

Director: Terry L. Stewart

JLBC Analyst: Brad Regens

	FY 2000 Actual	FY 2001 Estimate	FY 2002 Approved	FY 2003 Approved
PROGRAM BUDGET				
Prison Operations and Services				
<u>Subprograms</u>				
Security	239,470,600	261,058,300	265,894,800	283,065,400
Contingency Bed Openings SLI	0	0	4,519,000	4,519,000
<i>Subprogram Subtotal - Security</i>	<u>239,470,600</u>	<u>261,058,300</u>	<u>270,413,800</u>	<u>287,584,400</u>
Inmate Education, Treatment and Work Programs	31,928,700	43,253,200	42,767,300	43,891,400
Private Prisons	19,325,100	27,678,300	20,093,500	20,332,000
Contingency Bed Openings SLI	0	0	5,719,300	14,904,300
<i>Subprogram Subtotal - Private Prisons</i>	<u>19,325,100</u>	<u>27,678,300</u>	<u>25,812,800</u>	<u>35,236,300</u>
Inspections and Investigations	6,696,800	5,722,500	6,044,400	6,307,900
Contingency Bed Openings SLI	0	0	88,700	88,700
<i>Subprogram Subtotal - Inspections and Investigations</i>	<u>6,696,800</u>	<u>5,722,500</u>	<u>6,133,100</u>	<u>6,396,600</u>
Health Care	69,824,700	75,292,300	74,380,800	77,091,800
Contingency Bed Openings SLI	0	0	626,400	626,400
<i>Subprogram Subtotal - Health Care</i>	<u>69,824,700</u>	<u>75,292,300</u>	<u>75,007,200</u>	<u>77,718,200</u>
Prison Management and Support	143,975,500	139,288,800	134,826,900	140,082,500
Contingency Bed Openings SLI	0	0	30,300	30,300
<i>Subprogram Subtotal - Prison Management and Support</i>	<u>143,975,500</u>	<u>139,288,800</u>	<u>134,857,200</u>	<u>140,112,800</u>
<i>Program Subtotal - Prison Operations and Services</i>	<u>511,221,400</u>	<u>552,293,400</u>	<u>554,991,400</u>	<u>590,939,700</u>
Community Corrections	8,490,000	8,837,700	9,039,300	9,293,800
Administration	32,147,900	31,007,000	32,985,100	34,038,900
Contingency Bed Openings SLI	0	0	155,700	155,700
<i>Program Subtotal - Administration</i>	<u>32,147,900</u>	<u>31,007,000</u>	<u>33,140,800</u>	<u>34,194,600</u>
TOTAL APPROPRIATIONS	551,859,300	592,138,100	597,171,500	634,428,100
OPERATING BUDGET				
Full Time Equivalent Positions	10,673.4	10,677.4	10,627.4	10,635.4
Personal Services	303,286,300	320,946,900	323,075,700	349,275,300
Employee Related Expenditures	81,823,100	90,407,300	89,508,300	88,638,000
Professional and Outside Services	51,234,800	61,789,600	55,669,100	56,473,300
Travel - In State	983,800	1,053,600	1,034,200	1,042,500
Travel - Out of State	121,700	111,100	109,100	110,300
Food	30,796,400	37,355,100	36,102,100	36,826,200
Other Operating Expenditures	75,387,500	75,750,800	75,811,400	77,015,900
Equipment	8,225,700	4,723,700	4,722,200	4,722,200
<i>Operating Subtotal</i>	<u>551,859,300</u>	<u>592,138,100</u>	<u>586,032,100</u>	<u>614,103,700</u>
Special Line Items (SLI)	0	0	11,139,400 ^{1/2/}	20,324,400 ^{1/2/}
TOTAL APPROPRIATIONS	551,859,300	592,138,100	597,171,500 ^{5/6/} ^{7/8/}	634,428,100 ^{5/6/} ^{7/8/}

	FY 2000 Actual	FY 2001 Estimate	FY 2002 Approved	FY 2003 Approved
FUND SOURCES				
General Fund	549,081,200	588,269,200	580,971,000	609,001,900
Other Appropriated Funds				
Alcohol Abuse Treatment Fund	378,100	449,300	449,300	449,300
Corrections Fund	1,074,100	1,083,500	12,222,900	21,407,900
Penitentiary Land Fund	966,100	1,375,000	1,375,000	1,375,000
State Charitable, Penal and Reformatory Institutions Land Fund	18,400	270,000	270,000	270,000
State Education Fund for Correctional Education	341,400	691,100	1,883,300	1,924,000
<i>Subtotal - Other Appropriated Funds</i>	<u>2,778,100</u>	<u>3,868,900</u>	<u>16,200,500</u>	<u>25,426,200</u>
TOTAL APPROPRIATIONS	551,859,300	592,138,100	597,171,500	634,428,100

AGENCY DESCRIPTION — *The State Department of Corrections (ADC) maintains and administers a statewide system of prisons for the effective custody, control, correction, treatment and rehabilitation of all adult offenders legally committed to the department. Educational and treatment programs are provided for offenders so they will have opportunities to learn more responsible behaviors and increase their chance of returning to society as law-abiding citizens. The department is also responsible for the supervision of offenders on parole and other prison release mechanisms, as specified by law.*

PERFORMANCE MEASURES	FY 1999 Est./Actual	FY 2000 Est./Actual	FY 2001 Estimate	FY 2002-03 Estimate
• Average yearly cost per inmate (\$)	20,688/ 20,344	20,841/ 21,097	22,129	20,814/ 20,801
• Average daily population - secure facilities	25,873/25,733	27,457/26,158	26,742	27,642/28,542
• Fiscal year-end bed surplus/(shortage)	(1,627)/(2,320)	(1,061)/(1,540)	(1,841)	(1,941)/(1,091)
• Escapes from secure facilities	0/7	0/2	0	0
• Number of inmates receiving the General Equivalence Degree	NA/1,071	1,195/2,457	2,500	2,550/2,600
• Number of inmate random positive urinalysis results	NA/1,069	968/1,265	1,145	1,025/907
• % of agency staff turnover	NA/15.5	NA/16.6	15.6	11.6
• Administration as a % of total cost	NA	6.7/NA	6.6	6.6
• Customer satisfaction rating for employee satisfaction (Scale 1-8)	NA	NA	NA	6.0

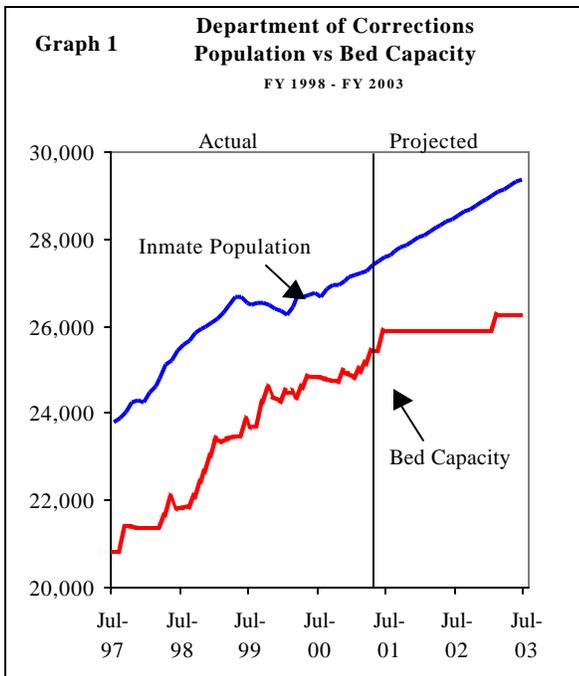
- 1/ The Department Corrections' FY 2002 and FY 2003 appropriation includes contingency monies to operate 350 state-operated beds and to contract for 400 privately-operated DUI beds for 12 months in both FY 2002 and FY 2003. The authorized contingency amounts shall be reduced by 1/12 for each successive month that the trigger appropriation is not used. (General Appropriation Act footnote)
- 2/ The amounts appropriated in the Contingency Bed Openings Special Line Item shall not be expended unless both the department's bed deficit exceeds the funded bed capacity by 2,500 beds and the department has experienced inmate population growth averaging 115 inmates for 6 consecutive months. In addition, the department shall submit a plan detailing the use of Contingency Bed Openings Special Line Item monies for review by the Joint Legislative Budget Committee before expenditure. It is the intent of the Legislature that use of the contingency monies be prioritized so that the most cost-efficient beds are opened first. (General Appropriation Act footnote)
- 3/ The Department of Corrections' FY 2003 appropriation includes contingency monies to contract for 1,000 privately-operated beds for 6 months in FY 2003. The authorized contingency amounts shall be reduced by 1/6 for each successive month that the trigger appropriation is not used. (General Appropriation Act footnote)
- 4/ The number of foreign nationals of a single nationality incarcerated in the 1,000 bed private prison shall not exceed 50% of the average daily population at the private prison. The department shall not exceed the 50% limit without prior approval of the full Legislature. (General Appropriation Act footnote)
- 5/ Twenty-five percent of land earnings and interest from the State Charitable, Penal and Reformatory Institutions Land Fund shall be distributed to the State Department of Corrections in compliance with Section 25 of the Enabling Act and the Constitution to be used for the support of state penal institutions. (General Appropriation Act footnote)
- 6/ One hundred percent of land earnings and interest from the Penitentiary Land Fund shall be distributed to the Department of Corrections in compliance with Section 25 of the Enabling Act and the Constitution to be used for the support of state penal institutions. (General Appropriation Act footnote)
- 7/ Before the expenditure of any State Education Fund for Correctional Education receipts in excess of \$1,924,000, the Department of Corrections shall report the intended use of the monies to the Director of the Joint Legislative Budget Committee. (General Appropriation Act footnote, as adjusted for statewide salary and other allocations)
- 8/ General Appropriation Act funds are appropriated as a Lump Sum by Program/Subprogram with Special Line Items.

Operating Budget Issues

Population Growth — The approved amount includes a FY 2002 General Fund decrease of \$(3,475,000) below FY 2001 and a FY 2003 General Fund decrease of \$(1,410,000) due to lower actual inmate population growth than budgeted for FY 2000 and FY 2001. The \$2,065,000 increase in FY 2003 above FY 2002 is due to projected inmate population growth of 900 inmates above FY 2002. The approved amount is based on a net growth rate of 75 inmates per month and a FY 2002 average daily population (ADP) of 27,642 and a FY 2003 ADP of 28,542. (See Graph 1 and Table 2 for additional information on actual and projected inmate population.)

The approved amount includes monies to fund inmate population growth for FY 2002 and FY 2003 above FY 2001, but savings were realized in the ADC budget because the FY 2001 ADC appropriation was based on a growth rate of 132 inmates per month and an ADP of 29,041. The actual FY 2000 growth rate was 19 new inmates per month and the FY 2001 year-to-date (through April 2001) was 65 inmates per month. As a result, the estimated FY 2002 and FY 2003 ADP are below the approved FY 2001 ADP even after including inmate growth of 900 per year (75 new inmates per month times 12 months).

The savings appear in the following programs and subprograms: Administration program, Prison Operations and Services program, Security subprogram, Inmate Education, Treatment and Work Programs subprogram, Private Prisons subprogram, Health Care subprogram, and Prison Management and Support subprogram. (See program and subprogram descriptions for additional information.)



Delayed Bed Openings — The approved amount includes a FY 2002 General Fund decrease of \$(12,773,500) below FY 2001 and a FY 2003 decrease of \$(10,489,400) below FY 2001 due to the delayed opening of 350 state-operated prison beds and 1,400 privately-operated beds. The decrease is lower in FY 2003 as 350 state-operated beds will open during that fiscal year.

The department’s FY 2001 budget included General Fund monies to fully operate 4,150 beds at the Arizona State Prison Complex (ASPC) - Lewis and contract for 2,850 privately-operated beds. Funding for these beds was based on projected inmate population growth rates of 132 new inmates per month for both FY 2000 and FY 2001. As mentioned earlier in the Population Growth discussion, inmate population growth has not matched the projected growth rate for FY 2000 or FY 2001. Therefore, 350 beds at ASPC-Lewis and 1,400 privately-operated beds funded to open by the end of FY 2001 were deferred for operations until FY 2003. (See Table 1 for additional information.)

The new opening dates are based on providing ADC with new beds when inmate population exceeds the department’s funded bed capacity by 2,500 inmates. Additional contingency monies have been appropriated to accelerate bed openings if population growth exceeds projections. (See Contingency Bed Openings Special Line Item Summary for additional information.)

The savings realized from deferring the new beds until FY 2003 appear in the following programs and subprograms: Administration program, Prison Operations and Services program, Security subprogram, Private Prisons subprogram, Inspections and Investigations subprogram, Health Care subprogram, and Prison Management and Support subprogram.

Table 1

Delayed Bed Openings

Bed Type	# of Beds	Original Opening	New Opening ^{1/}
State-Operated	350	March 2000	February 2003
Privately-Operated	400	June 2000	July 2003
Privately-Operated	1,000	June 2001	December 2003

^{1/} May open earlier if appropriation contained in Contingency Bed Openings Special Line Item is utilized.

Inmate Population and Bed Capacity — Table 2 provides a comparison of the projected month-end prison population, the number of beds (expressed as Operational Capacity), the Projected Bed Shortage, and the percent of the bed deficit over operational capacity (% Over Capacity). The New Beds column indicates when delayed beds are funded to come on-line. The inmate population projections are based on a funded growth rate of 75 new inmates per month for both FY 2002 and FY 2003.

<u>Mo./ Year</u>	<u>New Beds</u>	<u>Operational Capacity</u>	<u>Population Projection</u>	<u>Bed Shortage</u>	<u>% Over Capacity</u>
7/99		23,717	26,129	(2,412)	10.2
8/99		23,717	26,161	(2,444)	10.3
9/99		24,249	26,173	(1,924)	7.9
10/99		24,574	26,114	(1,540)	6.3
11/99		24,374	26,019	(1,645)	6.7
12/99		24,310	26,003	(1,693)	7.0
1/00		24,460	25,899	(1,439)	5.9
2/00		24,460	26,071	(1,611)	6.6
3/00		24,382	26,293	(1,911)	7.8
4/00		24,582	26,291	(1,709)	7.0
5/00		24,862	26,331	(1,469)	5.9
6/00		24,862	26,402	(1,540)	6.2
7/00		24,862	26,292	(1,430)	5.8
8/00		24,786	26,472	(1,686)	6.8
9/00		24,751	26,566	(1,815)	7.3
10/00		24,751	26,574	(1,823)	7.4
11/00		24,951	26,667	(1,716)	6.9
12/00		24,947	26,747	(1,800)	7.2
1/01		24,861	26,817	(1,956)	7.9
2/01		24,994	26,828	(1,834)	7.3
3/01		25,128	26,880	(1,752)	7.0
4/01		25,452	27,054	(1,602)	6.3
5/01		25,452	27,129	(1,677)	6.6
6/01		25,901	27,204	(1,303)	5.0
7/01		25,901	27,279	(1,378)	5.3
8/01		25,901	27,354	(1,453)	5.6
9/01		25,901	27,429	(1,528)	5.9
10/01		25,901	27,504	(1,603)	6.2
11/01		25,901	27,579	(1,678)	6.5
12/01		25,901	27,654	(1,753)	6.8
1/02		25,901	27,729	(1,828)	7.1
2/02		25,901	27,804	(1,903)	7.3
3/02		25,901	27,879	(1,978)	7.6
4/02		25,901	27,954	(2,053)	7.9
5/02		25,901	28,029	(2,128)	8.2
6/02		25,901	28,104	(2,203)	8.5
7/02		25,901	28,179	(2,278)	8.8
8/02		25,901	28,254	(2,353)	9.1
9/02		25,901	28,329	(2,428)	9.4
10/02		25,901	28,404	(2,503)	9.7
11/02		25,901	28,479	(2,578)	10.0
12/02		25,901	28,554	(2,653)	10.2
1/03		25,901	28,629	(2,728)	10.5
2/03	350 Lewis Beds	26,251	28,704	(2,453)	9.3
3/03		26,251	28,779	(2,528)	9.6
4/03		26,251	28,854	(2,603)	9.9
5/03		26,251	28,929	(2,678)	10.2
6/03		26,251	29,004	(2,753)	10.5

^{1/} Actual data through April 2001.

Contingency Bed Openings Special Line Item Summary — Monies in this line item, funded from the Corrections Fund, are to be used to accelerate the opening of prison beds if population growth averages 115 inmates for 6 consecutive months and the department's funded bed capacity exceeds 2,500 beds. Prior to use of the contingency monies, the department shall submit an expenditure plan to the Joint Legislative Budget Committee for review.

The approved amount includes a Corrections Fund increase of \$11,139,400 in FY 2002 above FY 2001 and a FY 2003 increase of \$20,324,400 above FY 2001 to accelerate the opening of 350 state-operated beds and 1,400 privately-operated beds if the conditions contained in footnote #2 are met. The increases appear in the following programs and subprograms: Administration program, Prison Operations and Services program, Security subprogram, Private Prisons subprogram, Inspections and Investigations subprogram, Health Care subprogram, and Prison Management and Support subprogram.

Correctional Officer Pay — The approved amount includes a General Fund increase of \$2,877,500 in FY 2002 above FY 2001 and a FY 2003 increase of \$5,343,900 above FY 2001 to continue the Correctional Officer (CO) pay step plan established in FY 2000. The step plan provides an annual increase for CO's based on experience and education levels, and gives CO's a salary adjustment on the anniversary of their employment date (for up to 8 years of service). The increases appear in the following programs and subprograms: Administration program, Prison Operations and Services program, Security subprogram, Inspections and Investigations subprogram, and Prison Management and Support subprogram.

In addition, the department's FY 2002 and FY 2003 appropriations include monies to provide each security series FTE Position a \$2,500 salary adjustment on April 1, 2002 and an additional \$1,500 increase on April 1, 2003 in lieu of the statewide employee 5% salary adjustment. The remaining department employees will receive the statewide 5% adjustment. *Table 3* compares the CO salaries under the existing pay structure and the new CO pay structure after the April 1 increases are effective.

Table 3**Correctional Officer Series**

<u>Experience</u>	<u>Current Salary</u>	<u>New Salary</u>	
		<u>April 1, 2002</u>	<u>April 1, 2003</u>
<1 Year	\$23,504	\$26,004	\$27,504
1 Year	24,689	27,189	28,689
2 Years	25,916	28,416	29,916
3 Years	26,561	29,061	30,561
4 Years	27,227	29,727	31,227
5 Years	27,913	30,413	31,913
6 Years	28,600	31,100	32,600
7 Years	29,328	31,828	33,328
8 Years	30,056	32,556	34,056
Maximum	35,568	38,068	39,568
Sergeant	30,982	33,482	34,982
Lieutenant	33,570	36,070	37,570
Captain	36,676	39,176	40,676
Major	40,817	43,317	44,817

Program Budget

Prison Operations and Services Program — This program includes the administration and operation of the Arizona prison system. The program consists of the following subprograms and Special Line Item: Security subprogram, Inmate Education, Treatment and Work Programs subprogram, Private Prisons subprogram, Inspections and Investigations subprogram, Health Care subprogram, Prison Management and Support subprogram, and Contingency Bed Openings Special Line Item.

Security Subprogram — This subprogram maintains safe and secure prisons through the training and management of security staff and oversight of the inmate population. The approved appropriation is funded from the General Fund, the Corrections Fund, and the State Charitable, Penal and Reformatory Institutions Land Fund.

Security Subprogram by Fund Source		
<u>Fund Source</u>	<u>FY 2002</u>	<u>FY 2003</u>
General Fund	\$265,624,800	\$282,795,400
Corrections Fund	4,519,000	4,519,000
State Charitable, Penal and Reformatory Institutions Land Fund	<u>270,000</u>	<u>270,000</u>
TOTAL	\$270,413,800	\$287,584,400

The approved amount includes a General Fund decrease of \$(567,100) in FY 2002 below FY 2001 and a FY 2003 decrease of \$(237,100) below FY 2001 due to lower actual inmate population growth than budgeted for FY 2000 and FY 2001. (See *Population Growth discussion for additional information.*) The FY 2003 decrease is lower due to projected inmate growth in FY 2003 above FY 2002.

The approved amount also includes a General Fund decrease of \$(4,513,200) in FY 2002 below FY 2001 and a

FY 2003 decrease of \$(2,599,700) below FY 2001 due to the delayed opening of 350 beds at ASPC-Lewis from March 2000 to February 2003. The FY 2003 decrease is lower because the 350 beds will be operational for part of the fiscal year. (See *Delayed Bed Openings discussion for additional information.*)

In addition, the approved amount includes a General Fund decrease of \$(2,695,400) in both FY 2002 and FY 2003 from FY 2001 due to the department closing the Arizona State Prison Complex (ASPC)-Phoenix Arizona Center for Women (ACW). ACW was closed during the department's consolidation of the female inmate population to ASPC-Perryville. The savings represent the annual cost to operate ACW minus inmate related expenditures which were maintained in the ADC budget. Also remaining in the department's FY 2002 and FY 2003 budget are 81 FTE Positions related to security at ACW. The department has the ability to reassign the FTE Positions throughout the agency as necessary.

The approved amount also includes a General Fund increase of \$2,872,900 in FY 2002 above FY 2001 and a FY 2003 increase of \$5,335,500 above FY 2001 for continuation of the CO pay step plan. (See *the Correctional Officer Pay discussion for additional information.*)

Contingency Bed Openings Special Line Item — The approved amount includes a Corrections Fund increase of \$4,519,000 in both FY 2002 and FY 2003 above FY 2001 to provide full year funding for security staff associated with opening 350 state-operated beds at the ASPC-Lewis prior to February 2003. (See *Contingency Bed Openings Special Line Item Summary for additional information.*)

Inmate Education, Treatment and Work Programs Subprogram — This subprogram provides inmates with pre-release opportunities to improve their education and vocational skills, and address substance abuse issues. The approved appropriation is funded from the General Fund, the Alcohol Abuse Treatment Fund, and the State Education Fund for Correctional Education.

Inmate Education, Treatment and Work Programs Subprogram by Fund Source		
<u>Fund Source</u>	<u>FY 2002</u>	<u>FY 2003</u>
General Fund	\$40,434,700	\$41,518,100
Alcohol Abuse Treatment Fund	449,300	449,300
State Education Fund for Correctional Education	<u>1,883,300</u>	<u>1,924,000</u>
TOTAL	\$42,767,300	\$43,891,400

The approved amount includes a General Fund decrease of \$(324,800) in FY 2002 below FY 2001 and a FY 2003 decrease of \$(135,800) below FY 2001 due to lower actual inmate population growth than budgeted for FY 2000 and

FY 2001. (See *Population Growth discussion for additional information.*)

The approved amount includes a FY 2002 State Education Fund for Correctional Education increase of \$436,200 above FY 2001 and a FY 2003 increase of \$464,300 above FY 2001 due to an increase in the Basic State Aid funding that ADC receives to provide statutorily required education. By statute, the department is required to provide educational services to inmates under the age of 18 years and to inmates with disabilities who are age 21 or younger.

The approved amount also includes a funding shift of \$750,000 in both FY 2002 and FY 2003 due to a large balance forward in the State Education Fund for Correctional Education. The approved amount includes a General Fund decrease of \$(750,000) in both FY 2002 and FY 2003 from FY 2001 and a State Education Fund for Correctional Education increase of \$750,000 in both FY 2002 and FY 2003 above FY 2001.

In addition, the approved General Fund amount includes a decrease of \$(29,700) and (44) FTE Positions in both FY 2002 and FY 2003 from FY 2001 due to the privatization of the functional literacy education and general equivalency diploma preparation inmate education programs at ASPC-Lewis.

Private Prisons Subprogram — This subprogram manages the state's private prison contracts and monitors private prisons housing department inmates to ensure the facilities are safe, secure and cost-efficient. This subprogram is funded from the General Fund except for the Special Line Item, which is funded from the Corrections Fund.

The approved amount includes a General Fund decrease of \$(240,600) in FY 2002 below FY 2001 and a FY 2003 decrease of \$(57,700) below FY 2001 due to lower actual inmate population growth than budgeted for FY 2000 and FY 2001. (See *Population Growth discussion for additional information.*)

The approved amount also includes a General Fund decrease of \$(7,360,600) in FY 2002 below FY 2001 and a FY 2003 decrease of \$(7,334,900) below FY 2001 due to the delayed opening of 1,400 privately-operated beds. (See *Delayed Bed Openings discussion for additional information.*) The approved amount, however, includes General Fund monies to enable the department to continue to contract for 1,450 private beds in both FY 2002 and FY 2003.

Contingency Bed Openings Special Line Item — The approved amount includes a Corrections Fund increase of \$5,719,300 in both FY 2002 and FY 2003 above FY 2001 to provide full year funding to contract for 400 privately-operated beds. (See *Contingency Bed*

Openings Special Line Item Summary for additional information.)

In addition, the approved amount includes a Corrections Fund increase of \$9,185,000 in FY 2003 above FY 2001 to provide 6-month funding to contract for 1,000 privately-operated beds. Use of these contingency monies also requires JLBC review and the number of foreign nationals of a single nationality shall not exceed 50% of the prison's ADP. (See *footnotes #2 and #4 for additional information.*)

Inspections and Investigations Subprogram — This subprogram conducts annual inspections and audits of all prison complexes, and conducts administrative, criminal and special investigations of inmates and staff to enhance and maintain prison security. This subprogram is funded from the General Fund except for the Special Line Item, which is funded from the Corrections Fund.

The approved amount includes a General Fund increase of \$205,300 and 5 FTE Positions in both FY 2002 and FY 2003 above FY 2001 for a security unit to protect ADC employees and investigate threats against ADC employees by current or former prison inmates.

The approved amount also includes a General Fund decrease of \$(88,600) in FY 2002 below FY 2001 and a FY 2003 decrease of \$(51,700) below FY 2001 due to the delayed opening of 350 beds at ASPC-Lewis from March 2000 to February 2003. (See *Delayed Bed Openings discussion for additional information.*)

In addition, the approved amount includes a General Fund increase of \$4,100 in both FY 2002 and FY 2003 above FY 2001 for continuation of the CO pay step plan. (See *the Correctional Officer Pay discussion for additional information.*)

Contingency Bed Openings Special Line Item — The approved amount includes a Corrections Fund increase of \$88,700 in both FY 2002 and FY 2003 above FY 2001 to provide full year funding for inspection and investigation staff associated with opening 350 state-operated beds at ASPC-Lewis. (See *Contingency Bed Openings Special Line Item Summary for additional information.*)

Health Care Subprogram — This subprogram provides medical, dental, mental health, nursing and pharmaceutical services to inmates, and occupational health safety services to department employees. The approved appropriation is funded from the General Fund except for the Special Line Item, which is funded from the Corrections Fund.

The approved amount includes a General Fund decrease of \$(1,032,400) in FY 2002 below FY 2001 and a FY 2003 decrease of \$(431,700) below FY 2001 due to lower actual

inmate population growth than budgeted for FY 2000 and FY 2001. (See *Population Growth discussion for additional information.*)

The approved amount also includes a General Fund decrease of \$(625,400) in FY 2002 below FY 2001 and a FY 2003 decrease of \$(364,500) below FY 2001 due to the delayed opening of 350 beds at ASPC-Lewis from March 2000 to February 2003. (See *Delayed Bed Openings discussion for additional information.*)

In addition, the approved amount includes a General Fund reduction of \$(593,000) in both FY 2002 and FY 2003 from FY 2001 due to savings associated with the closing of ACW. The savings represent non-inmate related health care costs related to the operation of ACW. Remaining in the department's FY 2002 and FY 2003 budget are 8 FTE Positions related to health care services at ACW. The department has the ability to reassign the FTE Positions throughout the agency as necessary.

Contingency Bed Openings Special Line Item —

The approved amount includes a Corrections Fund increase of \$626,400 in both FY 2002 and FY 2003 above FY 2001 to provide full year funding for health care costs associated with opening 350 state-operated beds at ASPC-Lewis. (See *Contingency Bed Openings Special Line Item Summary for additional information.*)

Prison Management and Support Subprogram —

This subprogram provides administrative support at the prison complexes including budget management, fleet management, maintenance and food services. The approved appropriation is funded from the General Fund, the Corrections Fund, and the Penitentiary Land Fund.

Prison Management and Support Subprogram by Fund Source		
Fund Source	FY 2002	FY 2003
General Fund	\$132,368,400	\$137,624,000
Corrections Fund	1,113,800	1,113,800
Penitentiary Land Fund	<u>1,375,000</u>	<u>1,375,000</u>
TOTAL	\$134,857,200	\$140,112,800

The approved amount includes a General Fund decrease of \$(1,236,000) in FY 2002 below FY 2001 and a FY 2003 decrease of \$(516,800) below FY 2001 due to lower actual inmate population growth than budgeted for FY 2000 and FY 2001. (See *Population Growth discussion for additional information.*)

The approved amount also includes a General Fund decrease of \$(30,300) in FY 2002 below FY 2001 and a FY 2003 decrease of \$(48,000) below FY 2001 due to the delayed opening of 350 beds at ASPC-Lewis from March 2000 to February 2003. (See *Delayed Bed Openings discussion for additional information.*)

In addition, the approved amount includes a General Fund FY 2003 increase of \$3,500 above FY 2001 for continuation of the CO pay step plan. (See *the Correctional Officer Pay discussion for additional information.*)

Contingency Bed Openings Special Line Item —

The approved amount includes a Corrections Fund increase of \$30,300 in both FY 2002 and FY 2003 above FY 2001 to provide full year funding for prison administrative support costs associated with opening 350 state-operated beds at ASPC-Lewis. (See *Contingency Bed Openings Special Line Item Summary for additional information.*)

Community Corrections Program — This program provides supervision of released offenders, performs pre-release placement investigations, provides inmates referrals to community services, and identifies parole violations for return to custody. The approved appropriation is funded from the General Fund.

Administration Program — This program provides general administrative support to the department including budget, personnel, computer services, and strategic management. The approved appropriation is funded from the General Fund except for the Special Line Item, which is funded from the Corrections Fund.

The approved amount includes a General Fund decrease of \$(74,100) in FY 2002 below FY 2001 and a FY 2003 decrease of \$(30,900) below FY 2001 due to lower actual inmate population growth than budgeted for FY 2000 and FY 2001. (See *Population Growth discussion for additional information.*)

The approved amount also includes a General Fund decrease of \$(155,400) in FY 2002 below FY 2001 and a FY 2003 decrease of \$(90,600) below FY 2001 due to the delayed opening of 350 beds at ASPC-Lewis from March 2000 to February 2003. (See *Delayed Bed Openings discussion for additional information.*)

In addition, the approved amount includes a General Fund increase of \$500 in FY 2002 above FY 2001 and a FY 2003 increase of \$800 above FY 2001 for continuation of the CO pay step plan. (See *the Correctional Officer Pay discussion for additional information.*)

Contingency Bed Openings Special Line Item —

The approved amount includes a Corrections Fund increase of \$155,700 in both FY 2002 and FY 2003 above FY 2001 to provide full year funding for department administrative support costs associated with opening 350 state-operated beds at ASPC-Lewis. (See *Contingency Bed Openings Special Line Item Summary for additional information.*)

Capital Outlay Appropriations: (Chapter 237) — Appropriates \$18,538,600 in FY 2002 and \$1,848,600 in FY 2003 from the Corrections Fund to the Arizona Department of Administration (ADOA) for the upgrade and replacement of state prison locks within ADC. ADOA may expend a portion of the monies for an assessment of all locking systems at Arizona state prisons. Before the expenditure of any monies for actual lock replacement, ADOA shall submit the assessment and expenditure plan prioritizing lock replacement projects to the Joint Committee on Capital Review (JCCR) for its review. After JCCR review, ADOA shall provide the committee with monthly status updates.

The bill also appropriates \$5,518,800 in FY 2002 and \$6,080,800 in FY 2003 from the Corrections Fund to ADOA for ADC building renewal projects. The appropriations provide 100% of the ADC building renewal formula in both FY 2002 and FY 2003.

The bill appropriates \$1,934,700 in FY 2002 from the Corrections Fund to ADOA for safety improvements within the ADC prison system and to close an unused landfill at the ASPC-Safford Fort Grant prison. Of the amount appropriated, \$1,379,400 is provided to modify the fencing around ADC administration buildings to correct a design flaw and eliminate a security weakness. The remaining \$555,300 is provided for a landscaping storm water management system to properly close the Fort Grant landfill in compliance with Arizona Department of Environmental Quality and federal government requirements.

In addition, the bill ex-appropriates all monies for the new Tucson prison complex except for \$10,000,000 in FY 2000 and \$30,069,700 in FY 2003 from the Corrections Fund. Monies for the new prison were originally appropriated to ADOA by Laws 1999, Chapter 2, 1st Special Session. The ex-appropriation includes \$11,980,800 in FY 2000, \$21,957,400 in FY 2001 and \$88,930,800 in FY 2002 from the Corrections Fund, and \$64,980,800 in FY 2002 and \$8,119,700 in FY 2003 from the General Fund. The bill as originally passed also ex-appropriated \$30,069,700 in FY 2003 from the Corrections Fund, however, that part of the ex-appropriation was line item vetoed by the Governor.

Table 4 summarizes the funding still available to ADOA for construction of the new Tucson prison after enactment of Chapter 237.

<i>Fund Source</i>	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>Total</u>
Corrections Fund	\$10,000.0	\$ 0	\$0	\$30,069.7	\$40,069.7
Federal Funds	1,100.0	28,900.0	0	0	30,000.0
TOTAL	\$11,100.0	\$28,900.0	\$0	\$30,069.7	\$70,069.7

Vetoed Appropriations: (Chapter 237) — The Governor line item vetoed the ex-appropriation of \$30,069,700 in FY 2003 from the Corrections Fund for construction of the new Tucson prison complex. (*See Capital Outlay Appropriations for more information on this bill.*)

Community Transition Program (H.B. 2563) — Created a Community Transition Program for inmates released from ADC and appropriated \$1,200,000 in non-General Fund monies for both FY 2002 and FY 2003 to the Department of Economic Security (DES) for DES to contract with a private entity to provide mentoring services and assistance to released inmates. Appropriated \$600,000 in both FY 2002 and FY 2003 from ADC's Alcohol Abuse Treatment Fund to a newly created Community Transition Fund within DES. Also, appropriated \$600,000 in both FY 2002 and FY 2003 from ADC's Drug Treatment and Education Revolving Fund to DES' Community Transition Fund. The Governor vetoed this bill.

Additional Legislation: CORP: Members: Normal Retirement (Chapter 309) — Lowers the age for normal retirement from 25 years to 20 years of service for members of the Correctional Officers Retirement Plan (CORP). The bill also raises the cap on the pension amount that a CORP member can receive from 75% to 80% of final average earnings. As contribution rates have been established for FY 2002 and FY 2003 prior to enactment of this bill, the fiscal impact of the bill will not be known until FY 2004. A JLBC Staff fiscal note estimates the FY 2004 General Fund cost at approximately \$4,300,000. (*Please see Arizona State Retirement System for more information on CORP and Chapter 309.*)

Other Issues: Corrections Fund — The Corrections Fund is for the construction, major maintenance, and purchase or lease of correctional facilities or state-operated juvenile facilities. The Legislature may also appropriate monies in this fund for the operation of these facilities. Revenues deposited to the fund are from luxury taxes on alcohol and tobacco products. Table 5 shows revenue and expenditures for the fund through FY 2002 and FY 2003. The table shows the fund ending FY 2003 with a negative balance because the Governor line item vetoed the ex-appropriation of \$30,069,700 in FY 2003 for the new Tucson prison complex. (*See Capital Outlay Appropriations for additional information.*)

Table 5				
CORRECTIONS FUND				
Estimated Revenue and Expenditure Projections				
(\$ in Thousands)				
	FY 2000	FY 2001	FY 2002	FY 2003
	Actual	Estimate	Estimate	Estimate
Beginning Balance	\$22,773.4	\$24,572.8	\$37,743.1	\$ 8,717.0
Revenues	25,471.4	25,471.4	25,471.4	25,471.4
General Fund	0.0	0.0	64,980.8	8,119.7
Ex-Appropriate General Fund	0.0	0.0	(64,980.8)	(8,119.7)
Other Deposits	0.0	0.0	2,000.0	0.0
Transfer to General Fund	0.0	0.0	(15,000.0)	0.0
Total Revenues	25,471.4	25,471.4	12,471.4	25,471.4
Total Funds Available	\$48,244.8	\$50,044.2	\$50,214.5	\$34,188.4
<u>Expenditures</u>				
ADOA Staffing	495.3	553.7	574.7	571.6
Apache County Lease	1,074.1	1,083.5	1,083.5	1,083.5
Administrative Adjustments	11.8	0.0	0.0	0.0
FY 1995 Capital Budget				
Aspen Conversion	(25.3)	25.3	0.0	0.0
Globe 100 Level 3 Beds	2.4	359.8	0.0	0.0
Youthful Offender 100 Beds	57.6	276.0	0.0	0.0
FY 1996 Capital Budget				
Yuma 800 Level 4 Beds	35.8	342.1	0.0	0.0
FY 1997 Capital Budget				
Lewis Master Plan	125.1	99.8	0.0	0.0
Yuma 800 Level 4 Beds	130.8	293.8	0.0	0.0
Laws 1997, Ch. 212				
Perryville Lock Replacement	16.3	85.2	0.0	0.0
FY 1998 Capital Budget				
Lewis Complex	1,096.1	274.5	0.0	0.0
FY 1999 Capital Budget				
Lewis Complex	5,429.2	2,939.3	0.0	0.0
Tucson II Complex	2,013.2	817.7	0.0	0.0
Douglas Wastewater	2,495.6	670.5	0.0	0.0
DJC Beds	532.9	561.0	0.0	0.0
FY 2000/FY 2001 Capital Budget				
Tucson II Complex	6,081.1	37,177.5	88,930.8	30,069.7
Laws 2000, Ch. 363				
Juvenile Detention Beds	4,100.0	0.0	0.0	0.0
FY 2002/FY 2003 Capital Budget				
Ex-Appropriated Tucson				
II Complex Funding	0.0	(33,258.6)	(88,930.8)	0.0
ADC Lock Replacement	0.0	0.0	18,538.6	1,848.6
ADC Building Renewal	0.0	0.0	5,518.8	6,080.8
ADC Safety Improvements	0.0	0.0	1,379.4	0.0
ADC Fort Grant				
Landfill Closure	0.0	0.0	555.3	0.0
DJC Building Renewal	0.0	0.0	440.8	487.1
DJC Medical Unit	0.0	0.0	785.0	0.0
DJC HVAC Replacement	0.0	0.0	1,482.0	0.0
FY 2002/FY 2003 Operating Budget				
ADC Contingency Funding	0.0	0.0	11,139.4	20,324.4
Total Expenditures	23,672.0	12,301.1	41,497.5	60,465.7
Fund Balance	\$24,572.8	\$37,743.1	\$8,717.0	\$(26,277.3)

Excess Balance Transfers — Laws 2001, Chapter 232 transfers \$15,000,000 from the Corrections Fund to the General Fund in FY 2002. *See the Corrections Fund discussion above for additional information on the fund's revenue and expenditures.*)

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