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December 2017

# BUREAU OF PRISONS

## Better Planning and Evaluation Could Help Ensure Effective Use of Retention Incentives

# GAO Highlights

Highlights of [GAO-18-147](#), a report to the Chairman, Committee on the Judiciary, U.S. Senate

## Why GAO Did This Study

BOP is the largest employer within DOJ and is responsible for the care and custody of an inmate population of about 186,000. BOP has faced challenges retaining staff at correctional facilities, although it has used retention incentives, along with other human capital flexibilities. GAO was asked to review BOP's use of retention incentives.

This report addresses: (1) how BOP used its authority to pay retention incentives; (2) internal controls BOP has in place for the use of retention incentives; and (3) the extent to which BOP plans for and evaluates the use of retention incentives. GAO obtained employee-level retention incentive expenditure data from DOJ's Justice Management Division for fiscal years 2012 through 2016. GAO also reviewed agency documentation, such as policy statements and 40 randomly selected retention incentive application packet case files from fiscal years 2014 through 2016. GAO also interviewed officials from BOP's Central Office and four correctional facilities that use retention incentives, selected to reflect variation in the number and types of employees receiving retention incentives, BOP regions, and BOP institution security levels.

## What GAO Recommends

GAO recommends that BOP (1) include human capital goals and how retention incentives will be used to achieve these goals in its human capital plan; and (2) evaluate the use of retention incentives. BOP concurred with GAO's recommendations.

View [GAO-18-147](#). For more information, contact Diana Maurer at (202) 512-9627 or [maurerd@gao.gov](mailto:maurerd@gao.gov).

December 2017

## BUREAU OF PRISONS

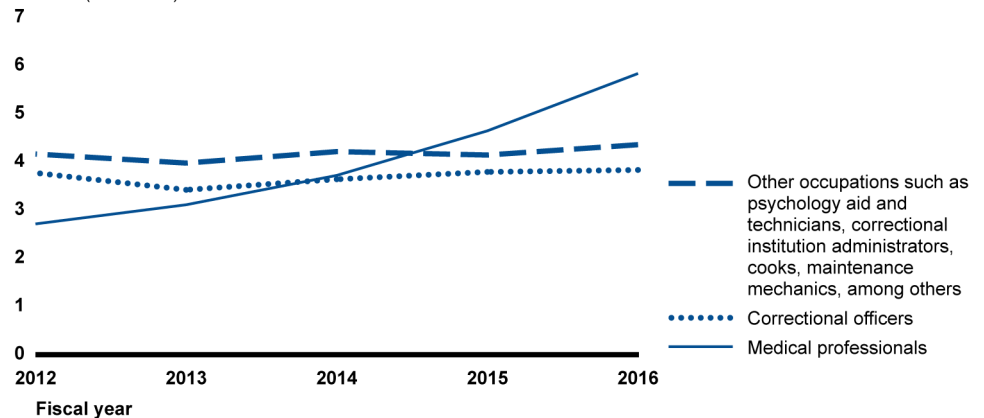
### Better Planning and Evaluation Could Help Ensure Effective Use of Retention Incentives

## What GAO Found

From fiscal years 2012 to 2016, the Department of Justice's (DOJ) Federal Bureau of Prisons' (BOP) total retention incentive expenditures generally increased from \$10.7 to \$14.0 million and the number of employees receiving retention incentives increased from 2,024 to 2,460. During those five years, BOP spent more than 97 percent of its total retention incentive expenditures on employees at four BOP institutions in California and for medical professionals nationwide. Further, total retention incentive expenditures for medical professionals increased by an average of 21 percent per year (see figure). According to BOP officials, BOP uses retention incentives, for example, to supplement BOP's medical professionals' salaries which are generally lower than private sector salaries.

**Bureau of Prisons' (BOP) Retention Incentive Expenditures by Groups of Occupations, Fiscal Years 2012- 2016**

Dollars (in millions)



Source: GAO analysis of BOP retention incentive data. | GAO-18-147

BOP has a variety of internal controls in place throughout the retention incentive process that help ensure retention incentive applications and approvals meet requirements. For example, each application goes through multiple levels of review to verify its accuracy and completeness.

BOP takes steps to determine workforce needs and how to fill those needs, but has not strategically planned for and evaluated its use of retention incentives. According to BOP, planning for human capital needs is conducted at institutions during quarterly meetings, but discussions about these incentives respond to short-term staffing situations rather than proactively addressing future staffing needs. Including human capital goals and strategies in BOP's human capital plan would create a roadmap so the agency could move from being reactive to its current workforce needs to being strategic in trying to achieve its long-term workforce goals. Additionally BOP has not evaluated the effectiveness of its use of retention incentives in retaining staff. As a result, BOP does not know whether retention incentives have contributed to employees' retention in relation to other incentives used by BOP. Consistent with key principles for strategic human capital planning, planning for and evaluating the use of retention incentives could help BOP better determine if these incentives are an efficient and effective means by which to retain staff.

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**Abbreviations**

3R	Recruitment, Relocation, and Retention
BOP	Federal Bureau of Prisons
CPU	Consolidated Processing Unit
DOJ	Department of Justice
FBI	Federal Bureau of Investigation
FCC	Federal Correctional Complex
FCI	Federal Correctional Institution
GS	General Schedule
HHS	Department of Health and Human Services
HRMD	Human Resource Management Division
JMD	Justice Management Division
OIG	Office of the Inspector General
OMB	Office of Management and Budget
OPM	Office of Personnel Management
PHS	Public Health Service
PRD	Program Review Division
SERS	Staffing and Employee Relations Section
USP	United States Penitentiary

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December 7, 2017

The Honorable Charles E. Grassley  
Chairman  
Committee on the Judiciary  
United States Senate

The Federal Bureau of Prisons (BOP) is the largest employer within the Department of Justice (DOJ). Its staff are responsible for managing the care and custody of an inmate population of about 186,000, but BOP has faced challenges retaining staff at some of its correctional facilities. With a fiscal year 2017 budget of more than \$7 billion—a quarter of DOJ’s budget—and about 40,000 employees, BOP uses retention incentives, along with other human capital flexibilities, to help retain its staff.<sup>1</sup>

Over the last decade, we, along with the Office of Personnel Management (OPM), DOJ, and DOJ’s Office of the Inspector General (OIG), have reported on the challenges BOP encounters when trying to retain or hire staff critical to the care of prisoners, such as medical professionals. These reviews showed, in part, that BOP faced challenges in retaining employees at federal institutions primarily because the private sector offered higher pay and more desirable work conditions, which was especially attractive to BOP personnel who were assigned to remote locations.<sup>2</sup> These reviews found that, as a result of these challenges, BOP had agency-wide staffing shortages, including mission-critical skills gaps that could have a significant impact on BOP’s mission. For example, as of June 2017, only 82 percent of BOP’s authorized medical positions were filled.

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<sup>1</sup>Retention incentives are a type of compensation-based human capital flexibility intended to help federal agencies address human capital challenges and to build and maintain a high-performing workforce with essential skills and competencies. Retention incentives are one of the “3R” incentives, along with recruitment and relocation incentives. According to the Office of Personnel Management (OPM), the intent of 3R incentives is to provide agencies with discretionary authority to help recruit, retain, and relocate employees in difficult staffing situations.

<sup>2</sup>OPM, *Recruitment, Relocation, and Retention Incentives Calendar Year 2007: Report to the Congress* (September 2008); Justice Management Division, DOJ, *BOP Staffing Study* (Washington, D.C.: August 2010); GAO, *Bureau of Prisons: Management of New Prison Activations Can Be Improved*, [GAO-14-709](#) (Washington, D.C.: August 22, 2014); DOJ OIG, *Review of the Federal Bureau of Prisons’ Medical Staffing Challenges, Evaluations and Inspections Division 16-02* (March 2016) and GAO, *High-Risk Series: An Update*, [GAO-15-290](#) (Washington, D.C.: February 2015).

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According to BOP officials and OPM, BOP uses retention incentives to better attract, hire, and retain top talent to work at remote locations and in undesirable working conditions and to help address staffing challenges at some institutions. You asked us to review BOP's use of retention incentives. For this report, we provide information regarding (1) how BOP has used its authority to pay retention incentives; (2) what internal controls BOP has in place for the use of retention incentives; and (3) the extent to which BOP plans for and evaluates the use of retention incentives.

To determine how BOP used its authority to pay retention incentives, we obtained employee-level retention incentive expenditure data from DOJ's Justice Management Division (JMD) for fiscal years 2012 through 2016.<sup>3</sup> We analyzed data from this period in order to capture the most recent trends in BOP's retention incentive expenditures and report on the most current data available. We aggregated and analyzed the employee-level data by institution, occupation, and employee grade level. We reviewed BOP, DOJ, and OPM manuals to identify the system codes used to track retention incentives expenditures related to specific institutions and BOP regions and to identify the names for each occupational series code in the datasets. We also obtained aggregated retention incentive expenditure data from U.S. Department of Health and Human Services' (HHS) Public Health Service (PHS) on the total amount of funds BOP reimbursed PHS.<sup>4</sup> These funds were used to reimburse for retention incentives awarded to PHS staff who were assigned to BOP for fiscal years 2012 through 2016. Additionally, we interviewed BOP Human Resource Management headquarters officials to obtain information on the primary purposes for BOP's use of retention incentives and their views on identified retention incentive expenditures trends. We also interviewed PHS officials to better understand how BOP and PHS manage costs, including retention incentive expenditures, for PHS staff assigned to BOP. To assess the reliability of both BOP employee-level data and PHS aggregated data, we examined the data and related controls, and we

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<sup>3</sup>The Justice Management Division serves as the focal point for performance and financial information for all Department of Justice components and employees, including BOP.

<sup>4</sup>BOP partners with HHS PHS to acquire medical staff to provide medical care for BOP's inmate population. BOP reimburses PHS for the costs of compensation and benefits—including retention incentive payments, if applicable—for PHS staff assigned to BOP. PHS has final approval authority for retention incentives paid to PHS staff assigned to BOP facilities.

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interviewed relevant BOP and PHS officials. We determined these data are sufficiently reliable for the purposes of this report.

To describe the internal controls that BOP has in place related to retention incentives, we reviewed documentation regarding BOP requirements and guidance for the use of retention incentives. We also interviewed officials from BOP's Central Office who are responsible for the administration, management, and oversight of BOP's human capital management systems, including retention incentives. Additionally, we interviewed the warden and human capital officers at 4 of the 122 BOP institutions to obtain illustrative examples regarding the internal controls in place at these institutions for ensuring the proper disbursement of retention incentives. Specifically, we interviewed BOP officials at Federal Correctional Complex Pollock in Pollock, LA; Federal Correctional Complex Butner in Butner, NC; United States Penitentiary Atwater in Atwater, CA and Federal Correctional Institution Phoenix, in Phoenix, AZ. These institutions were selected to ensure variation in the number and types of employees receiving retention incentives, BOP region, and security-level. Although the information we obtained from the interviews with officials at these four institutions cannot be generalized to other BOP institutions, these interviews provided important insights and perspectives about the use of retention incentives at BOP institutions. We also reviewed a non-generalizable random sample of 40 retention incentive application packet case files for fiscal years 2014 through 2016 to provide examples of the internal control activities that BOP institutions have in place to monitor the application, approval, and funds disbursement processes of BOP's retention incentive program.

To determine the extent to which BOP plans for and evaluates the use of retention incentives, we interviewed BOP officials regarding their experiences with retention incentives, how they use retention incentives to strategically manage their workforce needs, how the agency evaluates the effectiveness of retention incentives, and how retention incentives contribute to BOP's broader human capital goals. We then compared BOP efforts to our prior work on strategic human capital planning, specifically in terms of planning for and evaluating the use of human

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capital flexibilities.<sup>5</sup> Additionally, we interviewed the warden and human capital officers at the four BOP institutions mentioned above to obtain illustrative examples of how workforce planning occurs at these institutions. We also reviewed the DOJ OIG's relevant work and our prior reports to better understand the challenges that BOP faces in retaining medical professionals and other staff.

We conducted this performance audit from August 2016 through December 2017 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 audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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## Background

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### BOP's Organization and Workforce

#### Justice Management Division (JMD)

JMD provides the Federal Bureau of Prisons senior management with guidance as it relates to Department of Justice (DOJ) policy for all matters pertaining to organization, management, and administration, including the use of human capital flexibilities such as retention incentives.

Source: DOJ. | GAO-18-147

BOP is responsible for incarcerating all federal offenders sentenced to prison. To carry out its mission, BOP, under the oversight of DOJ's JMD, manages the human resource operations of its institutions, including the use of retention incentives. BOP administers, monitors, and oversees retention incentives through its Central Office, regional offices, and institutions.<sup>6</sup>

**Central Office.** The Central Office serves as BOP's headquarters and provides oversight of BOP operations and program areas. Within the Central Office is BOP's Human Resource Management Division (HRMD) which is responsible for developing, implementing and administering human resource policies and programs, including the use of retention

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<sup>5</sup>GAO, *FBI Counterterrorism: Vacancies Have Declined, but FBI Has Not Assessed the Long-Term Sustainability of Its Strategy for Addressing Vacancies*, [GAO-12-533](#) (Washington, D.C.: Apr. 16, 2012); GAO, High-Risk Series: An Update, [GAO-11-278](#) (Washington, D.C.: February 2011); GAO, *Human Capital: Key Principles for Effective Strategic Workforce Planning*, [GAO-04-39](#) (Washington, D.C.: Dec. 11, 2003); GAO, *Human Capital: Effective Use of Flexibilities Can Assist Agencies in Managing Their Workforces*, [GAO-03-02](#) (Washington, D.C.: Dec. 6, 2002); GAO, *A Model of Strategic Human Capital Management*, [GAO-02-373SP](#) (Washington, D.C.: Mar. 15, 2002).

<sup>6</sup>BOP's 122 institutions are operated at 5 different security levels: minimum, low, medium, high, or administrative. Facilities with different security levels that are in close proximity to each other are known as prison complexes.



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incentives that meet OPM and DOJ requirements.<sup>7</sup> In addition, the Central Office's Program Review Division (PRD) is responsible for assessing BOP programs, including human resources, to ensure that they are managed and operated effectively.

**Regional offices.** BOP has six regional offices that cover the Mid-Atlantic, North Central, Northeast, South Central, Southeast, and Western regions of the United States. These offices, each led by a regional director, oversee the operations of the 122 federal institutions within their respective geographic regions of the country. According to BOP officials, regional office staff also provide local level oversight of institutions' human capital programs, such as retention incentives, among other things.

**Institutions.** BOP institutions are managed by a warden and other officials, including an executive assistant and associate warden who generally provide overall direction and, in part, administer the institution's human capital policies, including policies on retention incentives. Correctional services staff represent the largest segment of each institution's workforce and are responsible for the correctional treatment, custody, and supervision of inmates. Non-correctional services staff include, among others, those employees assigned to non-correctional services management, facility operations, and the health services unit.<sup>8</sup> Workers in health services and psychology services are responsible for providing inmates with medical, dental, and mental health services and include, for example, dentists, pharmacists, physicians, nurses, psychologists, and drug treatment specialists.

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## Federal Laws and Regulations Related to Retention Incentives

The Federal Employees Pay Comparability Act of 1990 first authorized OPM to allow federal agencies to give incentives, including retention incentives, to employees.<sup>9</sup> The Federal Workforce Flexibility Act of 2004 provided federal agencies increased flexibilities regarding these

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<sup>7</sup>HRMD's responsibilities include coordinating BOP's personnel matters, incentive awards, retirement, and performance evaluations, among others.

<sup>8</sup>BOP also employs other staff, such as human resource specialists, which provide support and technical assistance in all areas of human resources; safety and compliance specialists; accountants, attorneys, secretaries, electricians, food services, and maintenance mechanics to help, for example, administer BOP programs and support operational readiness.

<sup>9</sup>Pub. L. No. 101-509, § 208, 104 Stat. 1389, 1458-1460.

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incentives.<sup>10</sup> For example, individual retention incentives that were capped at 25 percent of an employee’s basic pay rate could be increased up to 50 percent in cases of critical agency need with OPM’s approval. Generally, under OPM regulations, an agency is authorized to pay a retention incentive to employees. This happens when the agency determines that the unusually high or unique qualifications of the employee or a special need of the agency for the employee’s services makes it essential to retain the employee and that the employee would be likely to leave federal service in the absence of an incentive.<sup>11</sup> In addition, OPM requires agencies to develop plans for using retention incentives outlining, in part, the required documentation for justifying the retention incentive and any criteria for determining the amount of incentive and the length of the service period.<sup>12</sup> Generally, agencies must require that employees sign a written service agreement that outlines the terms of the service such as the employee’s agreement to remain a certain length of time with the agency.<sup>13</sup> Additionally, according to OPM regulations, to qualify for a retention incentive, each employee must have a performance rating of at least “fully successful” or an agency’s equivalent performance rating.<sup>14</sup>

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<sup>10</sup>Pub. L. No. 108-411, § 101, 118 Stat. 2305, 2305-2311.

<sup>11</sup>5 C.F.R. §§ 575.301, 575.306.

<sup>12</sup>5 C.F.R. § 575.307.

<sup>13</sup>The term “service agreement” means a written agreement between an agency and an employee outlining the terms of the retention incentive. Under 5 C.F.R. § 575.310, before paying a retention incentive, an agency must require an employee, including each employee covered by a group retention incentive authorization and any employee who may receive a higher retention incentive as a result of an OPM-approved waiver, to sign a written service agreement to complete a specified period of employment with the agency with certain exceptions. A written service agreement is not required if the agency pays the retention incentive in biweekly installments, and sets each biweekly installment payment at the full retention incentive percentage rate established for the employee under 5 C.F.R. § 575.309(a).

<sup>14</sup>5 C.F.R. § 575.305(d).

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## BOP's Retention Incentive Program

BOP funds the majority of its retention incentives through its Salaries and Expenses appropriation account which represented almost 93 percent of BOP's budget in FY 2016.<sup>15</sup> According to BOP officials, BOP's Central Office allocates funding from the Salaries and Expenses account to the regional offices. These regional offices then determine how to allocate their budget among various salary and expense activities, including retention incentives. HRMD delegates retention incentive determinations to each institution. In accordance with OPM requirements and BOP's October 2016 Program Statement on Compensation, the wardens make retention incentive requests based on documented evidence that the employee possesses unusually high or unique qualifications or meets a special need of the agency and has a performance rating of at least "successful or its equivalent."<sup>16</sup> These incentives are calculated as a percentage of the employee's basic pay and are disbursed in installments to the employee each pay period.

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## Other Compensation-Based Human Capital Flexibilities

In addition to retention incentives, BOP has authority to provide other compensation-based human capital flexibilities to employees, in certain circumstances.<sup>17</sup> The following summarizes some of the compensation-based human capital flexibilities that BOP uses in addition to retention incentives, to retain and recruit staff:

- **Recruitment and relocation incentives.** BOP pays recruitment incentives to new hires and relocation incentives to current employees

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<sup>15</sup>In addition to the Salaries and Expenses account, BOP may also use its Buildings and Facilities appropriation account and Trust Fund account—a self-sustaining account that is funded through sales of goods and services to inmates—to fund small portions of its retention incentive payments. (In fiscal year 2016, payments from the Trust Fund account represented about 1 percent of BOP's retention incentive payments; no retention incentive payments were made from the Buildings and Facilities account in fiscal year 2016.) In fiscal year 2016, BOP was appropriated \$6,948,500,000 to its Salaries and Expenses account for the Federal Prison System and \$530,000,000 to the Buildings and Facilities account, with \$444,000,000 of that available only for costs related to the construction of new facilities. Consolidated Appropriations Act, 2016, Pub. L. No. 114-113, 129 Stat. 2242, 2302-2303.

<sup>16</sup>BOP program statements serve as the formal policies guiding agency operations across the entire federal prison system, setting the foundation for how all institutions should operate.

<sup>17</sup>There are also a number of non-compensation-based flexibilities BOP may provide its employees such as work arrangements and work-life flexibilities, which include telework, health and wellness programs, subsidized transportation, and subsidized education and training, among others.

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who elect to move to a different geographic area, when a position is likely to be difficult to fill in the absence of an incentive.

- **Student loan repayments.** Using this authority, BOP may repay federally-insured student loans to attract job candidates or retain current employees.
- **Special salary rates.** With OPM approval, BOP may establish higher rates of pay for an occupation or group of occupations nationwide or in a local area when it finds the government's recruitment or retention efforts are, or would likely become, significantly handicapped without those higher rates.
- **Physicians and dental comparability allowances.** Comparability allowances may be paid to certain eligible physicians or dental professionals who enter into service agreements. These allowances are paid only to categories of physicians and dentists for which the agency is experiencing recruitment and retention problems and are fixed at the minimum amounts necessary to deal with such problems.

## BOP Increased Its Use of Retention Incentives and Used Them Primarily to Retain Staff in California and for Medical Professionals Nationwide

BOP's Total Retention Incentive Expenditures and the Number of Employees Receiving Retention Incentives Generally Increased from Fiscal Year 2012 through Fiscal Year 2016

BOP retention incentive expenditures generally increased from \$10.7 million in fiscal year 2012 to \$14.0 million in fiscal year 2016.<sup>18</sup> Additionally, as illustrated in table 1, the number of employees who received retention incentives increased each year from 2,024 employees in fiscal year 2012 to 2,460 employees in fiscal year 2016.

**Table 1: Bureau of Prisons' (BOP) Retention Incentive Expenditures and Number of Employees Who Received Retention Incentives, Fiscal Years (FY) 2012 through 2016**

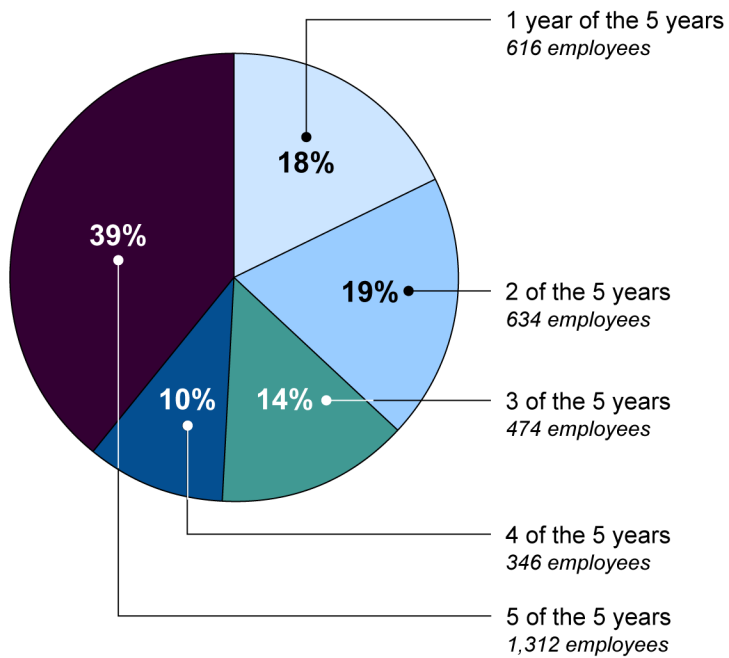
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Total retention incentive expenditures	\$10,657,463	\$10,515,986	\$11,583,960	\$12,589,780	\$14,035,226
Number of employees receiving retention incentives	2,024	2,133	2,258	2,375	2,460

Source: GAO analysis of BOP retention incentive data. | GAO-18-147

<sup>18</sup>Total expenditures do not include retention incentive expenditures for PHS medical staff assigned to BOP. HHS has final approval authority regarding whether to pay a retention incentive to PHS staff assigned to BOP, and BOP reimburses PHS for the cost of compensation and benefits, including retention incentives, for these staff. According to PHS, BOP reimbursed PHS \$804,260 in retention incentives for 25 of the assigned PHS staff in fiscal year 2012 and \$886,837 in retention incentives for 31 of the assigned PHS staff in fiscal year 2016.

In general, BOP employees who received retention incentives received the incentive for more than one year. For example, from fiscal year 2012 through fiscal year 2016, a total of 3,382 BOP employees received retention incentive payments. Of those, 82 percent (2,766 of 3,382) received retention incentive payments for at least 2 years and 39 percent received retention incentives all 5 years, as shown in figure 1.

**Figure 1: Number of Years Bureau of Prisons' (BOP) Employees Received Retention Incentives, Fiscal Years 2012 through 2016**



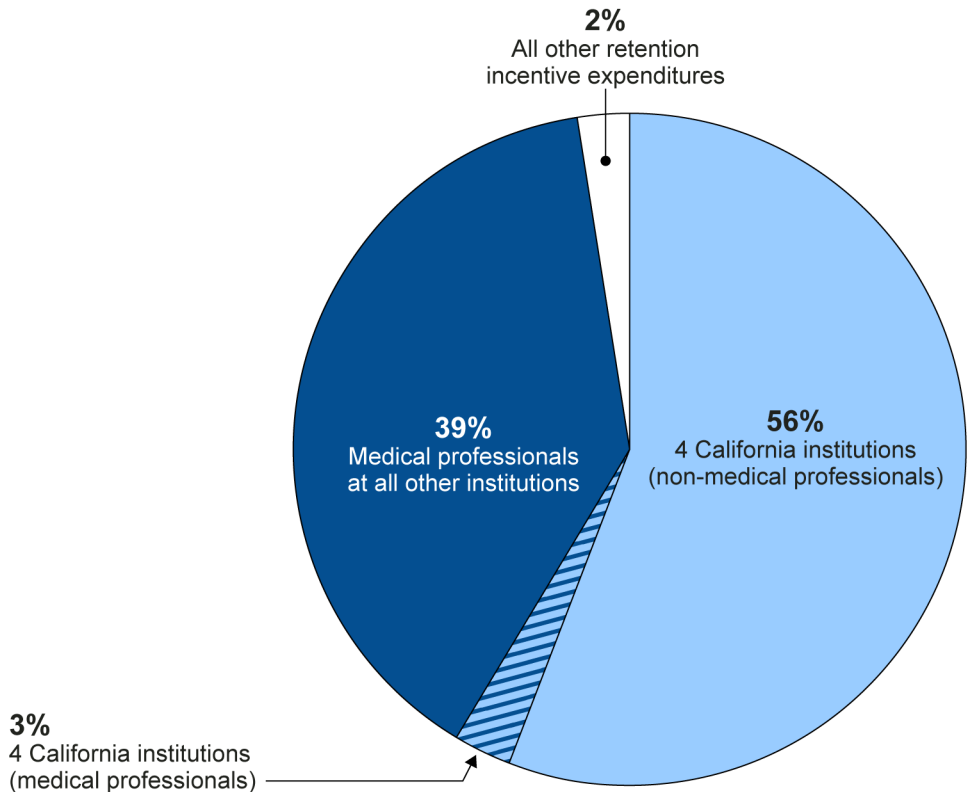
Source: GAO analysis of BOP retention incentive data. | GAO-18-147

Note: A total of 3,382 BOP employees received retention incentives from fiscal year 2012 through 2016.

**BOP Used Retention Incentives Primarily at Four California Institutions and for Medical Professionals Nationwide**

From fiscal years 2012 through 2016, BOP spent more than 97 percent of its total retention incentive expenditures on employees at four California institutions and for medical professionals nationwide. BOP’s total retention incentive expenditures for the four California institutions and medical professionals nationwide in fiscal year 2016 are provided in figure 2.

**Figure 2: Percentage Share of Total Retention Incentive Expenditures for Bureau of Prisons’ (BOP) Four California Institutions and Medical Professionals, Fiscal Year 2016**



Source: GAO analysis of BOP retention incentive data. | GAO-18-147

Notes: The four California Institutions are U.S. Penitentiary Atwater, Federal Correctional Institution (FCI) Herlong, FCI Mendota and Federal Correctional Complex Victorville.

Medical professionals are dentists, dental assistants and hygienists, diagnostic radiological technologists, health aid and technicians, medical doctors (including psychiatrists), medical technologists, nurses, pharmacists and their technicians, physician assistants, practical nurses, and psychologists.

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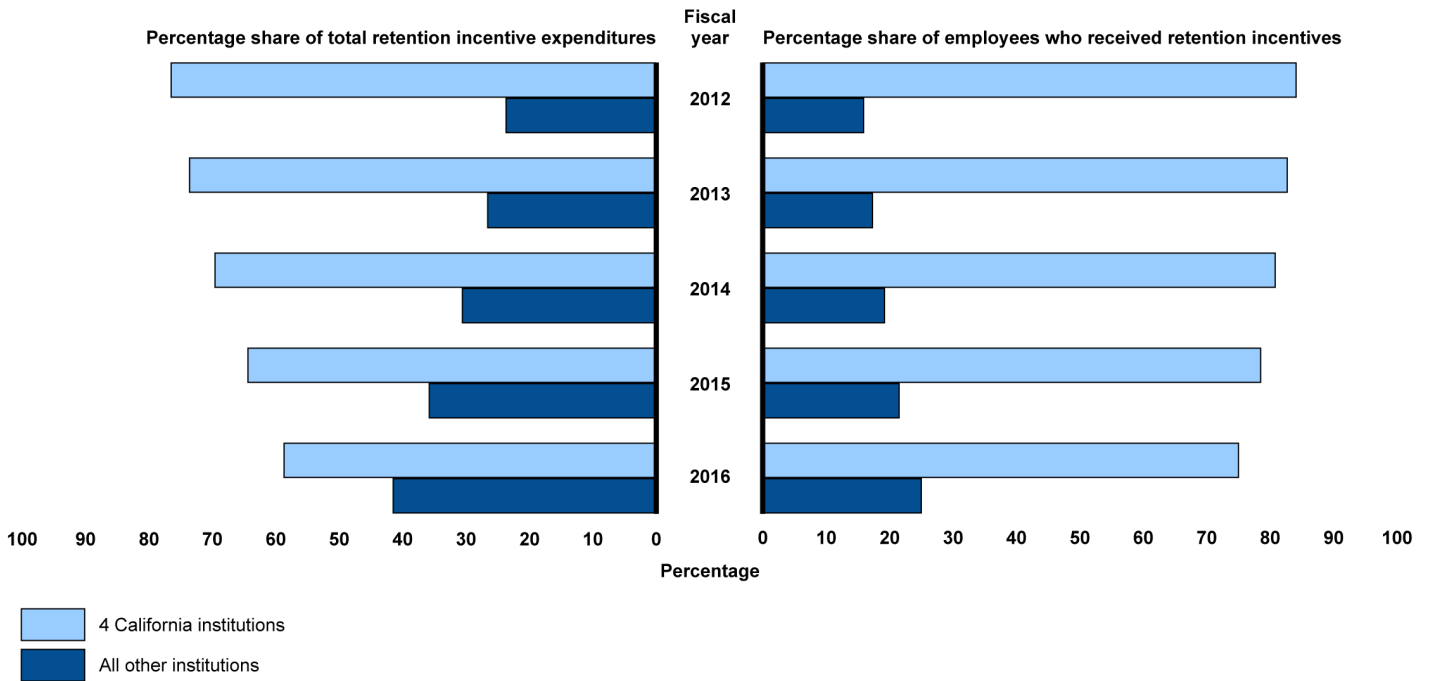
**Four California Institutions.** The California institutions—United States Penitentiary (USP) Atwater, Federal Correctional Institution (FCI) Herlong, FCI Mendota, and Federal Correctional Complex (FCC) Victorville—constituted the largest portion of BOP’s total retention incentive expenditures, and the level of their expenditures remained relatively steady from fiscal year 2012 through 2016. BOP provides group retention incentives for staff at the General Schedule (GS) grades level 12 and below and those in the Federal Wage System at three institutions—USP Atwater, FCI Herlong, and FCC Victorville.<sup>19</sup> BOP also provides individual retention incentives to its employees at GS grades level 12 and below and in the Federal Wage System at FCI Mendota. As shown in figure 3, our analysis of BOP data found that from fiscal years 2012 through 2016, these four California institutions had the largest percentage of retention incentive expenditures across institutions as well as the largest percentage of employees who received retention incentives.

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<sup>19</sup>Generally, according to OPM guidelines established in 5 C.F.R. § 575.305(b), an agency may pay a retention incentive to a group or category of employees when the agency determines that the unusually high or unique qualifications of the group or category of employees or a special need of the agency for the employees’ services makes it essential to retain the employees in that group or category and there is a high risk that a significant number of the employees in the group would be likely to leave the federal service in the absence of a retention incentive.



**Figure 3: Bureau of Prisons' (BOP) Retention Incentive Expenditures and Number of Employees who Received Retention Incentives across Institutions, Fiscal Years 2012 through 2016**



Source: GAO analysis of BOP retention incentive data. | GAO-18-147

Note: The four California Institutions are U.S. Penitentiary Atwater, Federal Correctional Institution (FCI) Herlong, FCI Mendota, and Federal Correctional Complex Victorville.

Additionally, the four California institutions' retention incentive expenditures remained relatively steady—around \$8.1 to \$8.2 million during the 5-year period—even though the overall number of employees who received the incentives generally increased. BOP officials told us that these California institutions' retention incentive expenditures remained relatively steady in spite of an overall increase in the number of employees receiving incentives, in part, because in fiscal year 2013 BOP reduced the retention incentive rate—the percentage of an employee's

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basic pay that determines the employee's retention incentive— by 3 percent at the four California institutions.<sup>20</sup>

BOP officials reported using retention incentives primarily at these four institutions to supplement correctional officers' salaries and compensate for the gap between BOP's and other institutions' salaries. Specifically, officials told us that these four California institutions were consistently understaffed as a result of their lower salaries in comparison to salaries offered at California state and local prisons and at other BOP institutions in California metropolitan areas. The Department of Labor's Bureau of Labor Statistics reports that the average salary for correctional officers in California in 2016 was \$70,020.<sup>21</sup> For the same year, the annual average salary for BOP correctional officers at these four institutions was \$50,859. To bring these four California institutions' salaries in line with those offered by state, local, and other BOP institutions in California metropolitan areas, BOP officials told us that they first use recruitment incentives to attract and hire staff and then provide retention incentives to employees with a performance rating of at least "successful."<sup>22</sup>

**Medical Professionals.** From fiscal years 2012 through 2016, BOP retention incentive expenditures for medical professionals increased by an average of approximately 21 percent per year. Our analysis showed that most recently—for fiscal years 2015 and 2016—BOP retention incentive expenditures for medical professionals accounted for the largest portion of BOP's total retention incentive expenditures across the various occupation groups and was primarily responsible for the overall increase

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<sup>20</sup>In 2011, OPM and the Office of Management and Budget (OMB) guidance asked agencies to ensure that spending on recruitment, relocation, and retention incentive awards did not exceed calendar year 2010 levels. In 2013, BOP reduced its retention incentive rate at USP Atwater, FCI Herlong, FCI Mendota, and FCC Victorville to comply with this guidance and remain within its 2010 spending levels. OPM and OMB, *Guidance on Awards for Fiscal Years 2011 and 2012*, (Washington D.C.: June 2011), CPM 2011-10.

<sup>21</sup>The Department of Labor's Bureau of Labor Statistics estimates are calculated with data collected from employers in all industry sectors, including state government, local government, the federal government and others, such as psychiatric and substance abuse hospitals.

<sup>22</sup>According to BOP policy, all employees who receive a recruitment incentive are required to sign a service agreement that outlines the terms of the service such as the employee's agreement to remain a certain length of time with the agency. BOP retention incentive policy states that employees who are under a recruitment incentive service agreement cannot receive a retention incentive during the time specified by the recruitment incentive service agreement.

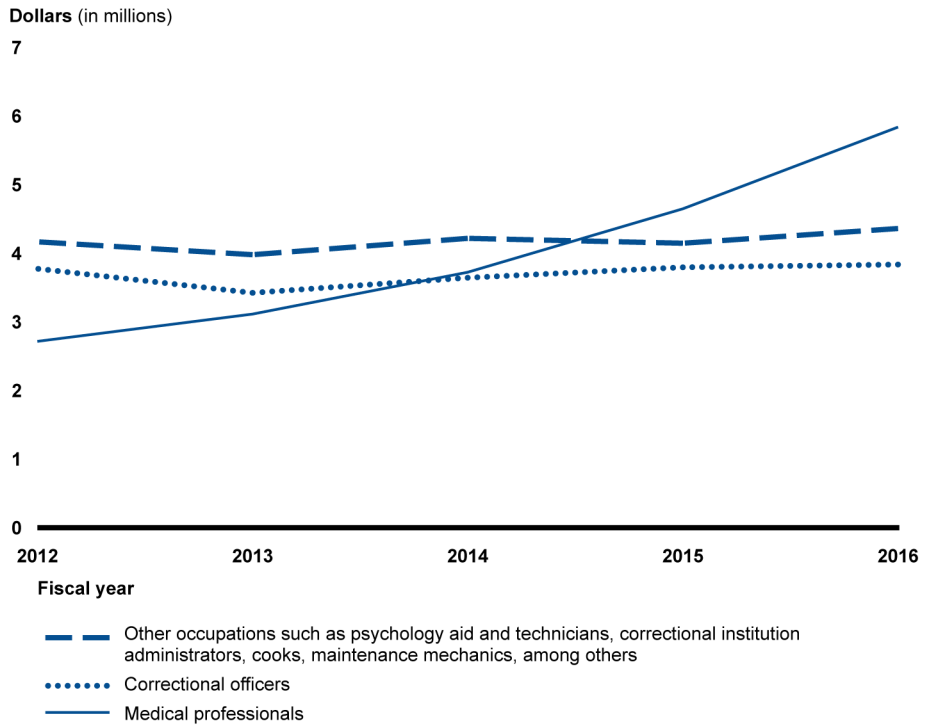
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in BOP's total retention incentive expenditures from fiscal year 2012 through fiscal year 2016.<sup>23</sup> For example, in fiscal year 2016, BOP spent approximately 42 percent of total retention incentives expenditures for medical professionals (\$5.8 million), 27 percent on correctional officers (\$3.8 million), and the remaining 31 percent on employees in other occupations. In total, BOP retention incentive expenditures for medical professionals increased from approximately \$2.7 million in fiscal year 2012 to \$5.8 million in fiscal year 2016, as shown in figure 4. The increase accounted for 92 percent of BOP's total increase in retention incentive expenditures during the five-year period. In comparison, BOP's retention incentive expenditures for correctional officers and all other occupations remained relatively steady from fiscal year 2012 through fiscal year 2016, increasing by an average of approximately 1 percent per year.

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<sup>23</sup>Nurses, physicians, dentists, and physician assistants comprise the majority of retention incentive expenditures for medical professionals. For a list of retention incentive expenditures and number of employees by occupation and grade level for fiscal year 2016, see appendix II.

**Figure 4: Bureau of Prisons' (BOP) Retention Incentive Expenditures by Groups of Occupations, Fiscal Years 2012 through 2016**



Source: GAO analysis of BOP retention incentive data. | GAO-18-147

According to our analysis, the increase in retention incentive expenditures for medical professionals during the five years is partially explained by the increase in the number of institutions providing retention incentives to medical professionals. Specifically, from fiscal years 2012 through 2016, the number of institutions providing retention incentives to medical professionals increased from 53 institutions with 341 employees in medical occupations receiving retention incentives to 84 institutions providing retention incentives to a total of 646 employees in medical occupations.

According to BOP officials, BOP primarily uses retention incentives for medical professionals in an effort to retain these employees by supplementing BOP salaries which are generally lower than salaries offered to medical professionals in the private sector. Officials told us that BOP has designated medical professional positions as hard-to-fill and, therefore, BOP retaining these professionals in a correctional setting

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requires the use of a variety of incentives, including retention incentives, in order to increase pay.<sup>24</sup>

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## BOP Has a Variety of Internal Controls in Place throughout the Retention Incentive Process

### BOP's Internal Controls Are Intended to Ensure That Retention Incentive Applications and Approvals Meet Requirements

BOP has a number of internal controls in place to ensure that retention incentive applications meet BOP and other requirements. BOP officials told us that these controls are part of a multilayered application and review process that begins at the institution and culminates at BOP's Central Office. Our review of a random sample of 40 application packet case files for retention incentives awarded from fiscal year 2014 through fiscal year 2016 found that they all generally incorporated the internal controls described by officials. The key controls in this process include:

#### **Application review at the institution and regional levels.**

According to BOP officials, the retention incentive application process begins with an institution's human resources office, whose staff complete a retention incentive application on behalf of an employee. The institution's human resources office verifies that the information in the application justifies a retention incentive and that funds are available to pay the incentive. Although it is not required, BOP officials said that they use a retention incentive application checklist to help institutions ensure that retention incentive applications are complete. The institution's human resources office then submits the completed application packet, which includes supporting documentation, to the warden for review. Next, the application packet is forwarded to the respective BOP regional director who also reviews it for accuracy and completeness. The regional director then adds an approval

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<sup>24</sup>BOP officials said they determine that positions are "hard-to-fill" by the vacancy rate and the length of time they remain vacant. From fiscal years 2012 through 2016, BOP increased the number of employees in medical occupations who received retention incentives from 341 to 646.

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statement and forwards the packet to the Central Office for final review and approval. Of the 40 randomly selected application packet case files that we reviewed, 36 included a retention incentive checklist used by the institutions and all contained information to justify the retention incentive as well as a statement of the regional director's approval.

**Central Office's final application approval.** BOP policy requires that all retention incentive applications undergo two levels of review in BOP's Central Office: first by the Human Resource Management Division's (HRMD) Staffing and Employee Relations Section (SERS) and next by HRMD's Personnel Director, for final review and approval. According to BOP officials, during the review process there is ongoing communication between the various entities to ensure that applications are complete and accurate; for example, if SERS finds an error in the application or requests additional information, SERS returns the application to the regional or institutional level for correction and re-review. All of the 40 BOP application packet case files that we reviewed included approvals by HRMD's Personnel Director or an authorized official, as required by BOP policy.

**Annual review and re-certification to continue retention incentives.** According to BOP policy, on an annual basis, institutions' human resources offices are required to review employees' retention incentives to determine whether the incentive is still warranted. Payment of a retention incentive may be recertified and continued as long as the conditions giving rise to the original determination to pay the incentive still exist and funds are available. For each retention incentive, an institution's human resources office must determine whether to continue, adjust, or terminate the incentive within one year of the initial or most recent approval. If the human resources office decides to continue the retention incentive, the institution's warden must again submit a retention incentive application. Applications to continue the retention incentive proceed through the same review and approval process as initial applications. Of the 40 application

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files that we reviewed, 29 were continuations and 8 were initial requests for a retention incentive.<sup>25</sup>

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## BOP Institutions Use Internal Controls to Help Monitor the Expiration, Continuation, or Termination of Retention Incentives

According to BOP officials, after the initial approval of a retention incentive, an institution's human resources office has primary responsibility for the monitoring of retention incentive payments. According to officials, institutions use a variety of internal controls to monitor the expiration, continuation, or termination of retention incentives, for example:

**Monitoring expiration dates.** BOP officials stated that institutions' human resources offices monitor retention incentives in order to identify incentives that are approaching their expiration date and need to be terminated or renewed. For example, according to BOP officials from USP Atwater, FCC Butner and FCI Phoenix, staff from their institutions' human resources offices may generate a retention incentive activity report and cross reference this report with their locally generated tracking sheets. This process helps identify retention incentives approaching their expiration dates so that the human resources offices can submit a request for continuation before the incentive expires.

**Using automated reminders to prompt file review.** BOP officials stated that institutions use automated reminders to alert human resources staff to check the records of retention incentive recipients for human resources-related events such as promotions or relocations that could affect the continuation of a retention incentive.

**Following a checklist of steps for relocation processes.** BOP officials told us that in April 2016 they instituted a checklist that outlines steps that an institution's human resources staff must take when employees relocate to a different institution. Based on our review of this checklist, one step on the sheet prompts human resources staff to review the employee's retention incentive. According to BOP policy, when an employee receiving a retention incentive transfers to another location, the human resources office

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<sup>25</sup>Three of the application files did not indicate whether the retention incentive was a continuation or an initial request. According to BOP officials, the missing information may have been an oversight by the institutions that processed the applications.

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where the employee was receiving the retention incentive is responsible for submitting a request to terminate the incentive. The termination must be effective the last day of the pay period that the employee occupies the position.<sup>26</sup>

**Submitting forgiveness waivers.** BOP officials told us that institutions submit forgiveness waivers if a request to continue a retention incentive is not submitted and approved prior to the retention incentive expiring. BOP officials said that a forgiveness waiver is considered an acknowledgement of an administrative error and is a late submission of a retention incentive renewal that was still warranted. The waiver is not a request to forgive an overpayment since the employee was still considered to be eligible for the retention incentive. Of the 40 retention incentive applications that we reviewed, 5 applications included forgiveness waivers to excuse the tardiness of the filing and request continuations of the retention incentive.

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## BOP and DOJ Conduct Periodic Reviews of Retention Incentive Controls

According to BOP officials, BOP conducts periodic audits and reviews of its human capital activities and related internal controls, to ensure that retention incentives are being used appropriately. The following offices conduct various audits and reviews involving BOP's retention incentives:

**BOP's Program Review Division (PRD) audits regional and institutional human resources functions.** PRD audits BOP's regional and institutional human resources offices to ensure that they are in compliance with BOP policies and procedures. According to BOP officials, as part of the audit process, PRD audits retention incentives to ensure that they have the proper approvals and are justified. PRD audits each institution's human resources office at least every three years. During these audits, PRD generates retention incentive activity reports (the same reports that institutions run when monitoring for expiration dates), to check the accuracy of retention incentive programs under

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<sup>26</sup>Requests to terminate retention incentives are submitted to the Consolidated Processing Unit (CPU). The CPU is responsible for processing BOP payroll and personnel transactions, including terminating retention incentives; setting pay; maintaining electronic Official Personnel Files and performance and payroll files. The CPU is also BOP's primary liaison with DOJ and the National Finance Center on matters related to payroll processing and time and attendance.



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review. Following each audit, PRD issues a final report with findings to the institution and to the staff operating the program area under audit. Institutions respond to the report with corrective actions that the institution will take to address the findings. When the institution has resolved all corrective actions from the audit, the audit is closed. Additionally, each quarter, PRD provides HRMD with a report that summarizes its quarterly audit findings. According to BOP officials, HRMD uses these reports to identify any agency-wide trends that need to be addressed.

Our review of BOP data showed that between fiscal years 2012 and 2016, PRD conducted nearly 200 audits. For example, in the fourth quarter of fiscal year 2016, PRD audited five institutions' and regional offices' human resource management functions. During these audits, PRD identified nine deficiencies, one of which pertained to retention incentives. Specifically, it found that one audited institution did not terminate an employee's retention incentive after the employee had relocated to another institution. To correct the deficiency, the institution cancelled the retention incentive which discontinued future disbursements. According to BOP officials, a bill was generated to recoup the overpayment from the employee.

**BOP institutions conduct annual operation reviews of internal functions, such as human resources.** BOP officials told us that each institution conducts annual operational reviews of various internal functions, such as human resources. According to BOP's Program Review Guidelines for Human Resource Servicing Offices, during these reviews, institutions are required to review supporting documentation for staff currently receiving an incentive to determine if the incentives are still warranted. If the initial request for the retention incentive was made over the preceding 12 months, institutions are also required to ensure that it was approved. According to BOP officials, the results of these reviews are reported to PRD through the Central Office.

**DOJ's Justice Management Division (JMD) audits BOP's human resources programs.** According to BOP officials, JMD conducts audits of component-level human resources programs to determine whether BOP's systems are compliant with DOJ policy and aligned with DOJ's Human Capital Strategic Plan. JMD's most recent audit of BOP's human resources programs that included a review of BOP's retention incentives occurred in September 2010

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at BOP's Human Resource Service Center in Grand Prairie, Texas. JMD found that in some cases BOP granted retention incentives prior to the signing of service agreements. JMD also found that BOP lacked documentation to authorize a group retention incentive for employees at its Victorville, California institution. BOP's written response to the findings stated that JMD incorrectly applied the service agreement requirement, as service agreements were not warranted in the specific case that it identified.<sup>27</sup> Additionally, BOP stated that the documents JMD identified as missing from the case files in question were kept in separate files and not required to be part of the retention incentive application. JMD agreed with BOP's responses and in January 2013, JMD closed out the audit's findings noting that these responses satisfied all required corrective actions.

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## BOP Conducts Limited Planning and Evaluation of the Effectiveness of Retention Incentives

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### BOP's Planning for the Use of Retention Incentives is Limited

While BOP takes a number of steps to determine current workforce needs and how to fill those needs, BOP does not strategically plan for how retention incentives can be used to meet long-term human capital goals. BOP officials stated that planning for human capital needs is conducted at institutions during quarterly workforce utilization meetings or manpower salary meetings. During these meetings, executive staff at the institution discuss the current state of the institution's workforce. According to the BOP officials, while considering attrition, hiring, and turnover rates, the executive staff decide strategies they will employ to attract and retain employees for their current needs.

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<sup>27</sup> According to BOP, per OPM regulations, a written service agreement was not required because the agency 1) paid retention incentives in biweekly installments and 2) set each biweekly installment at the full retention incentive percentage rate established for the employee under 5 C.F.R. § 575.309(a).

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While officials we spoke with at four institutions have discussed retention incentives at their workforce utilization meetings, details about the content of these discussions ranged. According to these officials and our review of meeting minutes from the four institutions, discussions about retention incentives respond to each institution's short-term staffing situation rather than address future staffing needs based on an overall strategic human capital plan. For example:

- **USP Atwater** officials told us that they review the current turnover rate, budget, projected vacancies, and use of retention incentives at annual budget development meetings. Meeting minutes reflected the following on retention incentives: "retention [incentives]... [are] still necessary to retain staff and hard-to-fill positions."
- **FCC Butner** is a medical facility that offers retention incentives to all medical officers (all types of doctors) and nurses (practitioners, registered, etc.) at the institution. According to Butner officials, during workforce utilization meetings, Butner officials discuss recruitment and staffing trends for the institution and plans for how to address any staffing challenges. Meeting minutes we reviewed did not indicate specific discussions about the use of retention incentives.
- **FCC Pollock** executive staff discuss current institutional salary expenditures and projections and the status of vacant positions at workforce utilization meetings. While meeting minutes we reviewed indicated discussions about projected expenditures for incentive awards, the minutes did not differentiate between retention incentive awards, and other incentive awards such as recruitment or relocation incentive awards.
- **FCI Phoenix** officials stated that in their workforce utilization meetings, executive staff discuss salary projections and vacancy statuses. Meeting minutes we reviewed did not indicate specific discussions about the use of retention incentives.

BOP decisions about retention incentives are currently not tied to any strategic human capital plan for how to use human capital flexibilities—such as retention incentives—to address their ongoing challenge of retaining staff in hard-to-fill positions. According to officials, retention incentives are awarded on an as-needed basis, determined by an institution's warden, if funds are available.

According to key principles for effective strategic human capital planning, such planning is an important component of an agency's effort to develop long-term strategies for acquiring, developing, and retaining staff needed

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for an agency to achieve its goals.<sup>28</sup> Specifically, senior leaders should be involved in developing, communicating, and implementing strategic human capital plans. Within an agency's strategic human capital plan, the human capital policies, practices, and programs—for example, an agency's retention incentive program—should clearly link to the human capital and program goals of the organization. By not having a strategic human capital plan that clearly establishes strategies that will be used to achieve specific human capital goals, BOP cannot ensure that its institutions are strategically managing their workforces in a manner that meets the agency's human capital needs.

In August 2017, BOP officials told us that they began drafting a strategic human capital operating plan that will include strategic objectives, action plans, performance objectives and measures, and evaluation/reporting requirements. Officials stated that the plan will also include planning regarding the use of human capital flexibilities, such as retention incentives. BOP officials told us that they anticipate that the strategic human capital operating plan will be a supplement to their workforce utilization meetings and that an agency-wide plan will provide a set of strategies for all institutions to consider. However, BOP could not provide documentation of the project beginning or whether it would include a strategic approach specific to retention incentives. Including retention incentives in BOP's strategic human capital operating plan would create a roadmap for the agency and the institutions to use to move from being reactive in their current workforce needs—for example, awarding retention incentives on an ad hoc basis when funds are available—to being strategic in how retention incentives are used and to ensure that these and other flexibilities help the agency achieve its long-term workforce goals.

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## BOP Does Not Evaluate the Effectiveness of Retention Incentives

From fiscal year 2012 through fiscal year 2016, BOP spent more than \$59 million on retention incentives but has not established any measures to evaluate their effectiveness. According to officials, BOP has not evaluated the effectiveness of its use of retention incentives because BOP officials consider a retention incentive successful if an employee does not leave the agency. However, BOP also uses other human capital flexibilities along with retention incentives to help retain staff. For example, BOP uses physician and dental comparability allowances—additional pay to a

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<sup>28</sup>[GAO-04-39](#).

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physician or dentist who enters into an agreement for a specified period of service—to help retain these medical personnel. According to officials, it would otherwise be difficult to compete with private sector salaries without the use of all available incentives. However, BOP has not studied whether or how retention incentives have contributed to employees' retention in relation to other incentives such as physician and dental comparability allowances.

According to our work on strategic human capital management and OPM's guidance, it is crucial for organizations to evaluate the success of their human capital strategies, such as the use of retention incentives.<sup>29</sup> In measuring the performance of these strategies and their contribution to key programmatic results, agencies can make adjustments, if necessary.<sup>30</sup> For example, agencies can use evaluation results to make targeted investments in certain human capital strategies—such as the use of retention incentives—creating a cycle of strategic workforce management, where evaluation informs planning, planning dictates strategies, and strategies are evaluated for effectiveness.<sup>31</sup> While BOP uses retention incentives to address critical skills gaps—such as with medical professionals—evaluating the effectiveness of retention incentives would help BOP determine whether and how retention incentives, as well as other human capital flexibilities, contribute to an employee's continued employment at BOP or if adjustments to BOP retention strategies must be made for improved results.

BOP officials agreed that evaluating the effectiveness of retention incentives would help them be more strategic about their human capital needs and spending on incentives. By including and implementing such an evaluation in its upcoming strategic human capital operating plan, BOP could better determine if it is making maximum use of its funds to retain the necessary qualified personnel or if changes must be made to most effectively retain its staff.

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<sup>29</sup>[GAO-11-278](#); [GAO-04-39](#); and Office of Personnel Management, *Human Capital Framework*.

<sup>30</sup>According to our work on program evaluation, successful evaluations should articulate key elements to help ensure overall usefulness, reliability, objectivity, and timeliness of the results. These elements include specific actions, such as developing measurable objectives and criteria to measure performance, identifying sufficient data sources and methodology, determining and allocating sufficient resources to conduct the evaluation, and establishing time frames for completing the evaluation phases. [GAO-12-533](#).

<sup>31</sup>[GAO-02-373SP](#), [GAO-03-02](#), and [GAO-04-39](#).

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## Conclusions

As the largest employer within DOJ with some staff working in remote locations and undesirable conditions, BOP relies on a number of available flexibilities, including retention incentives, to help retain its employees. However, BOP currently lacks a strategic approach for using and evaluating retention incentives to address human capital goals. Given BOP's ongoing staffing challenges, for example, retaining staff in hard-to-fill medical positions, developing a plan that includes a thoughtful blueprint for using retention incentives could help BOP better anticipate and address staffing needs. Moreover, evaluating its use of retention incentives could help BOP determine whether these incentives are effective or whether adjustments are needed to better retain its employees. By using evaluation results to inform planning, and planning to inform how retention incentives are used, BOP would be better positioned to achieve its long-term human capital goals and address its critical staffing needs.

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## Recommendations for Executive Action

We are making two recommendations to BOP:

1. The Director of BOP should include in the forthcoming strategic human capital operating plan, 1) human capital goals and 2) strategies on how human capital flexibilities—including retention incentives—will be used to meet these goals. (Recommendation 1)
2. The Director of BOP should evaluate the effectiveness of BOP's use of retention incentives to help determine whether the incentives have helped BOP achieve its human capital goals or if adjustments in retention incentives are needed. (Recommendation 2)

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## Agency Comments

We requested comments on a draft of this report from DOJ. In an email received November 15, 2017, the DOJ liaison stated that DOJ concurred with our recommendations. The Department did not provide official written comments to include in our report, but did provide written technical comments, which we incorporated as appropriate.

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As agreed with your office, unless you publicly announce the contents of this report earlier, we plan no further distribution until 30 days from the report date. At that time, we will send copies of this report to the Attorney General and the Director of BOP. In addition, the report is available at no charge on the GAO website at <http://www.gao.gov>.

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If you or your staff have any questions about this report, please contact me at (202) 512-9627 or [maurerd@gao.gov](mailto:maurerd@gao.gov). Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report are listed in Appendix III.

Sincerely yours,

A handwritten signature in cursive script that reads "Diana Maurer".

Diana Maurer  
Director, Homeland Security and Justice Issues

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# Appendix I: Objectives, Scope, and Methodology

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This report examines (1) how BOP has used its authority to pay retention incentives; (2) what internal controls are in place for the use of retention incentives; and (3) the extent to which BOP plans for and evaluates the use of retention incentives.

To determine how BOP has used its authority to pay retention incentives, we reviewed BOP's July 2012 report on its use of recruitment, relocation, and retention (3R) incentives. We then obtained underlying retention incentive expenditure data from DOJ's Justice Management Division because it serves as the focal point for performance and financial information for all Department of Justice components and employees, including BOP. In particular, we obtained employee-level retention incentive payroll data for fiscal years 2012 through 2016. We selected this time period because it includes the most recent five complete fiscal years for which data were available and because we believe five years is sufficient time to identify trends in BOP's retention incentive expenditures. We analyzed and aggregated the employee-level data by institution, occupation, and employee grade level. To identify trends, we compared per fiscal year expenditures across the various categories of occupations and locations across the five years. Additionally, we categorized institutions by BOP region, institutions that use group retention incentives, and institutions that use individual retention incentives. We also categorized occupations as medical professionals, correctional officers, and all other occupations and compared aggregate retention incentive expenditures for the different groups. Using information from BOP's website and testimonial evidence from BOP officials on its health care system, for the purposes of this report, we defined medical professionals as BOP employees in occupations that provide medical, dental, and mental health care services and who do not solely provide these services in an administrative function. For the purposes of our analyses, medical professionals are dentists, dental assistants and hygienists, diagnostic radiological technologists, health aid and technicians, medical doctors (including psychiatrists), medical technologists, nurses, pharmacists, pharmacy technicians, physician assistants, and practical nurses and psychologists. To assess the employee-level retention incentive payroll data's reliability, we obtained and analyzed documentation on systems' capabilities and data control, interviewed data users and managers responsible for maintaining data, conducted checks for completeness and logical consistency, and compared the employee-level data to aggregated institution-level retention incentive expenditure data from BOP's Financial Management Information System. We found the employee-level data to be sufficiently reliable for the purpose of this report.



Additionally for this objective, we reviewed documents such as the DOJ's Financial Management Information System *Sub-Object Classification Code Guide*<sup>1</sup> and the Office of Personnel Management (OPM) *Handbook of Occupational Groups and Families*<sup>2</sup> to respectively identify the system codes used to track retention incentives expenditures and to identify the names for each occupational series code in the datasets. We also interviewed BOP Human Resource Management headquarters officials to obtain information on the primary purposes for BOP's use of retention incentives and their views on identified retention incentive expenditure trends. We also interviewed U.S. Department of Health and Human Services' (HHS) Public Health Service (PHS) officials to better understand how BOP and PHS manage costs, including retention incentive expenditures, for PHS staff assigned to BOP. BOP partners with PHS to acquire medical staff to provide medical care for BOP's inmate population. BOP reimburses PHS for the costs of compensation and benefits—including retention incentive payments, if applicable—for PHS staff assigned to BOP. PHS has final approval authority for retention incentives paid to PHS staff assigned to BOP facilities. Furthermore, we obtained aggregated retention incentive expenditure data from PHS on the total amount of funds BOP reimbursed PHS for fiscal years 2012 through 2016. For the reliability of PHS's data, we reviewed the system's data fields to check that the appropriate fields were used to provide data and interviewed data users and managers to discuss how expenditures are recorded and maintained. We found the PHS data to be sufficiently reliable for the purpose of this report.

To identify and describe the internal controls that BOP has in place related to retention incentives, we obtained and analyzed documentation regarding BOP requirements and guidance for the use of retention incentives. We also interviewed officials from BOP's Central Office who are responsible for the administration, management, and oversight of BOP's human capital management systems, including retention incentives. We focused on the management and administrative controls used by BOP to review, approve, re-certify, and monitor retention

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<sup>1</sup>Federal agencies use Sub-Object Classification Code Guides to standardize budgetary information. Sub-Object Classification codes define the nature of services or articles obligated, and include codes for items such as, rent, supplies, contractual services, and personnel compensation—including retention incentives.

<sup>2</sup>Federal agencies use the OPM *Handbook of Occupational Groups and Families* to classify employees' positions into occupational group or job family consisting of similar line of work and qualification requirements.

incentives. Additionally, we interviewed the warden and human capital officers at 4 of the 122 institutions to obtain illustrative examples regarding the internal controls in place at these institutions to ensure the proper disbursement of retention incentives. We interviewed BOP officials at Federal Correctional Complex Pollock in Pollock, LA; Federal Correctional Complex Butner in Butner, NC; United States Penitentiary, Atwater in Atwater, CA and Federal Correctional Institution Phoenix, in Phoenix, AZ. These institutions were selected to ensure variation in the number and types of employees receiving retention incentives, BOP region, and security-level. Although the information we obtained from the interviews with officials at these four institutions cannot be generalized to other BOP institutions, these interviews provided important insights and perspectives about the use of retention incentives at BOP institutions. We also reviewed a non-generalizable random sample of 40 retention incentive application packet case files to determine the extent to which these files contained documentation on the internal control activities in place to monitor the application, approval, and funds disbursement processes of BOP's retention incentive program. To identify our sample, we used employee-level expenditure data to randomly select 40 application files from the universe of BOP employees who received retention incentives from fiscal years 2014 through 2016.<sup>3</sup> Each application file was reviewed by two GAO analysts who each assessed the extent to which each application contained the appropriate justification, approval signatures, and other documentation such as an application checklist and whether the application was an initial or continuation application.

To determine the extent to which BOP plans for and evaluates the use of retention incentives, we interviewed BOP officials regarding their experiences with retention incentives, how they use retention incentives to strategically manage their workforce needs, how the agency evaluates the effectiveness of retention incentives, and how retention incentives contribute to BOP's broader human capital goals. We then compared these efforts to our work on strategic human capital planning, specifically in terms of planning for and evaluating the use of human capital flexibilities. Additionally, we interviewed the warden and human capital officers at four BOP institutions mentioned above to obtain illustrative

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<sup>3</sup>BOP maintains hard copies of retention incentive application packet case files for three years from the date of approval. We selected files for fiscal years 2014 through 2016 because these years comprised the three most recent fiscal years for which complete hard copy files are available.

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examples of how workforce planning occurs at these institutions. We also reviewed the DOJ's Office of Inspector General Report 16-02 "Review of the Federal Bureau of Prisons' Medical Staffing Challenges" (March 2016) and our past work to better understand the challenges that BOP faces in retaining medical professionals and other staff.

# Appendix II: Bureau of Prisons' Use of Retention Incentives by Occupations in Fiscal Year 2016

Table 2 provides the Bureau of Prisons' (BOP) fiscal year 2016 retention incentive expenditures by various occupations and groups of occupations, such as medical professionals, correctional officers, and other occupations. A range of occupations are reflected in the table primarily as a result of four California institutions—United States Penitentiary (USP) Atwater, Federal Correctional Institution (FCI) Herlong, FCI Mendota, and Federal Correctional Complex Victorville—providing retention incentives to all employees at General Schedule grades level 12 and below and those in the Federal Wage System.

**Table 2: Bureau of Prisons' (BOP) Use of Retention Incentives by Occupations, Fiscal Year 2016**

Occupations Series Codes <sup>a</sup> and Names	Grade Level/ Pay band	Number of Employees Receiving Retention Incentives	Retention Incentive Expenditures
<b>Medical Professionals</b>			
0180 Psychologist			
	11	1	\$568
	12	17	\$127,774
	13	16	\$160,477
	14	4	\$52,851
<b>Total</b>		<b>38</b>	<b>\$341,669</b>
0602 Doctors (medical doctors, psychiatrists)			
	13	1	\$1,178
	15	112	\$1,120,660
<b>Total</b>		<b>113</b>	<b>\$1,121,838</b>
0603 Physician Assistant			
	09	1	\$5,040
	11	61	\$725,793
<b>Total</b>		<b>62</b>	<b>\$730,833</b>
0610 Nurse			
	04	1	\$3,144
	05	1	\$10,690
	07	2	\$4,233
	09	8	\$37,771
	10	257	\$1,512,132
	11	59	\$688,469

**Appendix II: Bureau of Prisons' Use of  
Retention Incentives by Occupations in Fiscal  
Year 2016**

<b>Occupations Series Codes<sup>a</sup> and Names</b>	<b>Grade Level/ Pay band</b>	<b>Number of Employees Receiving Retention Incentives</b>	<b>Retention Incentive Expenditures</b>
	12	2	\$8,261
<b>Total</b>		<b>330</b>	<b>\$2,264,701</b>
0620 Practical Nurse	07	14	\$67,018
<b>Total</b>		<b>14</b>	<b>\$67,018</b>
0640 Health Aid and Technician			
	05	1	\$1,409
	06	3	\$15,521
	09	9	\$20,344
<b>Total</b>		<b>13</b>	<b>\$37,274</b>
0644 Medical Technologist			
	09	9	\$90,561
	11	1	\$17,066
<b>Total</b>		<b>10</b>	<b>\$107,627</b>
0647 Diagnostic Radiological Technologist	09	1	\$9,235
<b>Total</b>		<b>1</b>	<b>\$9,235</b>
0660 Pharmacist			
	11	2	\$3,036
	12	7	\$148,063
<b>Total</b>		<b>9</b>	<b>\$151,100</b>
0661 Pharmacy Technician	05	1	\$1,637
<b>Total</b>		<b>1</b>	<b>\$1,637</b>
0680 Dental Officer			
	13	37	\$737,232
	14	11	\$210,521
<b>Total</b>		<b>48</b>	<b>\$947,752</b>
0681 Dental Assistant	06	1	\$7,397
<b>Total</b>		<b>1</b>	<b>\$7,397</b>

**Appendix II: Bureau of Prisons' Use of  
Retention Incentives by Occupations in Fiscal  
Year 2016**

<b>Occupations Series Codes<sup>a</sup> and Names</b>	<b>Grade Level/ Pay band</b>	<b>Number of Employees Receiving Retention Incentives</b>	<b>Retention Incentive Expenditures</b>
0682 Dental Hygiene	08	6	\$50,556
<b>Total</b>		<b>6</b>	<b>\$50,556</b>
<b>Total for Medical Professionals</b>		<b>646</b>	<b>\$5,838,638</b>
0007 Correctional Officers			
	05	9	\$23,000
	06	110	\$313,037
	07	363	\$1,065,648
	08	353	\$1,716,377
	09	76	\$348,350
	11	70	\$324,357
	12	4	\$24,237
	13	3	\$20,826
<b>Total for Correctional Officers</b>		<b>988</b>	<b>\$3,835,833</b>
Other Occupations			
0006 Correctional Institution Administrative			
	09	1	\$1,941
	11	7	\$35,380
	12	31	\$179,812
	13	6	\$38,317
	14	18	\$107,260
	15	8	\$56,223
<b>Total</b>		<b>71</b>	<b>\$418,933</b>
0018 Safety and Occupational Health Management			
	05	1	\$1,408
	07	1	\$1,785
	09	6	\$37,906
	12	3	\$22,996
	13	1	\$12,570
<b>Total</b>		<b>12</b>	<b>\$76,665</b>
0019 Safety Technician	07	1	\$1,698
<b>Total</b>		<b>1</b>	<b>\$1,698</b>

**Appendix II: Bureau of Prisons' Use of  
Retention Incentives by Occupations in Fiscal  
Year 2016**

<b>Occupations Series Codes<sup>a</sup> and Names</b>	<b>Grade Level/ Pay band</b>	<b>Number of Employees Receiving Retention Incentives</b>	<b>Retention Incentive Expenditures</b>
0028 Environmental Protection Specialist	11	1	\$2,092
<b>Total</b>		<b>1</b>	<b>\$2,092</b>
0030 Sports Specialist			
	07	2	\$8,824
	09	20	\$87,982
<b>Total</b>		<b>22</b>	<b>\$96,805</b>
0060 Chaplain			
	12	9	\$39,190
	13	2	\$18,738
<b>Total</b>		<b>11</b>	<b>\$57,929</b>
0101 Social Science			
	05	1	\$6,686
	07	12	\$43,778
	09	12	\$60,911
	11	58	\$323,348
	12	7	\$46,226
	13	1	\$3,243
<b>Total</b>		<b>91</b>	<b>\$484,191</b>
0181 Psychology Aid and Technician			
	06	1	\$6,473
	07	2	\$9,182
<b>Total</b>		<b>3</b>	<b>\$15,655</b>
0188 Recreation Specialist			
	07	7	\$33,074
	09	10	\$48,966
	11	5	\$26,420
	12	1	\$2,847
<b>Total</b>		<b>23</b>	<b>\$111,307</b>
0201 Human Resources Management Officer			
	07	4	\$11,197

**Appendix II: Bureau of Prisons' Use of  
Retention Incentives by Occupations in Fiscal  
Year 2016**

<b>Occupations Series Codes<sup>a</sup> and Names</b>	<b>Grade Level/ Pay band</b>	<b>Number of Employees Receiving Retention Incentives</b>	<b>Retention Incentive Expenditures</b>
	09	16	\$70,054
	11	3	\$22,659
	12	3	\$39,123
	13	4	\$67,046
	14	1	\$17,367
	15	1	\$11,210
<b>Total</b>		<b>32</b>	<b>\$238,656</b>
0260 Equal Employment Opportunity	13	1	\$2,933
<b>Total</b>		<b>1</b>	<b>\$2,933</b>
0301 Miscellaneous Administration and Program			
	09	12	\$64,402
	10	6	\$27,729
	11	2	\$4,577
	12	4	\$21,186
	13	1	\$3,001
<b>Total</b>		<b>25</b>	<b>\$120,896</b>
0303 Miscellaneous Clerk and Assistant			
	06	2	\$7,942
	07	9	\$26,078
	08	33	\$158,314
	09	5	\$39,867
<b>Total</b>		<b>49</b>	<b>\$232,200</b>
0304 Information Receptionist	04	2	\$4,334
<b>Total</b>		<b>2</b>	<b>\$4,334</b>
0318 Secretary			
	05	6	\$22,690
	06	30	\$111,501
	07	6	\$21,321
	08	6	\$26,753
<b>Total</b>		<b>48</b>	<b>\$182,264</b>



**Appendix II: Bureau of Prisons' Use of  
Retention Incentives by Occupations in Fiscal  
Year 2016**

<b>Occupations Series Codes<sup>a</sup> and Names</b>	<b>Grade Level/ Pay band</b>	<b>Number of Employees Receiving Retention Incentives</b>	<b>Retention Incentive Expenditures</b>
0501 Financial Administration and Program			
	09	5	\$36,007
	11	3	\$3,471
	12	2	\$22,810
	13	2	\$13,475
	14	1	\$14,112
<b>Total</b>		<b>13</b>	<b>\$89,875</b>
0525 Accounting Technician			
	06	2	\$6,927
	07	6	\$24,427
<b>Total</b>		<b>8</b>	<b>\$31,354</b>
0544 Civilian Pay			
	05	4	\$3,561
<b>Total</b>		<b>4</b>	<b>\$3,561</b>
0560 Budget Analysis			
	09	5	\$29,723
	14	1	\$9,614
	15	1	\$15,998
<b>Total</b>		<b>7</b>	<b>\$55,335</b>
0670 Health System Administration			
	11	3	\$25,073
	12	3	\$8,059
	13	1	\$111
<b>Total</b>		<b>7</b>	<b>\$33,243</b>
0671 Health System Specialist			
	11	8	\$60,694
<b>Total</b>		<b>8</b>	<b>\$60,694</b>
0675 Medical Records Technician			
	07	7	\$21,057
<b>Total</b>		<b>7</b>	<b>\$21,057</b>

**Appendix II: Bureau of Prisons' Use of  
Retention Incentives by Occupations in Fiscal  
Year 2016**

<b>Occupations Series Codes<sup>a</sup> and Names</b>	<b>Grade Level/ Pay band</b>	<b>Number of Employees Receiving Retention Incentives</b>	<b>Retention Incentive Expenditures</b>
0802 Engineering Technical			
	11	5	\$36,431
<b>Total</b>		<b>5</b>	<b>\$36,431</b>
0856 Electronics Technical			
	10	1	\$2,431
	11	11	\$70,069
<b>Total</b>		<b>12</b>	<b>\$72,499</b>
0905 General Attorney	14	2	\$31,709
<b>Total</b>		<b>2</b>	<b>\$31,709</b>
0986 Legal Assistance	08	2	\$3,778
<b>Total</b>		<b>2</b>	<b>\$3,778</b>
1101 General Business and Industry			
	07	1	\$1,839
	09	4	\$25,857
	11	1	\$2,578
	12	2	\$14,179
	13	2	\$6,867
<b>Total</b>		<b>10</b>	<b>\$51,320</b>
1102 Contracting			
	07	3	\$8,761
	09	3	\$17,417
	11	3	\$19,300
	12	1	\$2,443
<b>Total</b>		<b>10</b>	<b>\$47,922</b>
1603 Equipment, Facilities and Services Assistance			
	05	1	\$2,468
	07	12	\$43,661
<b>Total</b>		<b>13</b>	<b>\$46,129</b>

**Appendix II: Bureau of Prisons' Use of  
Retention Incentives by Occupations in Fiscal  
Year 2016**

<b>Occupations Series Codes<sup>a</sup> and Names</b>	<b>Grade Level/ Pay band</b>	<b>Number of Employees Receiving Retention Incentives</b>	<b>Retention Incentive Expenditures</b>
1640 Facility Operations Services			
	12	3	\$14,001
	13	2	\$17,585
<b>Total</b>		<b>5</b>	<b>\$31,585</b>
1658 Laundry Operations Services	10	1	\$2,409
<b>Total</b>		<b>1</b>	<b>\$2,409</b>
1667 Food Services Series			
	11	3	\$28,272
	12	5	\$31,040
	13	2	\$17,372
<b>Total</b>		<b>10</b>	<b>\$76,684</b>
1701 General Education and Training			
	09	1	\$7,579
	11	12	\$60,305
<b>Total</b>		<b>13</b>	<b>\$67,884</b>
1702 Education and Training Technician	07	8	\$22,794
<b>Total</b>		<b>8</b>	<b>\$22,794</b>
1710 Education and Vocational Training			
	05	1	\$565
	07	1	\$540
	09	1	\$2,808
	11	14	\$66,408
	12	5	\$30,753
	13	4	\$9,416
<b>Total</b>		<b>26</b>	<b>\$110,490</b>
1712 Training Instructions			
	09	2	\$14,694
	11	13	\$82,651
<b>Total</b>		<b>15</b>	<b>\$97,345</b>

**Appendix II: Bureau of Prisons' Use of  
Retention Incentives by Occupations in Fiscal  
Year 2016**

<b>Occupations Series Codes<sup>a</sup> and Names</b>	<b>Grade Level/ Pay band</b>	<b>Number of Employees Receiving Retention Incentives</b>	<b>Retention Incentive Expenditures</b>
2210 Informational Technology Management			
	09	1	\$2,207
	11	8	\$47,110
	12	5	\$41,202
	13	4	\$34,105
	14	1	\$7,594
<b>Total</b>		<b>19</b>	<b>\$132,218</b>
2805 Electrician	09	13	\$67,774
<b>Total</b>		<b>13</b>	<b>\$67,774</b>
3414 Machining	11	1	\$2,492
<b>Total</b>		<b>1</b>	<b>\$2,492</b>
3703 Welding	08	2	\$10,750
<b>Total</b>		<b>2</b>	<b>\$10,750</b>
4102 Painting	08	1	\$2,072
<b>Total</b>		<b>1</b>	<b>\$2,072</b>
4206 Plumbing	08	9	\$42,066
<b>Total</b>		<b>9</b>	<b>\$42,066</b>
4742 Utility Systems Repairing Operating	08	16	\$82,087
<b>Total</b>		<b>16</b>	<b>\$82,087</b>
4749 Maintenance Mechanic			
	08	30	\$158,436
	14	6	\$34,812
<b>Total</b>		<b>36</b>	<b>\$193,248</b>
5306 Air Conditioning Equipment Mechanic	09	13	\$73,090
<b>Total</b>		<b>13</b>	<b>\$73,090</b>
5823 Automotive Mechanic	08	7	\$35,627
<b>Total</b>		<b>7</b>	<b>\$35,627</b>

**Appendix II: Bureau of Prisons' Use of  
Retention Incentives by Occupations in Fiscal  
Year 2016**

<b>Occupations Series Codes<sup>a</sup> and Names</b>	<b>Grade Level/ Pay band</b>	<b>Number of Employees Receiving Retention Incentives</b>	<b>Retention Incentive Expenditures</b>
6907 Materials Handling			
	03	5	\$18,407
	04	47	\$248,667
	05	1	\$1,778
<b>Total</b>		<b>53</b>	<b>\$268,852</b>
7305 Laundry Machine Operating	04	1	\$1,824
<b>Total</b>		<b>1</b>	<b>\$1,824</b>
7404 Cooking	08	77	\$408,000
<b>Total</b>		<b>77</b>	<b>\$408,000</b>
<b>Other Occupations Total</b>		<b>826</b>	<b>\$4,360,755</b>

Source: GAO analysis of BOP retention incentive data. | GAO-18-147

<sup>a</sup>A subdivision of an occupational group or job family consisting of positions similar as to specialized line of work and qualification requirements.

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# Appendix III: GAO Contact and Staff Acknowledgments

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## GAO Contact

Diana Maurer, (202) 512-9627 or [maurerd@gao.gov](mailto:maurerd@gao.gov)

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## Staff Acknowledgments

In addition to the contact named above, Dawn Locke (Assistant Director) and Meghan Squires (Analyst-in-Charge) managed the work. Also, David Alexander, Renee Caputo, Willie Commons III, Jamarla Edwards, Robert Goldenkoff, Chelsa Gurkin, Eric Hauswirth, Janice Latimer, Lerone Reid, Rachel Stoiko, and Adam Vogt made significant contributions to this report.

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