011, and
 - agency budget documents and BOP policy and program statements regarding the use of appropriation funds available for modernization and repairs.
- We also interviewed BOP officials regarding how costs of incarceration are estimated, including what specific factors are included in BOP's estimates, such as certain maintenance and repairs, and those factors that are not included and why.



Objectives, Scope, and Methodology (cont.)

- To determine the results of BOP’s Elderly Offender Pilot Program and how BOP identified any cost savings from the program, we reviewed
 - BOP’s December 2011 report to Congress summarizing the results of the Pilot,
 - statutory language outlining criteria for eligibility in the Pilot and BOP program guidance outlining procedures for screening Pilot applicants,
 - documentation of eligibility decisions made by BOP headquarters officials on inmate applications for the Pilot, and
 - BOP projections of the number of inmates potentially eligible if the statutory criteria (age of offender/length of sentence served) were to be adjusted by Congress.
- We interviewed BOP officials regarding implementation and results of the Pilot, including BOP’s methods for estimating any cost savings.



Objectives, Scope, and Methodology (cont.)

- We obtained information from relevant BOP officials about steps taken to ensure the accuracy of data used in our prior work and February 2012 report as well as additional data used in this report, and found the data for objective 1 to be sufficiently reliable for the purposes of this report. After reviewing possible limitations in the data underlying BOP's estimated costs of the Elderly Offender Pilot program, we determined that the estimates provided by BOP may not be reliable for drawing conclusions about the costs of the program and discuss the limitations we identified in this report, in the results section for objective 2.
- We conducted this performance audit from March through July 2012 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our objectives.



Results in Brief

Objective 1

- BOP uses different factors in estimating the daily costs of its facilities and community corrections; incorporating additional factors would increase the daily cost per inmate for its facilities.
 - To estimate daily costs per inmate for its prison facilities, BOP totals operational costs such as staff salaries and training; inmate food, medical expenses, clothing and laundry; utilities, supplies, equipment, security and routine maintenance; and expenses incurred by BOP facilities but paid centrally, such as workers' compensation, payroll expenses, and telephone charges.
 - BOP does not include factors such as costs associated with construction of new prisons, modernization and repair (M&R) projects costing over \$10,000, or depreciation of its existing facilities in its estimated daily costs. According to BOP, these costs are incorporated into budget requests and financial statements, and also into a user fee BOP computes to bill states for the full costs of housing state prisoners. The fee includes the costs of M&R projects and depreciation. Adding this fee would raise the daily cost of incarceration in BOP facilities by between \$4.39 and \$4.82 per day per inmate, for the last 3 fiscal years.
-



Results in Brief

Objective 1 (cont.)

- BOP estimates daily costs for community corrections using the contract per diem rates paid to the private companies that operate RRCs and monitor inmates on home detention, the costs of management and oversight by BOP Community Corrections officials, and subtracting out subsistence fees paid by inmates in RRCs and on home detention.
- As we reported in February 2012, contractors are not required by law to report various components of their costs, a fact that, according to BOP officials, makes it difficult to identify all the factors that may account for variation between BOP's costs of operating prison facilities and the costs of operating community corrections.⁴
- BOP officials anticipated that BOP's ongoing pilot to separate contract pricing for in-house beds and home detention services would likely inform BOP about the prices of each of these major components of community corrections.

⁴GAO-12-320.



Results in Brief

Objective 2

- Few inmates were eligible for the Elderly Offender Pilot, and BOP estimated that the Pilot achieved no cost savings to the federal government. However, we identified limitations in BOP's evaluation of the Pilot and cost estimates that raise questions about the reliability of the evaluation for estimating future costs and informing policy decisions.
 - According to BOP's Pilot report, 71 of the 855 inmates who applied for the Pilot met the statutory criteria, were deemed eligible by BOP, and were placed on home detention.
 - According to BOP estimates, the Pilot achieved no cost savings and cost the agency \$540,631 above what would have been spent had the inmates remained in BOP facilities. As a result, BOP estimated it would have been cheaper if inmates had stayed in BOP facilities rather than on home detention.
 - BOP estimated it cost about \$35 to \$48 a day for each Pilot participant on home detention and compared this with the marginal cost for housing inmates in minimum- or low-security BOP facilities, which includes the various daily costs of operating the facilities, other than most staffing costs.



Results in Brief

Objective 2 (cont.)

- We identified limitations in BOP's cost estimates and evaluation, and thus the results may not be reliable for informing future policy decisions. For example
 - BOP knows what it paid RRCs to monitor Pilot participants on home detention. However, as we reported in February 2012, BOP does not know the exact cost of home detention since those costs are not separated from the overall negotiated cost of the RRC contract. Since BOP is revisiting pricing for these services in responding to our recommendation, it is not yet positioned to know what it would pay for home detention services if Congress continued or expanded a program of early release to home detention for elderly inmates.
 - Some of the amounts paid by BOP for home detention of Pilot participants would have been incurred without the Pilot. Current law allows BOP to place inmates, to the extent practicable, on home detention for the shorter of 10 percent of the term of imprisonment or 6 months. All inmates eligible for the Pilot could have been placed on home detention by BOP for up to 6 months even if the Pilot had not been conducted. This could have affected BOP's conclusions about the additional costs of the Pilot.
 - These limitations raise questions about the reliability of BOP's Elderly Pilot evaluation for estimating future costs and informing policy decisions.
-



Objective 1: Facility and RRC Costs

Operating Costs Include Day-to-Day Operations and Support

- We reported in February 2012 that BOP reports total daily operating costs for various categories of facilities and for community corrections by fiscal year.⁵
- BOP estimates of the total daily operating costs for its prison facilities include expenses associated with day-to-day operations such as staff salaries and training; inmate medical expenses, food, clothing, and laundry; and utilities, equipment, security, and maintenance of grounds. Total costs also include related support costs, which are primarily comprised of institution-related expenses incurred by BOP institutions but paid by headquarters because of centralized billing procedures, including workers' compensation and payroll processing for institution staff, telephone, and other charges; and salaries for headquarters, regional, and Training Center staff. Support costs averaged around 11 percent of total costs during fiscal years 2009, 2010 and 2011.
- Total daily operating costs for community corrections include amounts paid to private contractors (at per diem rates negotiated with the contractors) net of subsistence fees paid by inmates in RRCs or on home detention, as well as the costs of management and oversight by BOP Community Corrections officials, which averaged between 7 and 8 percent of total costs during fiscal years 2009, 2010, and 2011.

⁵GAO-12-320, 18.



Objective 1: Facility and RRC Costs

Community Corrections More Costly than Minimum-Security Facilities

- In fiscal years 2009 and 2010, BOP reported that housing inmates in community corrections was more costly, on a per diem basis, than housing inmates in minimum- and low-security facilities, and in fiscal year 2011, more costly than housing inmates in minimum-security facilities, as shown in table 1 on the next slide.



Objective 1: Facility and RRC Costs

Table 1: BOP Per Capita Total Daily Operating Costs, Fiscal Years 2009 through 2011

Classification type	Total daily cost, 2009	Total daily cost, 2010	Total daily cost, 2011
Minimum-security facilities	\$56.91	\$57.55	\$58.32
Low-security facilities	65.81	69.53	73.57
Medium-security facilities	69.51	71.91	73.57
High-security facilities	87.75	92.76	94.87
Contract RRCs ^a	\$67.83	\$70.79	\$71.68

Source: BOP per capita cost data, <http://www.bop.gov/foia/reading.jsp>.

^aIncludes amounts paid to private contractors to operate RRCs and to oversee inmates on home detention, as well as the costs of management and oversight by BOP Community Corrections officials, subtracting out subsistence fees paid by inmates in RRCs and on home detention.



Objective 1: Facility and RRC Costs

Some Costs Not Included in Operating Costs for BOP Facilities

- According to BOP officials, operating costs are designed to capture the day-to-day routine costs of taking care of BOP inmates, and are tracked for budgetary purposes to support BOP's Salaries and Expenses (S&E) appropriation. Other BOP expenses, such as for construction, M&R costs over \$10,000, or depreciation of assets, are not included in BOP's estimates of daily per inmate operating costs and are reported elsewhere for budgetary purposes. BOP officials stated that these costs are not included in total daily operating costs because
 - new construction costs vary significantly by year, and it would be misleading to include these costs in estimates of day-to-day operations. These costs are included separately in BOP's Building and Facilities (B&F) appropriation;
 - M&R projects typically cover one-time major repairs, such as replacing roofs, upgrading electrical plants, or repaving or resurfacing roads, and are tracked for budgetary purposes to support BOP's B&F appropriation; and
 - in accordance with BOP Program Statements and Statement of Federal Accounting Standard 6 (Accounting for Property, Plant and Equipment), BOP reports depreciation costs in its annual financial statement.



Objective 1: Facility and RRC Costs

Additional Factors Could Raise Estimated Costs of Operating BOP Facilities

- According to BOP officials, reported total daily costs do not represent the full cost of operating BOP facilities. Although reported total daily costs do not include construction, M&R, or depreciation, BOP includes these costs when computing a user fee each year to cover the full incarceration costs borne by BOP for housing state prisoners. The user fee is added to the total daily costs for each security level and includes
 - the cost of M&R and construction projects between \$10,000 and \$100,000 when these projects are put into use (maintenance and repair projects costing up to \$10,000 are already included in daily operating expenses);
 - depreciation of BOP real property, which also includes M&R and construction projects that are capitalized when put into use (the criteria for capitalization of real property include that the total project cost be \$100,000 or more, among other things); and
 - interest payments on a 25-year capital lease for a Federal Transfer Center in Oklahoma City.
- Adding the user fee would increase the cost of incarceration in BOP facilities at each security level about \$4.39 in fiscal years 2010 and 2011, and \$4.82 in fiscal year 2009.



Objective 1: Facility and RRC Costs

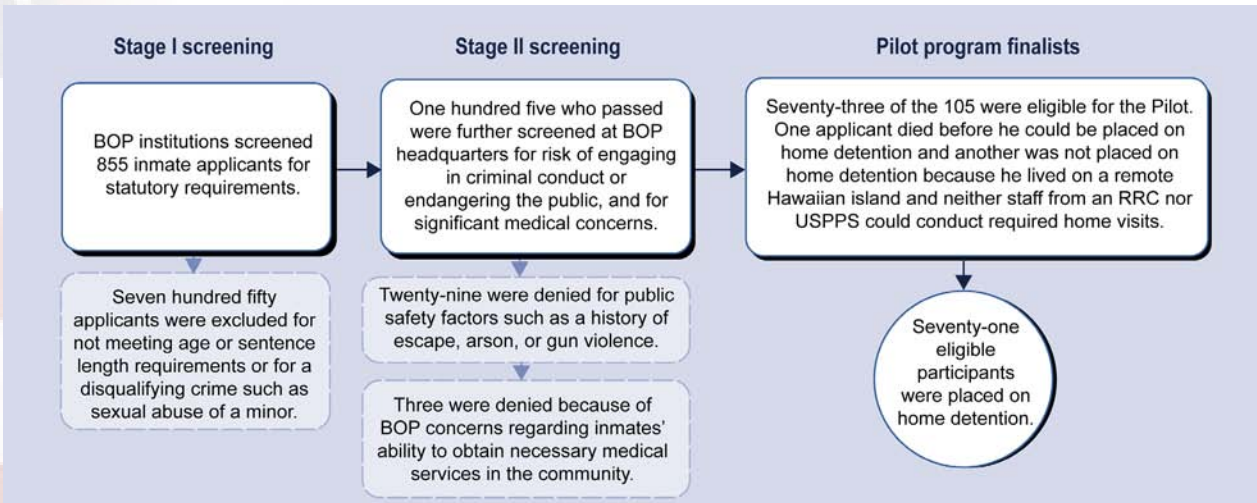
Exact Costs of Community Corrections Activities Are Unknown

- It is not known what specific costs are included in the community corrections costs reported by BOP, as RRC contractors are not required by Federal Acquisition Regulations to report what they spend their money on to BOP.
 - According to BOP officials, the costs of operating BOP facilities may not be comparable with the costs to RRC contractors of operating community corrections for the following reasons:
 - BOP facilities and RRCs serve different purposes. The purpose of placing an inmate in community corrections, according to BOP, is to help prepare the inmate for transition to the community.
 - It is not clear whether the RRC costs include the same factors included in BOP facility costs. BOP officials stated that they expected that the RRC contractors would include all costs to operate facilities in the rate contractors negotiate with BOP, including factors that BOP includes in estimates of operating its prison facilities, such as utilities, repair and maintenance, but also including factors that BOP does not include, such as property tax and a profit margin.
 - BOP officials stated that they anticipated that results from the pilot BOP is conducting to separate contract pricing for in-house beds and home detention services as a result of our prior recommendation would likely inform BOP about the price of each of these two components of community corrections.
-



Objective 2: Elderly Offender Pilot BOP Screened Inmate Applicants in Two Stages

•According to BOP officials, Pilot applicants denied at BOP institutions did not meet basic statutory eligibility criteria. Applicants denied at BOP headquarters were mostly excluded due to officials' assessments that the inmate was at risk of criminal conduct or endangering the public.



Source: GAO analysis of BOP data.



Objective 2: Elderly Offender Pilot Eligible Inmates Limited by the Statutory Criteria

- According to BOP officials, statutory requirements were the primary factor limiting the number of inmates eligible for the Pilot. BOP did not centrally track the specific reasons applicants were determined to be ineligible at the institution level, and stated that obtaining this evidence after the conclusion of the Pilot would be prohibitively labor-intensive. However, BOP estimates based on BOP's fiscal year 2012 inmate population data show that the population potentially eligible if statutory requirements for program eligibility remained the same would be limited:
 - BOP estimated that its fiscal year 2012 population of offenders 65 years of age and older who have served the greater of 10 years or 75 percent of their sentences is about 231 offenders.
 - Of the estimated 231 offenders 65 years of age and older who have served the greater of 10 years or 75 percent of their sentences in fiscal year 2012, BOP estimated that about 131 of these offenders would be excluded because of statutory prohibitions on participation of inmates who have been sentenced for a violent offense or sex offense or have a criminal history involving violent or sex offenses.



Objective 2: Elderly Offender Pilot Number Eligible under Revised Criteria

Table 2: BOP Estimate of the Number of Elderly Offenders Who Would Be Eligible for and Receive Home Detention from Fiscal Years 2012 through 2014 if Congress Revised the Pilot Statutory Criteria for Age and Sentence Length.

Age	Amount of sentence served	Projected number of Inmates receiving home detention ^a
Adjust age requirement, keep requirements for amount and percentage of sentence served		
60	Greater of 75% or 10 years	322
55	Greater of 75% or 10 years	452
Keep age requirement; adjust requirement for percentage of sentence served, and drop requirement to serve 10 years		
65	75%	477
65	70%	617
65	67%	673
65	50%	1,095

Source: GAO analysis of BOP inmate data and population projections.

^aBOP estimates assume program reauthorized in fiscal year 2012 and the same percentage of new applicants pass BOP's screening as did in fiscal year 2010 (74 percent).



Objective 2: Elderly Offender Pilot

BOP Reports Positive Outcomes from the Pilot

- According to BOP, the Pilot achieved several positive outcomes:
 - As of June 2012, none of the 71 inmates placed on home detention as the result of the Pilot had re-offended or violated the terms of release to home detention.
 - According to BOP, BOP's costs for Pilot participants' medical care were minimal (\$2,270 total, as of the December 2011 report; BOP further reported that there have been no substantial additional reported medical costs as of June 2012).⁶ In its review of inmate applications, BOP assessed each inmate's health and officials stated that Pilot applicants and participants were generally deemed to be in good health.
 - According to BOP, inmates on home detention are responsible for the costs of their health care, but if inmates cannot pay their health care costs, BOP will assume the burden of these costs.
 - Elderly inmates can also be eligible for Medicare, and may qualify for Medicaid or health services from the U.S. Department of Veterans Affairs to cover medical costs. BOP did not track or ask inmates if they used such services to cover or supplement their health care costs during the Pilot.

⁶Federal Bureau of Prisons, *Elderly and Family Reunification for Certain Nonviolent Offenders Pilot Program: Report to Congress* (December 2011), 4.



Objective 2: Elderly Offender Pilot

BOP's Estimates Identified No Cost Savings

- According to BOP, the Pilot cost \$540,631 more than what would have been spent had the inmates remained in BOP facilities.
 - According to BOP, transferring only one or two inmates out of a facility does not reduce necessary staffing levels and other costs associated with inmate care and prison operations. Therefore, BOP used marginal costs instead of total daily costs to calculate actual program costs. Marginal costs are estimates of what is actually spent to provide security, food, medical care, clothing, unit management, education, records, and maintenance when additional inmates are added to existing BOP facilities, and differs from per capita costs in that it includes almost no staffing costs. Home detention costs were calculated on a per capita basis, because if an inmate is on home detention, money is allocated to pay for the contractual services that would include monitoring equipment, drug testing, and home visits if required.
 - BOP compared the daily marginal cost to house an inmate in a minimum- or low-security facility (estimated at \$20.08 and \$24.32, respectively) with the regional average per diem paid to RRCs to supervise inmates on home detention (ranging from \$34.86 in BOP's Southeast Region to \$47.76 in BOP's North Central Region) for each day an inmate was on home detention. According to its estimates, BOP determined that it was more costly to place an inmate on home detention than house the inmate in a BOP facility.



Objective 2: Elderly Offender Pilot

BOP's Estimates Identified No Cost Savings (cont.)

- BOP officials stated that even if the Pilot eligibility requirements were to be changed, there would not be enough potentially eligible participants to reduce necessary staffing levels, utilities, maintenance, and other costs associated with inmate care and prison operations, unless the requirements for age or percentage of sentence served were substantially lowered. Therefore, BOP would continue to calculate costs of the program using marginal rather than total daily costs, resulting in net costs to BOP to operate the program.



Objective 2: Elderly Offender Pilot

BOP's Evaluation and Cost Estimates Had Limitations

- We identified limitations in BOP's evaluation of the Pilot and cost estimates, and thus the results may not be reliable for informing future policy decisions.
 - We reported in February 2012 that BOP does not require RRC contractors to separate the price of home detention services from the price of RRC beds and thus does not know the actual costs of home detention. We recommended that BOP establish a plan for requiring contractors to submit separate prices of RRC beds and home detention services.⁷
 - In responding to this recommendation, BOP identified an RRC solicitation in two locations as a pilot for separating contract pricing for in-house beds and home detention services. BOP stated that if the results of the pilot were determined to be cost-effective and in the best interest of BOP, it anticipated separating the pricing for in-house RRC and home detention services in all future RRC solicitations.
 - Most of the costs associated with the Pilot were for RRC monitoring of inmates on home detention. Since BOP is revisiting pricing for these services in responding to our recommendation, BOP is not yet in a position to know whether what it paid for home detention services for Pilot participants is a reliable indicator of what it would pay for home detention services if Congress considered continuing or expanding early release to home detention for elderly inmates.

⁷GAO-12-320, 20.



Objective 2: Elderly Offender Pilot

BOP's Evaluation and Cost Estimates Had Limitations (cont.)

- BOP's evaluation and cost estimate were also limited because they assumed BOP incurred additional costs for each day Pilot participants were on home detention. BOP assumed this because BOP's daily rate paid to the RRC for monitoring always exceeded the marginal cost of incarceration in a BOP facility.
- However, BOP would have been paying some of these costs anyway. Current law allows BOP to place inmates, to the extent practicable, on home detention for the shorter of 10 percent of the term of imprisonment or 6 months. All inmates eligible for the Pilot were required to have served 10 or more years of their sentences and as a result, could have been placed on home detention by BOP for up to 6 months (6 months is less than 10 percent of 10 years) even if the Pilot had not been conducted. Thus, some of these costs would have been incurred anyway, and this limitation could have affected BOP's conclusions about the additional costs of the Pilot.
- While the Pilot and the report on its results have now been completed, the limitations that we have identified raise questions about how reliable BOP's cost estimate and assessment of the Pilot are for making policy decisions about any similar pilots or other programs related to elderly offenders or home detention in the future.



Agency Comments

- We provided a draft of this briefing to the Department of Justice (DOJ) and BOP for review and comment. BOP did not provide written comments to include in this report, but provided technical comments, which we incorporated as appropriate.
- BOP disagreed with our statement that BOP does not know the exact cost of home detention. BOP stated that it knows the costs of home detention because it pays contractors a set rate of 50 percent of the cost for RRC beds. BOP also reiterated that RRC contractors are not required to provide BOP the costs they actually incur for home detention services. BOP noted that during the pilot they are conducting to separate the price of home detention from the RRCs, BOP will continue to know how much it pays contractors for home detention, but contractors will still not provide their actual costs. We agree that BOP knows what it pays for home detention and that the pilot will not provide BOP the contractors' exact costs for home detention. BOP will not know the exact cost of home detention and, as a result, we continue to believe our statement is accurate. Separating the price of home detention from the price of RRCs during the pilot, rather than assuming this price will be 50 percent of the RRC price, will provide BOP with better information on the costs of home detention and help BOP determine the most cost effective options for monitoring inmates on home detention.



GAO Contacts

-
- Should you or your staff have any questions on the matters discussed in this briefing, please contact David C. Maurer at (202) 512-9627 or maurerd@gao.gov or Chris Currie at (404) 679-1875 or curriec@gao.gov.

(441057)



GAO on the Web

Web site: <http://www.gao.gov/>

Contact

Chuck Young, Managing Director, Public Affairs, youngc1@gao.gov
(202) 512-4800, U.S. Government Accountability Office
441 G Street NW, Room 7149, Washington, D.C. 20548

Copyright

This is a work of the U.S. government and is not subject to copyright protection in the United States. The published product may be reproduced and distributed in its entirety without further permission from GAO. However, because this work may contain copyrighted images or other material, permission from the copyright holder may be necessary if you wish to reproduce this material separately.

This is a work of the U.S. government and is not subject to copyright protection in the United States. The published product may be reproduced and distributed in its entirety without further permission from GAO. However, because this work may contain copyrighted images or other material, permission from the copyright holder may be necessary if you wish to reproduce this material separately.

GAO's Mission

The Government Accountability Office, the audit, evaluation, and investigative arm of Congress, exists to support Congress in meeting its constitutional responsibilities and to help improve the performance and accountability of the federal government for the American people. GAO examines the use of public funds; evaluates federal programs and policies; and provides analyses, recommendations, and other assistance to help Congress make informed oversight, policy, and funding decisions. GAO's commitment to good government is reflected in its core values of accountability, integrity, and reliability.

Obtaining Copies of GAO Reports and Testimony

The fastest and easiest way to obtain copies of GAO documents at no cost is through GAO's website (www.gao.gov). Each weekday afternoon, GAO posts on its website newly released reports, testimony, and correspondence. To have GAO e-mail you a list of newly posted products, go to www.gao.gov and select "E-mail Updates."

Order by Phone

The price of each GAO publication reflects GAO's actual cost of production and distribution and depends on the number of pages in the publication and whether the publication is printed in color or black and white. Pricing and ordering information is posted on GAO's website, <http://www.gao.gov/ordering.htm>.

Place orders by calling (202) 512-6000, toll free (866) 801-7077, or TDD (202) 512-2537.

Orders may be paid for using American Express, Discover Card, MasterCard, Visa, check, or money order. Call for additional information.

Connect with GAO

Connect with GAO on [Facebook](#), [Flickr](#), [Twitter](#), and [YouTube](#). Subscribe to our [RSS Feeds](#) or [E-mail Updates](#). Listen to our [Podcasts](#). Visit GAO on the web at www.gao.gov.

To Report Fraud, Waste, and Abuse in Federal Programs

Contact:

Website: www.gao.gov/fraudnet/fraudnet.htm

E-mail: fraudnet@gao.gov

Automated answering system: (800) 424-5454 or (202) 512-7470

Congressional Relations

Katherine Siggerud, Managing Director, siggerudk@gao.gov, (202) 512-4400, U.S. Government Accountability Office, 441 G Street NW, Room 7125, Washington, DC 20548

Public Affairs

Chuck Young, Managing Director, youngc1@gao.gov, (202) 512-4800 U.S. Government Accountability Office, 441 G Street NW, Room 7149 Washington, DC 20548

