



*REPORT TO THE SUBCOMMITTEE ON
COURTS, CIVIL LIBERTIES, AND
THE ADMINISTRATION OF JUSTICE
COMMITTEE ON THE JUDICIARY
HOUSE OF REPRESENTATIVES*

Use Of Statutory Authority For
Providing Inmate Release Funds B-733223

Bureau of Prisons
Department of Justice

34928

*BY THE COMPTROLLER GENERAL
OF THE UNITED STATES*

AUG. 16, 1974



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

B-133223

The Honorable Robert W. Kastenmeier
Chairman, Subcommittee on Courts, Civil
Liberties, and the Administration of
Justice
Committee on the Judiciary
House of Representatives

NCJRS

JUN 25 1978

ACQUISITIONS

Dear Mr. Chairman:

Your February 21, 1974, letter requested a study of the use which the Attorney General and the Bureau of Prisons (BOP) have made over the past 10 years of the statutory authority (18 U.S.C. 4281 and 4284) for providing funds to inmates upon release. Section 4281 authorizes a gratuity which cannot exceed \$100 while section 4284 authorizes an advance (loan) which may not exceed \$150 unless specifically approved by the Attorney General.

We were told by your Subcommittee that the information would be used in considering a legislative proposal to broaden the subject authority to include activities (such as furlough and work furlough) occurring before an inmate's discharge from prison. In discussions with your Subcommittee, it was agreed that we would limit our work to the information available at BOP's headquarters.

We are recommending to the Subcommittee that it initiate legislation to authorize or prohibit the making of loans to prisoners in work release programs and, if desired, to authorize inmates committed to community treatment centers to receive release gratuities.

We discussed the results of our review with BOP officials and included their comments in this report. We plan no further distribution of this report unless you agree or publicly announce its contents.

Sincerely yours,

Comptroller General
of the United States

C o n t e n t s

		<u>Page</u>
DIGEST		i
CHAPTER		
1	INTRODUCTION	1
	Authority and responsibility for providing re- lease funds	2
2	USE OF RELEASE GRATUITY	3
	Source and use of gratuity funds	4
	Institutions' gratuity policies and practices	5
3	USE OF RELEASE LOANS	10
	Commissary activities in loan program	10
	Inmate loans	11
4	QUESTIONABLE USE OF RELEASE FUND AUTHORITY	15
	Matters for consideration by the Subcommittee	15
5	SOURCE AND AMOUNT OF INMATE PERSONAL FUNDS	16
6	INFORMATION AVAILABLE TO HEADQUARTERS PERSONNEL	19
APPENDIX		
I	Letter dated February 21, 1974, from the Chair- man, Subcommittee on Courts, Civil Liberties, and the Administration of Justice, Committee on the Judiciary, House of Representatives	21
II	Number of inmates transferred to community treatment centers	23
III	Principal officials responsible for administering activities discussed in this report	24

ABBREVIATIONS

BOP	Bureau of Prisons
GAO	General Accounting Office

COMPTROLLER GENERAL'S
REPORT TO THE SUBCOMMITTEE
ON COURTS, CIVIL LIBERTIES, AND
THE ADMINISTRATION OF JUSTICE
COMMITTEE ON THE JUDICIARY
HOUSE OF REPRESENTATIVES

USE OF STATUTORY AUTHORITY
FOR PROVIDING INMATE
RELEASE FUNDS
Bureau of Prisons
Department of Justice
B-133223

D I G E S T

WHY THE REVIEW WAS MADE

GAO was asked to obtain information on the use which the Attorney General and the Bureau of Prisons (BOP) have made over the past 10 years of the statutory authority (18 U.S.C. 4281 and 4284) for providing funds to prisoners upon release.

BOP uses various programs to assist inmates in preparing for release--including counseling, furloughs to look for jobs, and community treatment centers for inmate guidance and help.

Upon release, an inmate is provided clothing, transportation, and, if considered necessary by prison officials, funds. Release funds may be provided in the form of a gratuity or loan.

FINDINGS AND CONCLUSIONS

Release loans and gratuities are authorized under title 18 of the U.S. Code. Title 18 U.S.C. 4281 provides that, as authorized by the Attorney General, a person convicted under U.S. laws shall be furnished transportation, clothing, and, at the discretion of the Attorney General, not more than \$100 upon discharge from prison or release on parole.

Title 18 U.S.C. 4284 authorizes the use of surplus commissary funds for advances (loans) to inmates at the time of release as an

aid to rehabilitation. This loan may not exceed \$150 except with the Attorney General's approval.

The Attorney General kept the authority for approving loans more than \$150 but delegated the remaining authorities to the Director, BOP, who redelegated them to the head of each penal institution.

Institution activities, however, are to be in accordance with BOP's policies and are subject to general direction of headquarters officials. (See p. 2.)

Release gratuity

BOP has issued policy guidelines for the institutions' use in making gratuity decisions. According to the guidelines, the gratuity should, when added to an inmate's personal funds, assure the inmate of sufficient funds to frugally provide for his needs for 1 week.

The gratuity is to supplement resources available to the inmate and not serve as the means for providing total release needs.

Inmates transferred to BOP-operated community treatment centers and inmates on furlough, including work or study furlough, are not eligible for a release gratuity. (See pp. 3 and 4.)

Annual BOP appropriations provide for release clothing, transportation, and gratuities. The release costs

of inmates housed in Federal prisons are charged to the Salaries and Expenses Appropriation while the Support of U.S. Prisoners Appropriation funds the costs of Federal prisoners housed in non-Federal (contract) facilities. (See p. 4.)

GAO did not obtain data on the amount of release gratuities paid to inmates released from contract facilities because this information was not generally available and not included in BOP's records.

For inmates released from Federal institutions, the average gratuity has increased from \$22.07 in fiscal year 1964 to \$45.42 at the end of the first half of fiscal year 1974. (See p. 4.)

Release loans

BOP generally does not make loans to inmates upon release from prison because of past difficulties in obtaining repayment but it does make loans to inmates on work furlough. Commissary profits provide work furlough loans which enable inmates to purchase clothing and pay other necessary expenses. These loans are to be repaid from the inmate's first or second salary earnings. (See p.11.)

GAO developed loan statistics on the basis of BOP headquarters' records and information from the institutions. The statistics showed that during fiscal years 1964 through the first half of fiscal year 1974, BOP made 3,948 release loans, including 33 for inmates released from prison. The remaining loans were for work furlough participants. Since fiscal year 1970, BOP has not made any regular release loans. (See p. 14.)

Questionable use of authority

Under the statutory language involved, it is not clear whether the work loans to inmates are authorized. GAO believes that the law should be amended to specifically provide for or prohibit such loans. (See p. 15.)

GAO believes that eligibility for a release gratuity applies only to inmates discharged from imprisonment or released on parole. GAO questions BOP's policy which allows an inmate placed in a contract community treatment center to be eligible for a release gratuity. (See p. 15.)

Inmate personal funds

Prison officials, according to BOP policy, are to consider an inmate's personal resources when assessing the need for a release gratuity or loan. An inmate is not allowed, by BOP policy, to have funds in his possession. These funds are deposited into the U.S. Treasury and all receipts and disbursements are reflected in an account established for each inmate at an institution.

GAO obtained data showing the average amount of funds an inmate had in his account upon release for fiscal years 1964 through 1969. Comparable information for subsequent fiscal years was not available at BOP headquarters. (See pp. 16 and 17.)

Headquarters information

BOP's headquarters has not had the information base and reporting structure to provide management with the means to adequately monitor release payment activities. A recently implemented accounting system will provide more detailed cost data.

BOP officials said that in addition to using statistical data there are other means used in monitoring release payment and other institution activities; for example, headquarters' officials conduct periodic reviews at the institutions. (See pp. 19 and 20.)

AGENCY ACTIONS AND
UNRESOLVED ISSUES

GAO did not obtain formal agency comments but did discuss the matters presented in this report with BOP officials.

MATTERS FOR CONSIDERATION
BY THE SUBCOMMITTEE

Since it is unclear whether 18 U.S.C. 4284 authorizes loans to prisoners in the work release program, GAO recommends that the Subcommittee initiate legislation to authorize or prohibit the making of such loans. GAO questions whether the provisions of 18 U.S.C. 4281 authorize release gratuities to inmates committed to community treatment centers and recommends that if the Subcommittee wishes these inmates to receive release gratuities, it should amend the law to specifically so provide.

CHAPTER 1

INTRODUCTION

The Bureau of Prisons (BOP) operates penal facilities and contracts with State and local authorities to protect society through the custody, care, and treatment of Federal law offenders committed by the courts to the supervision of the Attorney General. For fiscal year 1974, BOP received about \$172 million in appropriated funds and expects an average (sentenced) inmate population of about 25,700 including about 2,200 housed in non-Federal facilities. The number of inmates released from BOP's prisons has averaged about 12,600 annually for fiscal years 1971-73.

BOP uses various programs to assist inmates in preparing for release--including prerelease employment counseling, furloughs to look for jobs, work or study furlough (inmate works or attends classes in the community during the day), and community treatment centers for guidance and help in employment and other areas of community adjustment. Upon an inmate's discharge from prison, he is provided clothing, transportation, and if considered necessary by prison officials, funds. BOP may provide release funds in the form of a gratuity or a loan.

The Chairman, House Judiciary Subcommittee on Courts, Civil Liberties, and the Administration of Justice requested information on the use which the Attorney General and BOP have made over the past 10 years of the statutory authority (18 U.S.C. 4281 and 4284) for providing funds to prisoners upon release. (See app. I.) Section 4281 authorizes a gratuity not more than \$100 while section 4284 authorizes an advance (loan) not more than \$150 unless approved by the Attorney General.

Our work was limited to the information and statistics available at BOP headquarters. The information presented in this report does not include data relating to sentenced Federal prisoners released from contract prisons because such data were not generally available and not included in BOP's records and reports on gratuities. We could not verify the completeness and accuracy of the statistics because of the unavailability of some records and conflicting information in others. Also, because of time constraints we were unable to determine the amount of release funds provided to offenders by type of release (e.g. parole) and the average amount of funds an inmate had in his account upon transfer to a community treatment center. The number of inmates transferred to such centers is shown in appendix II.

AUTHORITY AND RESPONSIBILITY
FOR PROVIDING RELEASE FUNDS

Release loans and gratuities are authorized under title 18 of the United States Code. Title 18 U.S.C. 4281 ^{1/} provides that, as authorized by the Attorney General, a person convicted under the laws of the United States shall be furnished transportation, clothing, and, at the Attorney General's discretion, not more than \$100 upon discharge from imprisonment or release on parole. 18 U.S.C. 4284 ^{2/} authorizes the use of surplus commissary funds for advances (loans) to inmates at the time of their release as an aid to their rehabilitation. A loan may not exceed \$150 except with the Attorney General's approval.

The Attorney General has delegated the responsibility for the custody, care, and treatment of Federal law offenders to the BOP Director. As expressed in the Code of Federal Regulations, this delegation includes the following areas:

- Furnishing transportation, clothing, and payments to released prisoners (18 U.S.C. 4281).
- Prescribing regulations for the use of surplus commissary funds for advances not more than \$150 to prisoners at the time of their release (18 U.S.C. 4284).

Although advances more than \$150 can be made with the Attorney General's approval, BOP officials said they did not recall any such advances being made.

The Director has redelegated this responsibility, including the release loan and gratuity authority, to the head of each institution. Institution activities are subject, however, to the general direction of BOP's headquarters officials and are to be in accordance with BOP's policies.

^{1/}Provisions for inmate release clothing, transportation, and gratuity date back to 1891. The act of June 25, 1948, revised, codified, and enacted into positive law title 18 of the United States Code and established section 4281.

^{2/}Established by the act of May 15, 1952, to assist Federal prisoners in rehabilitation.

CHAPTER 2

USE OF RELEASE GRATUITY

BOP has issued policy guidelines for the institutions' use in making gratuity decisions. According to this policy, the gratuity is to supplement the financial or other resources available to the releasee and not provide for total release needs. Maximum (\$100) gratuities are to be authorized only when fully justified and approved by the warden or his designated representative. BOP officials said gratuity decisions are usually made by the inmate's treatment team which may include a caseworker, correctional counselor, educational staff representative, and the chief of the institution's classification and parole section.

BOP's policy guidelines state that:

- The gratuity should, when added to an inmate's personal funds, assure the inmate of sufficient funds to frugally provide for his needs for 1 week. BOP recently defined this as a minimum of \$100.
- When the releasee reasonably expects assistance from his family or other resources, the release gratuity may be adjusted accordingly.
- Particular emphasis will be given to providing more adequate release funds to individuals who lack personal resources or means of assistance in the community.

According to BOP, the following guidelines are also used in determining gratuity eligibility and/or amount:

- Releases to a community treatment center: Inmates released to BOP-contracted centers are eligible for a release gratuity while inmates released to BOP-operated centers are not eligible because BOP's centers generally provide more services and funds to meet inmate needs.
- Inmate work furlough and study furlough: Inmates on work or study furlough are not eligible for a gratuity. However, release loans discussed in Chapter 3 are made in certain situations and inmates participating in study programs may receive tuition and related assistance from Federal prison industries.
- Release to other custody (detainers): Inmates released to other custody do not receive a gratuity; however, upon release from this custody, the inmate is considered eligible for a gratuity if the maximum Federal sentence has not expired.
- Release for deportation: These inmates may receive a gratuity which generally does not exceed \$10.

--Inmates housed under contract in State institutions: These inmates are eligible for a gratuity as determined by the contract institution and as approved by the U. S. Marshal who is responsible for the oversight of the inmates.

BOP officials said there is no minimum sentence that must be served before an individual is considered eligible for a release gratuity.

SOURCE AND USE OF GRATUITY FUNDS

The annual BOP Salaries and Expenses and Support of U. S. Prisoners Appropriations provide for gratuity funds. The Salaries and Expenses Appropriation funds the costs of the administration, operation, and maintenance of Federal penal institutions. The Support Appropriation provides for the care of Federal prisoners housed in non-Federal (contract) facilities. We did not obtain data on the number and amount of gratuities paid to inmates released from contract facilities because such data was not readily available at BOP's headquarters. The U. S. Marshal Services, Department of Justice, administers these contracts. However, according to discussions with Marshal Service and BOP officials, the Service does not provide to BOP cost data showing the amount of release gratuities paid. The total amount BOP receives includes the cost of transportation pursuant to 18 U. S. C. 4281 and costs for transportation and aid pursuant to 18 U. S. C. 4282 (the release of arrested but unconvicted persons) and 4283 (release from custody to probation).

The Salary and Expenses funds for release gratuities, release transportation, and release clothing are included under the custody, care and treatment cost category. This category also includes the cost of inmate food; clothing; casework and religious services; and the personal services cost of correctional officers, caseworkers, chaplains, and food service personnel.

A BOP official said the custody, care and treatment funds annually requested for release gratuities cannot be identified separately from the other anticipated costs included thereunder. Although the institutions do provide the BOP headquarters with semi-annual reports on paid gratuities, the data does not identify planned annual gratuity expenditures.

On the basis of summary records and reports available at BOP's headquarters, the amount of paid gratuities and related statistical data is included in schedules 1 through 4. The schedules show that the average gratuity has increased from \$22.07 in fiscal year 1964 to \$45.42 at the end of the first half of fiscal year 1974. The percentage of releasees given a gratuity was about 51 percent in fiscal year 1964 and averaged about 50 percent for fiscal years 1971-73. Data for the first half of fiscal year 1974 shows that about 64 percent of the inmates released from prison through parole, mandatory release, or sentence expiration were paid a gratuity.

BOP recently established a goal that each inmate will have a minimum of \$100 upon release using the gratuity to augment the inmate's

personal funds where necessary. BOP officials expect to increase the average gratuity from \$45 to \$100 over the next few years for the 50 percent of releasees they consider to be without sufficient personal funds within the \$100 limit.

INSTITUTIONS' GRATUITY POLICIES AND PRACTICES

Schedules 2 and 3 show the variances among BOP's institutions in gratuity payments. We cannot explain these variances since our work was basically limited to the information available at BOP's headquarters.

BOP officials told us, however, that institutions having industry jobs and large work release programs will generally pay less in gratuities than other institutions since inmates have more opportunities to earn and save funds. Also, youth offenders usually receive less gratuities than others because they frequently return to live with their families.

NUMBER OF INMATES RELEASED
AND AMOUNT OF RELEASE GRATUITY
(FISCAL YEARS 1964-74)

Fiscal year	Number of inmates released	Release gratuity		Average per number paid	Average gratuity per number of inmates released	Number of inmates not receiving gratuity	
		Number paid	Amount			Total	Percent
1964	16,908	8,662	\$191,194	\$22.07	\$11.30	8,246	48.7
1965	16,194	7,453	195,031	26.17	12.04	8,741	53.9
1966	16,117	7,254	195,468	26.95	12.12	8,863	54.9
1967	15,491	6,482	184,023	28.39	11.87	9,009	58.1
1968	13,601	5,570	189,191	33.97	13.91	8,031	59.0
1969	12,427	5,333	208,217	39.04	16.75	7,094	57.0
1970	12,302	5,015	224,361	44.73	18.23	7,287	59.2
1971	12,587	6,015	271,900	45.20	21.60	6,572	52.2
1972	12,700	6,202	277,746	44.78	21.86	6,498	51.1
1973	12,619	6,584	296,849	45.08	23.52	6,035	47.8
1974 (note a)	6,292	4,007	182,000	45.42	28.92	2,285	36.3

a/As of 12-31-73.

NUMBER OF INMATES RELEASED
AND GRATUITIES PAID BY INSTITUTION

(FISCAL YEAR 1973)

<u>Institution</u>	<u>Number of inmates released</u>	<u>Number of inmates receiving gratuity</u>	<u>Percent of inmates receiving gratuity</u>	<u>Total gratuity paid</u>	<u>Average gratuity per number paid</u>
Alderson	347	274	78.9	10,197.14	37.22
Ashland (youth)	294	294	100.0	12,154.00	41.34
Atlanta	506	277	54.7	19,723.00	71.20
Danbury	506	354	69.9	15,544.00	43.90
Eglin	538	a/238	44.2	a/9,526.00	a/40.03
El Reno	347	317	91.3	13,493.35	42.57
Englewood (youth)	179	90	50.2	3,265.66	36.29
Fort Worth	206	93	45.1	4,635.00	49.84
La Tuna and camps	1751	797	45.5	21,757.00	27.30
Leavenworth	415	184	44.3	12,247.00	66.56
Lewisburg	652	145	22.2	8,465.00	58.38
Lompoc	698	588	84.2	22,020.55	37.45
Marion	163	141	86.5	7,730.50	54.82
McNeil	315	224	71.1	14,340.00	64.02
Milan	247	236	95.5	15,737.00	66.68
Montgomery	386	197	51.0	5,894.00	29.92
Morgantown (youth)	166	132	79.5	4,678.00	35.44
New York	106	53	50.0	1,890.00	35.66
Petersburg	317	265	83.5	11,054.48	41.72
Sandstone	296	207	69.9	11,291.65	54.55
Seagoville	249	205	82.3	5,663.88	27.63
Springfield	487	230	47.2	12,165.00	52.89
Terminal Isl.	799	416	52.0	21,489.88	51.66
Tallahassee	299	a/147	a/49.1	a/7,069.00	a/48.09
Terre Haute	427	303	70.9	14,252.00	47.00
Texarkana	292	177	60.6	10,565.55	59.35
Community treatment centers (note b)	1,631	-	-	-	-
	<u>12,619</u>	<u>6,584</u>	<u>52.1</u>	<u>296,848.64</u>	<u>45.08</u>

a/Final report was not available; data is for first six months of fiscal year 1973.

b/Available records do not show any gratuity payments for center releases. BOP officials said gratuities are not usually provided to these individuals.

BOP AVERAGE RELEASE GRATUITY COMPARED WITH
INSTITUTION AVERAGE RANGE (FISCAL YEARS 1970-74)

<u>Fiscal year</u>	BOP average <u>gratuity</u>	<u>Institution average range</u>	
		<u>Low</u>	<u>High</u>
1974(as of 12-31-73)	\$45.42	\$26.60	\$69.03
1973	45.08	27.30	71.20
1972	44.78	21.89	82.69
1971	45.20	22.98	83.00
1970	44.73	21.12	73.10

AVERAGE RELEASE GRATUITY AND ITS CEILING
IN TERMS OF CONSUMER PRICE INDEX CHANGES

Fiscal year	Purchasing power based on consumer price index (1963=100)	Average BOP gratuity	Gratuity ceiling	Percent of gratuity to ceiling	1963 purchasing power	
					Average gratuity	Gratuity ceiling
1964	98.7	\$22.07	\$100	22	21.78	\$98.70
1965	97.0	26.17	100	26	25.38	97.00
1966	94.3	26.95	100	27	25.41	94.30
1967	91.7	28.39	100	28	26.03	91.70
1968	88.0	33.97	100	34	29.89	88.00
1969	83.5	39.04	100	39	32.60	83.50
1970	78.8	44.73	100	45	35.25	78.80
1971	75.6	45.20	100	45	34.17	75.60
1972	73.2	44.78	100	45	32.78	73.20
1973	68.9	45.08	100	45	31.06	68.90

Note: Fiscal year 1963 was used as the base year since the release gratuity ceiling was increased from \$30 to \$100 during that year.

CHAPTER 3

USE OF RELEASE LOANS

BOP generally does not provide loans, as authorized under 18 U.S.C. 4284, to inmates upon their release from prison because of past difficulties in obtaining loan repayments. BOP, however, uses section 4284 to provide work furlough loans and finances these loans from prison commissary funds.

COMMISSARY ACTIVITIES IN LOAN PROGRAM

The institutions' commissaries provide inmates the opportunity to purchase various personal items, such as tobacco, candy, and toiletries. The commissary is classified under 31 U.S.C. 725s as a trust revolving fund and does not require annual congressional appropriations. ^{1/} The proceeds from the sale of commissary items are used to maintain a continuing, self-financing operation and for various special purposes. One special purpose, as provided in 18 U.S.C. 4284, is the funding of release loans from the proceeds that may be surplus to the other needs of the commissary program.

The current selling price for commissary items is generally computed at item cost plus a 20 percent markup to cover other program costs and to provide a profit. Profits were to be used to provide a contingency reserve and to finance the construction and alteration of commissary facilities; the loan program; and special items, such as inmate central radio systems, televisions, and athletic fees. BOP officials said construction and some special items are now funded from BOP appropriations because of limited commissary funds.

According to a BOP official, an annual consolidated commissary budget is not prepared. Institutions make their own allotments to cover commissary operations and loan expenditures. The remaining profit uses (facilities alterations and special items) are controlled through allotments made by BOP's headquarters office. BOP officials said the institutions are authorized to determine the funds available for loan program purposes (while the other uses of commissary profits are controlled by BOP headquarters) because institution personnel are in a better position to judge the need for loans.

Annual commissary revenues and expenditures for the last 10 fiscal years and for the first half of fiscal year 1974 are shown in schedule 5.

Except for data on loan expenditures, we did not develop statistics on the allocation of commissary profits in terms of the above uses because this data was not readily available.

^{1/}While there is no annual financial audit of the commissary fund, the Internal Audit Staff, Department of Justice, frequently reviews individual institution administrative practices, procedures, and internal controls which generally include commissary activities.

INMATE LOANS

BOP has issued policy guidelines for the institutions' use in making release loan determinations. These loans may not exceed \$150 except with the Attorney General's approval. They may be granted for items required in connection with employment, immediate living expenses, and for other purposes determined by the institutions. BOP policy provides for the following eligibility requirements.

- Inmate must serve at least 4 months of his sentence.
- Inmates released for deportation or to other custody will not be granted a release loan.
- Loans will be granted only when the inmate does not have adequate resources or a sufficient release gratuity.
- The inmate must have employment plans and demonstrated that the loan will be used for the purpose intended and that repayment will be made in accordance with the signed loan agreement.

Loans are to be repaid within 12 months and are to be made with an annual interest rate of 5 percent.

Although BOP still considers these guidelines to be in effect, BOP officials said that loans are not generally made to inmates upon their release from prison because of prior difficulties in obtaining repayments. Instead, BOP is using the provisions of 18 U.S.C. 4284 to provide loans to inmates participating in work furlough programs.

Work furlough loans allow the inmate to purchase clothing and pay other necessary expenses until the first or second paycheck is received. The same guidelines also apply to work furlough loans with the following exceptions:

- The loan shall be for no longer than 60 days with repayment to be made from the inmate's first or second salary earnings.
- No interest will be charged.

The institutions are required by the policy guidelines to submit semiannual reports on loan operations to BOP headquarters. Because some of these reports could not be located by BOP personnel or were incomplete in terms of the information presented, we could not develop complete data on the number, amount, and type of loans made for each of the last 10 fiscal years. To assist us in developing this information, BOP requested the institutions to provide whatever data was readily available. Schedule 6 presents the best available statistics that we could obtain and/or develop on BOP's loan activities for the last 10 fiscal years and the first half of fiscal year 1974.

Policy guidelines provide that after all reasonable efforts to make collections have proven unsuccessful, the responsibility for final determination should be referred to BOP headquarters. BOP officials said they did not recall any recent bad debt determinations and that they could not locate the file(s) containing information on decisions for prior years.

SCHEDULE 5

COMMISSARY REVENUES AND EXPENSES

(FISCAL YEARS 1964-74)

	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>	<u>1974</u> (as of 12-31-73)
Revenue:											
Sales	\$2,472,330	\$2,463,296	\$2,599,769	\$2,641,278	\$2,944,765	\$3,394,016	\$3,727,437	\$4,314,844	\$5,074,531	\$5,951,869	\$3,259,190
Loan income	6,156	5,801	6,982	7,341	7,950	157	105	173	50	(a)	(a)
Miscellaneous income	59	11	7	9	-	10,372	12,678	25,851	26,872	(a)	(a)
Total revenue	2,478,545	2,469,108	2,606,758	2,648,628	2,952,715	3,404,545	3,740,220	4,340,868	5,101,453	5,951,869	3,259,190
Expenses:											
Cost of goods sold	1,970,452	1,935,310	2,053,081	2,097,191	2,355,627	2,708,288	2,964,755	3,513,530	4,244,091	4,995,330	2,741,390
Operating expenses	374,158	392,566	383,527	399,029	396,080	443,533	528,779	676,649	796,493	860,076	443,477
Bad debts (note b)	874	324	1,075	111	66	190	266	36	1,028	(a)	(a)
Total expenses	2,345,484	2,328,200	2,437,683	2,496,331	2,751,773	3,152,011	3,493,800	4,190,215	5,041,612	5,855,406	3,184,867
Net income (loss)	133,061	140,908	169,075	152,297	200,942	252,534	246,420	150,653	59,841	96,463	74,323

a/This data was not separately shown on available commissary reports. Other available records show that the amount of bad debts was \$77 in 1973 and \$104 in 1974.

b/The bad debt expense for fiscal year 1966 includes \$50 which was identified as other loan program expenses.

INMATE RELEASE LOANS (note a)

(FISCAL YEARS 1964-74)

Fiscal year	Work furlough			Regular release			Total amount of loans	Bad debts writeoffs (note b)
	Number	Amount	Average	Number	Amount	Average		
1974 (as of 12-31-73)	135	\$ 10,044	\$74	\$-	\$ -	\$ -	\$ 10,044	\$ 104
1973	287	17,309	60	-	-	-	17,309	77
1972	396	21,619	55	-	-	-	21,619	1,028
1971	369	28,997	79	-	-	-	28,997	38
1970	540	40,529	75	2	245	123	40,774	266
1969	635	37,789	60	-	-	-	37,789	190
1968	632	36,437	58	1	25	25	36,462	66
1967	457	29,731	65	9	390	43	30,121	111
1964-66	464	24,124	52	21	(c)	(d)	Unknown	2,223
Total	<u>3,915</u>	<u>\$246,579</u>	<u>\$63</u>	<u>33</u>	<u>\$660</u>	<u>e/\$55</u>	<u>\$223,115</u>	<u>\$4,101</u>

a/This information was compiled from various sources--some of which contained conflicting data which we could not resolve. We did not verify its completeness accuracy.

b/We could not determine bad debts by type of loan.

c/Information not available.

d/We obtained information which showed the following for the number of regular release loans approved since program inception through fiscal year 1966.

Loans approved	283
Paid in full	127
Written off as bad debts	<u>143</u>
Outstanding as of 6-30-66	<u>13</u>

The 13 loans totaled about \$540, an average of about \$42 per loan.

e/Average is based on the period 1967 through 12-31-73.

CHAPTER 4

QUESTIONABLE USE OF RELEASE FUND AUTHORITY

BOP's policy guidelines allow release loans (18 U.S.C. 4284) for inmates on work furlough and a release gratuity (18 U.S.C. 4281) upon an inmate's placement in BOP-contracted community treatment centers if the inmates meet other policy criteria.

For nearly 9 years BOP has provided release loans to inmates allowed to work at paid employment outside their prisons (work furlough) as authorized by the act of September 10, 1965, (18 U.S.C. 4082(c)(2)).

Under the statutory language involved, it is not clear whether the loans to prisoners in the work release program are authorized. 18 U.S.C. 4284 authorizes loans to prisoners "at the time of their release" as an aid to their rehabilitation. It is not clear whether "release" applies only to inmates discharged from imprisonment upon completion of their sentence or released on parole or, whether "release" also includes prisoners "released" to work. In order to remove all doubts in the matter, we believe that the law should be amended to specifically provide for, or prohibit, such loans.

Also, we question whether inmates committed to community treatment centers are eligible for a release gratuity. An inmate is eligible for this gratuity only when discharged from imprisonment or released on parole. As we understand it, an inmate is neither discharged from imprisonment nor released on parole when committed to community treatment centers.

MATTERS FOR CONSIDERATION BY THE SUBCOMMITTEE

Since it is unclear whether 18 U.S.C. 4284 authorizes loans to prisoners in the work release program, we recommend that the Subcommittee initiate legislation to authorize or prohibit the making of such loans. We question whether the provisions of 18 U.S.C. 4281 authorize release gratuities to inmates committed to community treatment centers and recommend that if the Subcommittee wishes these inmates to receive release gratuities, it should amend the law to specifically so provide.

CHAPTER 5

SOURCE AND AMOUNT OF INMATE PERSONAL FUNDS

Institutional personnel are to consider the inmate's personal resources when deciding the need for a release loan or gratuity. Information on available funds can be obtained from the inmate's personal fund account maintained by the institution.

An inmate is not allowed, by BOP policy, to have funds in his possession. ^{1/} The funds would be considered contraband and would subject the inmate to disciplinary procedures. Inmate funds are deposited into the U. S. Treasury and all fund receipts and disbursements are to be reflected in an individual account established for each inmate at an institution. These accounts are maintained as a part of the prison commissary accounting system.

Inmates obtain funds from sources outside the institution and through industrial or other authorized institutional earnings. The inmate uses his funds, among other purposes, to

- purchase commissary items (institutions limit the amount of monthly purchases),
- purchase U. S. Savings Bonds,
- send money to his family,
- make charitable donations,
- pay debts, and
- pay furlough or work release expenses.

BOP's policy provides that institutional personnel should encourage inmates to save funds in order to meet their immediate financial needs when released. Upon release, inmates are generally not given more than \$125 of their funds. The balance is mailed to their release destination.

Schedule 7 shows the average amount of funds an inmate had in his account upon release for fiscal years 1964-69. We could not categorize

^{1/} BOP official's advised us that experimental programs have recently been initiated at two BOP institutions (the facility at Lexington, Kentucky, and the camp at Petersburg, Virginia) which allows inmates to possess limited funds in the form of coins. These funds are to be used to purchase such items as candy and sodas from coin-operated vending machines.

this information by type of release or obtain average fund balances of inmates transferred to BOP-operated or contract community treatment centers. Comparable information for releases since fiscal year 1970 was not available at BOP headquarters; however, we did develop and include in the schedule information on the average amount of funds available to the inmates confined at the end of fiscal years 1970-73.

AVERAGE INMATE PERSONAL FUNDS UPON RELEASE

(FISCAL YEARS 1964-69)

<u>Fiscal year</u>	<u>Average funds</u>
1964	\$119.29
1965	121.20
1966	129.72
1967	157.42
1968	121.12
1969	125.07

Notes: Above amounts include average cash on hand at time of release plus balance of inmate's funds mailed to release destination.

Information for fiscal years 1970-73 is not available at BOP headquarters. To provide a perspective for these years, we developed the following information on the average amount of funds (including U. S. Savings Bonds) available to the inmates confined at the end of the fiscal years.

1970	\$ 98.31
1971	93.86
1972	92.63
1973	95.77

CHAPTER 6

INFORMATION AVAILABLE TO HEADQUARTERS PERSONNEL

BOP's institutions are responsible for implementing the provisions of 18 U.S.C. 4281 and 4284 relating to an inmate's release, clothing, transportation, and funds. This responsibility is to be met in accordance with BOP's stated policy guidelines and is subject to the general direction of headquarters officials. We believe that the information provided BOP by the institutions and the manner in which that information is used does not sufficiently enable headquarters officials to provide general direction and/or determine compliance with stated policies.

With information that is available or supplied by the institutions, BOP has the information base for determining, by institution, the number of inmates released; the number, amount, and average release gratuity or loan granted; amount of loans written off as bad debts; and the amount of commissary profit or loss. Except for commissary fund financial statements and a consolidated listing of gratuity payments by the institutions, BOP's management personnel are generally not provided with summary reports based on the release payment and related data supplied by the institutions.

We also noted that the following information was either not available or could not be identified from other data at BOP headquarters:

- Planned release gratuity expenditures.
- Planned use of commissary profits for the loan program.
- Planned and actual expenditures for inmate release clothing and transportation.
- Amount of inmate personal funds upon release.

Consequently, BOP does not have information which shows (1) how and why planned expenditures differed from actual expenditures or (2) a basis for management determining that gratuity and loan payment variances among institutions are based upon acceptable factors, such as, availability of prison industry jobs.

BOP does not have, in our opinion, a sufficient information base and reporting structure to provide key management personnel with the means to adequately monitor release payment activities.

BOP officials expressed general agreement with the discussion of monitoring capability. They pointed out, however, that some of this data is now being provided under BOP's subobject class accounting system which was implemented at the beginning of fiscal year 1974. This system separately identifies obligations and expenditures for, among other cost categories, release gratuities, clothing, and transportation. We were

told that planned annual expenditures for the detailed cost categories will be included in the system during fiscal year 1975.

BOP officials also said that, in addition to using statistical data, there are other means used in monitoring release payments and other institution activities. These activities include discussions with institution caseworkers and U.S. probation officers who supervise inmates released on parole and periodic reviews which are conducted at the institutions by headquarters officials.

NINETY-THIRD CONGRESS

PETER W. RODINO, JR. (N.J.) CHAIRMAN

HAROLD E. DONOHUE, MASS.	EDWARD HUTCHINSON, MICH.
JACK BROOKS, TEX.	ROBERT MCCLORY, ILL.
ROBERT W. KASTENMEIER, WIS.	HENRY P. SMITH III, N.Y.
DON EDWARDS, CALIF.	CHARLES W. SANDMAN, JR., N.J.
WILLIAM L. HUNGATE, MO.	TOM RAILSBACK, ILL.
JOHN CONYERS, JR., MICH.	CHARLES E. WIGGINS, CALIF.
JOSHUA EILBERG, PA.	DAVID W. DENNIS, IND.
JEROME R. WALDIE, CALIF.	HAMILTON FISH, JR., N.Y.
WALTER FLOWERS, ALA.	WILEY MAYNE, IOWA
JAMES R. MANN, S.C.	LAWRENCE J. HOGAN, MD.
PAUL S. SARBANES, MD.	M. CALDWELL BUTLER, VA.
JOHN F. SEIBERLING, OHIO	WILLIAM S. COHEN, MAINE
GEORGE E. DANIELSON, CALIF.	TRENT LOTT, MISS.
ROBERT F. DRINAN, MASS.	HAROLD V. FROELICH, WIS.
CHARLES B. RANGEL, N.Y.	CARLOS J. MOORHEAD, CALIF.
BARBARA JORDAN, TEX.	JOSEPH J. MARAZITI, N.J.
RAY THORNTON, ARK.	
ELIZABETH HOLTZMAN, N.Y.	
WAYNE OWENS, UTAH	
EDWARD MEZVINSKY, IOWA	

Congress of the United States
Committee on the Judiciary

House of Representatives
Washington, D.C. 20515

February 21, 1974

GENERAL COUNSEL:
JEROME M. ZEIFMAN
ASSOCIATE GENERAL COUNSEL:
GARNER J. CLINE
COUNSEL:
HERBERT FUCHS
HERBERT E. HOFFMAN
WILLIAM P. SHATTUCK
H. CHRISTOPHER NOLDE
ALAN A. PARKER
JAMES F. FALCO
MAURICE A. BARBOZA
FRANKLIN G. POLK
THOMAS E. MOONEY
MICHAEL W. BLOMMER
ALEXANDER B. COOK

Honorable Elmer B. Staats
Comptroller General of the United States
General Accounting Office
Washington, D. C. 20548

Dear Mr. Staats:

On December 28, 1973, H.R. 7352 was signed into law and became Public Law 93-209. This bill made a minor amendment in the Federal law relating to prison furloughs. It did not make any provision for the payment or advancement of funds to Federal prisoners for use on furlough or as an aid in an individual's efforts at rehabilitation.

My research discloses only two provision in the United States Code which will permit the Attorney General to advance funds to a Federal prisoner. These are 18 U.S.C. 4281, which authorizes the Attorney General to give an inmate up to \$100 upon discharge from imprisonment; and 18 U.S.C. 4284 which permits the Attorney General to advance up to \$150, secured by a personal note, to a prisoner "at the time of their release, as an aid to their rehabilitation."

I request that you conduct a study, and furnish me with the results thereof, regarding the use which the Attorney General and the Federal Bureau of Prisons have made of this statutory authority over the past 10 years. Some of the questions I believe are implicit in a thorough study of the use of 18 U.S.C. 4284 include: What amount has been appropriated each year as "Commissary Funds, Federal Prisons"? How much of these funds have been expended, and for what purpose? In practice, who has the authority to make advances under this provision? What regulations have been promulgated by the Attorney General to carry out the purposes of this provision? Is it delegated to the Wardens at the various Federal institutions, or retained by the Director? How much money has been advanced each year under 18 U.S.C. 4284? To how many individuals? What is the Department's experience with respect to repayment of these advances? How many prisoners were "released" by the Federal Bureau of Prisons each year during this 10 year period and were thereby theoretically eligible for such advances?

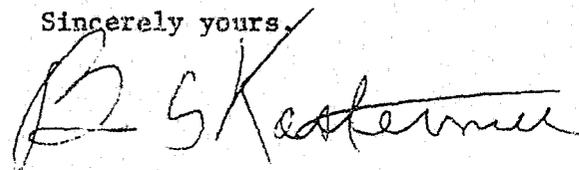
With respect to your study of the use of 18 U.S.C. 4281, many of the same questions should be answered. Specifically, is the authority delegated to individual wardens; have guidelines been drawn up for the use of the Bureau of Prisons respecting this provision; how frequently has it been used; and what is the average amount of money furnished to an individual? Additionally, I would like to know the average amount of money an inmate has in his account at the time of his release on parole or discharge from imprisonment.

Finally, I request that you include in your study figures for the past 10 years of inmates transferred from Federal penal institutions to community treatment centers or halfway houses, and the amount of money on the average an inmate has in his account at the time of transfer to these institutions.

I realize the size of this request and the difficulty which may be encountered in obtaining this information. Nonetheless, I will greatly appreciate anything you can do to expedite this study. Any questions you may have respecting this request, the questions I have suggested, or related matters may be referred directly to William P. Dixon, Subcommittee Counsel, 2137 Rayburn House Office Building, 225-3926.

Your past and present cooperation is greatly appreciated.

Sincerely yours,



Robert W. Kastenmeier
Chairman
Subcommittee on Courts,
Civil Liberties, and the
Administration of Justice

RWK:wdg

NUMBER OF INMATES TRANSFERRED
TO COMMUNITY TREATMENT CENTERS

<u>Fiscal year</u>	<u>BOP-operated community treatment centers</u>	<u>Contract community treatment centers</u>	<u>Total</u>
1965	376		
1966	613		
1967	787		
1968	1,119		
1969	1,344		
1970	1,329		
1971	1,434	671	2,105
1972	1,671	1,056	2,727
1973	1,880	1,743	3,623

Note: The number of inmates transferred to contract community treatment centers for fiscal years 1965-70 was not available.

PRINCIPAL OFFICIALS RESPONSIBLE FOR ADMINISTERING
ACTIVITIES DISCUSSED IN THIS REPORT

		<u>Tenure of office</u>	
		<u>From</u>	<u>To</u>
<u>DEPARTMENT OF JUSTICE</u>			
ATTORNEY GENERAL:			
	William B. Saxbe	Jan. 1974	Present
	Robert H. Bork (acting)	Oct. 1973	Jan. 1974
	Elliot L. Richardson	May 1973	Oct. 1973
	Richard G. Kleindienst	June 1972	May 1973
	Richard G. Kleindienst (acting)	Mar. 1972	June 1972
	John N. Mitchell	Jan. 1969	Feb. 1972
	Ramsey Clark	Oct. 1966	Jan. 1969
<u>BUREAU OF PRISONS</u>			
DIRECTOR:			
	Norman A. Carlson	Mar. 1970	Present
	Myrl E. Alexander	Sept. 1964	Mar. 1970
	James V. Bennett	Feb. 1937	Sept. 1964