



Department of Justice

STATEMENT OF

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FEDERAL BUREAU OF PRISONS**

BEFORE THE

**SUBCOMMITTEE ON CONTRACTING AND WORKFORCE
COMMITTEE ON SMALL BUSINESS
U.S. HOUSE OF REPRESENTATIVES**

ENTITLED

**“UNLOCKING OPPORTUNITIES: RECIDIVISM VERSUS FAIR COMPETITION IN
FEDERAL CONTRACTING”**

JUNE 28, 2012

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Subcommittee on Contracting and Workforce
Committee on Small Business
U.S. House of Representatives

“Unlocking Opportunities: Recidivism Versus Fair Competition in Federal Contracting”
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Good Morning, Chairman Mulvaney, Ranking Member Chu, and Members of the Subcommittee. I appreciate the opportunity to appear before you today. My name is Philip Sibal, and I serve as the Senior Deputy Assistant Director of Federal Prison Industries (FPI or trade name UNICOR), a government corporation and a component of the Department of Justice. FPI is a part of the Bureau of Prisons (Bureau), in the Industries, Education and Vocational Training Division.

Today there are almost 218,000 federal inmates housed in 117 federal prisons and privately operated facilities under contract with the Bureau. The mission of the Bureau is to protect society by confining offenders in facilities that are safe, secure, and cost efficient, and to provide opportunities to inmates for self-improvement necessary for a successful re-entry to society. FPI is the Bureau’s most important correctional program—it supports reentry and reduces recidivism, and contributes significantly to safety and good order in federal prisons. While it operates as a business, the real output is inmates who are trained in marketable job skills so that they can return to the community as productive members of society.

FPI was established by statute and executive order to provide opportunities for training and work experience for federal inmates without need for Congressional appropriations. The year was 1934, when unemployment in this country was at 22%. Nevertheless, Congress recognized the importance of creating a real-world environment in which inmates would learn the valuable skills needed to become productive members of society. This program produces goods sold to federal agencies, absorbing a small share of the federal market. The enabling statute created a procurement preference (deemed “mandatory source”) for FPI, requiring federal agencies to purchase products on FPI’s “Schedule of Products.” The mandatory source was necessary to ensure sufficient work opportunities would exist for the inmate population without the need for the corporation to expend resources marketing their goods to federal agencies. Congress wanted to ensure that this important government program would be financially self-sufficient. More than 75 years later, FPI continues to operate without any congressional appropriation. Moreover, consistent with its statutory mandate, FPI seeks to diversify its product lines to preclude an undue burden on any single industry. FPI is aggressively pursuing business opportunities consistent with the new legislative authorities regarding products made outside the U.S.

FPI is, first and foremost, one of the federal government’s leading evidence-based programs to reduce recidivism and promote the successful re-entry of offenders back into our communities. The Bureau releases approximately 45,000 inmates per year back to communities around the country. FPI is critical to the Bureau’s efforts to prepare these inmates to successfully reenter society: inmates who work in FPI are 24% less likely to reoffend and 14% more likely to be employed upon release when compared to similar inmates who did not work in

FPI. FPI provides the greatest benefit to inmates who are at the greatest risk of recidivism. Finally, FPI is also critical to the Bureau's efforts to manage safe and orderly prisons. Inmates who work in FPI are substantially less likely to violate prison rules as compared to similar non-participating inmates. This is particularly important in high and medium security institutions, as these institutions are extremely crowded.

Part of FPI's revenue is paid to inmates as wages for the time they spend working in the program. Inmates are required to use half of their wages to satisfy financial obligations, including assessments, fines, and restitution; the remainder can be used to provide support to their families or make purchases from the commissary. Thus, FPI inmate wages – wages that are not paid with appropriated funds or taxpayer dollars – directly and positively impact crime victims, the courts, and inmate family members. Indeed, in FY 2011 inmates who worked in FPI contributed more than \$1.6 million of their earnings toward meeting their financial obligations (e.g., court-ordered fines, child support, and/or restitution).

Additionally, the overwhelming majority of FPI's expenditures - approximately 78% - go to purchases from private vendors, with more than half a billion dollars spent on raw materials, equipment, and services from private sector businesses. Approximately 40% of these purchases are from small businesses, including businesses owned by women, minorities, and those who are disadvantaged. In recent years, FPI has faced formidable challenges to its ability to continue to operate as a self-sustaining inmate program. The economic downturn in the country, coupled with the constrained budgets of many of FPI's federal agency customers and changes to procurement laws and policies, have resulted in a significant decline in inmate jobs. As a result,

FPI has had to close or downsize 43 factories. Today the FPI program serves less than 13,000 inmates, 7% of the inmate population in Bureau institutions, down from 23,000 inmates just 5 years ago. Over the same time period the federal inmate population has *increased* by more than 25,000 offenders. The loss of work opportunities within FPI translates into more than 15,000 inmates who have been released back to our communities without having the benefit of the skills training and work experience that is proven to be effective in reducing recidivism.

The federal inmate population continues to increase each year, with an average sentence length of more than nine years. Effective inmate programs are critical to our ability to operate safe and secure prisons and to reduce recidivism. Such programs are critical to reducing recidivism and protecting the public.

Chairman Mulvaney, Ranking Member Chu, and Members of the Subcommittee, I thank you for the opportunity to testify today about Federal Prison Industries – one of the Bureau’s most important reentry and recidivism-reduction programs – and a critical piece of the Bureau’s public safety mission. This concludes my remarks. I would be pleased to answer any questions you or other Members of the Subcommittee may have.