



U. S. Department of Justice


Office of the Deputy Attorney General

The Deputy Attorney General

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MEMORANDUM FOR THE ACTING DIRECTOR
FEDERAL BUREAU OF PRISONS

FROM: Sally Q. Yates 
Deputy Attorney General

SUBJECT: Reforming Federal Halfway Houses

Since the 1960s, the Federal Bureau of Prisons has permitted certain inmates to spend the final months of their prison terms in residential centers designed to facilitate their transition back to the community. These facilities—known generally as “halfway houses” and which the Bureau now calls “Residential Reentry Centers” (RRCs)—provide a structured, supervised environment where residents can find outside employment, reconnect with family, and prepare for release.

Successful reentry is critical for public safety, and so it is crucial that we get those services right. A growing body of research demonstrates that inmates are far more likely to return to society successfully if they are equipped with the prerequisites for a stable life. These include a steady job, a safe place to live, state-issued identification, and access to essential services such as health care, particularly mental health and substance abuse treatment. The difference between effective and inadequate reintegration programs is the difference between productive lives and recidivism, between safe streets and cycles of violence.

In the early years of halfway houses, the federal government operated its own residential facilities. Since 1981, however, the ownership and operation of RRCs has been fully privatized, with the Bureau relying on a mix of for-profit companies and non-profit organizations. Today, the Bureau maintains agreements with 103 different contractors to operate 181 facilities nationwide, serving more than 30,000 residents a year.

As noted in my August 18, 2016 memorandum on ending the use of private prisons, the Department has serious reservations about outsourcing the Bureau’s core correctional and rehabilitative services to private companies. As a practical matter, however, the Bureau currently lacks the capacity to own and operate its own RRCs. Instead, we must direct our efforts in the short term towards ensuring that the private market for federal halfway houses operates efficiently, transparently, and fairly, with a focus on both the public’s safety and the needs of those leaving prison.

In recent months, the Department has conducted an in-depth analysis of the Bureau's RRC operations, including an assessment by an outside consulting firm and an audit by the Office of the Inspector General. This work reveals that the Bureau can and must do more to improve the quality of reentry services provided by halfway houses.

I am therefore directing that the Bureau immediately take the following ten steps to reform the private market for RRC services. I understand that the Bureau has already begun to incorporate in policy and practice many of these steps, and I applaud you all for your work in this area.

1. Establish clear, uniform standards that apply to all RRC providers. One of the most significant barriers to a well-functioning private market for federal halfway houses is the lack of a single set of standards for all RRC providers. Up to now, the Bureau has never required all RRCs to provide the same baseline of uniform services, resulting in a patchwork of requirements laid out in each individual contract. The resulting lack of standardization makes it difficult for the Bureau to monitor and gather data on its contracted facilities, which in turn impedes the development of best practices and results in inconsistent resident services. To address this, the Bureau must promptly transition all RRCs to the same "Statement of Work" (SOW) for all competitively procured contracts, providing a standardized range of essential services. I am pleased that this effort is already underway, with the Bureau issuing a new SOW earlier this month for all pending RRC contract solicitations. To complete the process, I am directing the Bureau to decline to exercise the options of all existing RRC contracts at the next available option period and then re-compete those contracts under the new SOW.¹

2. Require all RRCs to provide the most essential reentry services. It is not enough to establish a uniform standard for RRCs; this standard must also ensure that RRC providers provide a high level of reentry services most likely to reduce recidivism. The SOW issued earlier this month requires RRCs to recruit and retain skilled staff members, including employment-placement specialists, case managers, and substance abuse treatment specialists, and to provide extensive training to these employees. In addition, the new SOW will ensure that RRCs provide appropriate mental health services, including cognitive behavioral training, and the tools residents need to find employment, such as access to internet-enabled computers.

3. Collect and publish RRC data to drive performance. Currently, the Bureau does not collect adequate data about RRCs' operations, making it difficult to compare RRC providers and determine which ones best prepare residents for a successful return to the community. Under the new SOW, RRCs are now required to submit quarterly data on a range of performance metrics, including the average length of time it takes residents to obtain employment, the percentage of residents participating in community treatment services, and the percentage of

¹ Three limited exceptions apply. The Bureau is permitted to renew an existing RRC contract if: (a) the current provider already provides the services required under the new SOW; (b) the current provider agrees to promptly modify its current contract and adopt the new SOW without substantially raising the rate it charges the Bureau; *or* (c) the contract's next available option occurs less than one year from the date of this memo and the Director of the Bureau concludes that it would be more practicable to renew the contract for a one-year period and then re-compete the contract at that time.

residents registered for various public benefits at the time of their release, including health care, veterans, disability, and social security benefits. The Bureau should use this data to develop “report cards” for each RRC and post this material on the Bureau’s public website, with the goal of using the data to develop benchmarks and devise a contracting model that provides increased incentives to RRC providers based on measurable results. In addition, the Bureau should seek to link its own data with other criminal justice databases to improve its risk assessment tools and its understanding of the factors leading to recidivism.

4. Expand the Bureau’s oversight and monitoring of RRC contracts. The Bureau’s Residential Reentry Management Branch (RRMB) is responsible for overseeing the 181 halfway houses, ensuring that the RRC providers effectively supervise residents and that the federal government receives the high quality services it expects from its contractors. The Bureau should expand its RRMB staff to improve its ability to monitor contract performance and correct deficiencies. I am pleased that the Bureau recently posted openings for 30 new RRMB staff positions and nine contracting officers dedicated to the oversight and procurement of RRC services, with the goal of onboarding the new employees by early January 2017. I encourage the Bureau to continue evaluating ways to support RRMB’s work, to include upgrading positions to correctly reflect the increased duties and responsibilities of these positions.

5. Reevaluate the Bureau’s RRC inmate-placement system, prioritizing the higher-needs, higher-risk inmates most likely to recidivate. Although approximately 80 percent of federal inmates spend a portion of their final months of their sentence in a halfway house, some are transferred directly to a period of “home confinement,” which is less costly to the Bureau than housing a resident in a prison or an RRC. Additionally, most RRC residents eventually transition to home confinement prior to their release from custody. (In rare cases, certain inmates are released directly from prison to the community.) Given limited resources and our goal of promoting public safety, the Bureau should prioritize RRC placements for inmates with a higher risk of recidivism, while shifting lower-risk inmates to home confinement where appropriate.

6. Reduce costs to RRCs and the Bureau by ensuring all federal inmates receive government-issued identification documents prior to their transfer to a halfway house. Too many federal inmates arrive at halfway houses without the identification documents they need to obtain employment and post-release housing, including a Social Security card, a birth certificate, and a state-issued photo ID. RRCs currently assist residents in obtaining these documents but the lengthy process can delay reentry progress for several weeks or months, and many unemployed residents lack funds to cover the processing and application fees. The sooner residents obtain these documents, the sooner they can find work and eventually transfer from a halfway house to home confinement, resulting in significant cost savings for the Bureau. The Bureau has entered into a Memorandum of Understanding with the Social Security Administration to facilitate inmates’ obtaining Social Security cards at no cost. I am pleased that, concurrent with the release of this memo, the Bureau has committed to cover all costs associated with inmates’ obtaining birth certificates and state-issued photo ID cards while they are incarcerated. To the extent that an inmate arrives at an RRC without such documents, the Bureau will reimburse the RRC for the cost of obtaining them, as outlined in the new SOW.

7. Reduce RRC operating expenses by procuring a single, nationwide Bureau contract for location-monitoring services. Currently, each RRC is responsible for implementing its own system for monitoring the whereabouts of residents when they leave the halfway house for employment, family visits, or other approved reentry activities. These surveillance systems often involve ankle bracelets and/or regular telephone calls to residents' employers, which are unnecessarily burdensome. To create a more efficient and cost-effective service, the Bureau should attempt to negotiate a single, nationwide contract for location-monitoring and then require all RRC providers to use the same technology. I understand that the Bureau issued a Request for Information (RFI) from potential contractors earlier this year and I encourage the Bureau to complete the contracting process as quickly as practicable.

8. Develop a plan to limit the use of counterproductive "subsistence" fees imposed on indigent residents. Federal law requires that RRC residents pay the Bureau a "subsistence" fee of 25% of their gross paycheck for any employment-related income earned while living in the halfway house, in addition to applicable federal and state taxes. (Until recently, the Bureau imposed the same fee on individuals on home confinement, but eliminated that requirement in August 2016.) The Bureau's process for collecting these subsistence fees is costly and administratively burdensome for both RRCs and the Bureau, and these fees makes it difficult for residents, who typically earn minimum wage, to meet their other financial obligations, including restitution, fines, and child support. Federal law allows the Bureau to waive or reduce this fee in certain cases, and I am directing the Bureau to explore ways to expand its waiver authority to substantially reduce or eliminate these counterproductive fees for indigent residents.

9. Establish partnerships and information-sharing agreements with other stakeholders involved in the reentry process. The Bureau and RRC providers should develop partnerships with a wide range of stakeholders—including other federal agencies, state and local governments, non-profits and private foundations, academic institutions, and companies that employ former inmates—to enhance public safety and ensure the continuity of information and care for inmates. Among other things, the Bureau should work with other stakeholders, including RRCs and the U.S. Probation Office, to develop a consistent approach for identifying each inmate's needs and criminogenic risks. To facilitate this, the Bureau should develop an updated and standardized "Individualized Program Plan" (IPP) that follows an individual through each stage of the reentry process.

10. Identify sites for pilot programs that would lower costs, increase competition, and improve performance in the private RRC market. With the assistance of an outside consulting firm, the Bureau has identified a number of alternative contracting and operating models that, if successful, could strengthen the overall market for federal halfway houses and result in substantial cost-savings for the Bureau. As a next step, the Bureau should conduct a financial analysis to determine locations where it could pilot these alternatives, specifically those involving: (a) *"umbrella" contracts*, whereby the Bureau hires a single entity to oversee a number of separately managed RRCs; (b) *incentive-based contracts*, whereby a portion of the Bureau's payments would depend on the contractor's ability to meet certain outcomes for its residents, such as lowering recidivism rates or increasing employment rates; (c) *development of government-owned, contractor-operated halfway houses*, designed to increase competition in areas with few private facilities; and (d) *development of government-owned, government-*

operated halfway houses, to provide reentry services in areas significantly underserved by the private market. Once the Bureau has completed its financial analysis and determined potential sites, it should move quickly to put these pilots into effect, seeking Congressional authorization where necessary.

In addition to these ten steps, I have asked my staff in the Office of the Deputy Attorney General to work with the Bureau to implement additional recommendations identified by outside consultants and the Department's Office of Inspector General. Although there is much work to be done, I have great confidence in the Bureau staff to carry out these critical reforms. Thank you, as always, for your tremendous work protecting the public's safety and ensuring the successful reentry of individuals back to our communities.