



Highlights of [GAO-10-94](#), a report to congressional committees

Why GAO Did This Study

The Department of Justice's (DOJ) Federal Bureau of Prisons (BOP) is responsible for the custody and care of about 209,000 federal inmates—a population which has grown by 44 percent over the last decade. In fiscal years 2008 and 2009, the President requested additional funding for BOP because costs for key operations were at risk of exceeding appropriated funding levels. GAO was congressionally directed to examine (1) how BOP estimates costs when developing its annual budget request to DOJ; (2) the extent to which BOP's methods for estimating costs follow established best practices; and (3) the extent to which BOP's costs for key operations exceeded requested funding levels identified in the President's budget in recent years, and how this has affected BOP's ability to manage its growing inmate population. In conducting our work, GAO analyzed BOP budget documents, interviewed BOP and DOJ officials, and compared BOP's cost estimation documentation to criteria in GAO's *Cost Estimating and Assessment Guide*.

What GAO Recommends

GAO recommends that BOP (1) conduct an uncertainty analysis quantifying the extent to which its operational costs could vary due to changes in key cost assumptions and submit the results, along with budget documentation, to DOJ; and (2) improve documentation of calculations used to estimate its costs. BOP agreed with GAO's recommendations.

[View GAO-10-94 or key components.](#)
For more information, contact David C. Maurer at (202) 512-9627 or maurerd@gao.gov.

BUREAU OF PRISONS

Methods for Cost Estimation Largely Reflect Best Practices, but Quantifying Risks Would Enhance Decision Making

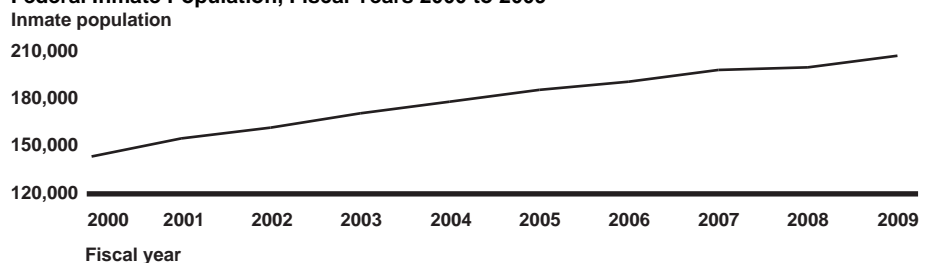
What GAO Found

BOP uses three general steps to estimate costs for its annual budget submission: (1) estimating cost increases to maintain service levels, such as inmate medical care and utilities; (2) projecting inmate population changes for the budget year and for several years into the future using a modeling program that incorporates data on the current inmate population and estimated incoming population and associated sentences; and (3) estimating costs to both provide additional capacity to house projected inmate population growth and implement new programs, such as activating new prisons.

BOP's methods for cost estimation largely reflect best practices outlined in GAO's *Cost Estimating and Assessment Guide*. BOP followed a well-defined process for developing a mostly comprehensive, well documented, accurate, and credible cost estimate for fiscal year 2008. For example, BOP used relevant historical cost data and considered adjustments for general inflation when estimating costs for its budget request to DOJ. Moreover, BOP's methods for projecting inmate population changes were accurate, on average, to within 1 percent of the actual inmate population growth from fiscal year 1999 to August 2009. Still, BOP could strengthen its methods in two ways. First, BOP has not quantified the level of confidence associated with its cost estimate. While not required by the Office of Management and Budget or DOJ, conducting an uncertainty analysis of this kind is a best practice. By providing the results of such analysis to DOJ, BOP officials could share advance information on the probability and associated risks of operating expenses exceeding enacted funding levels. Second, during our review of documentation for BOP's fiscal year 2008 cost estimate, in some cases we required the guidance of BOP budget analysts to identify backup support because the documentation was insufficient to allow someone unfamiliar with the budget to locate detailed corroborating data. By documenting all steps, BOP would be better positioned to recreate its budget cost estimates in the event of attrition among those who initially developed them.

According to BOP, from fiscal years 2004 through 2008, costs for non-salary inmate medical care and utilities exceeded funding levels in the President's budget request by about \$131 million and \$55 million, respectively. As a result, BOP has faced funding gaps in its operations account that has left it with limited flexibility to manage its continually growing inmate population.

Federal Inmate Population, Fiscal Years 2000 to 2009



Source: GAO analysis of BOP data.