

State Department of Corrections

JLBC: Brad Regens
 OSPB: Bill Greeney

Subcommittee: Assets

DESCRIPTION	FY 2002 ACTUAL	FY 2003 ESTIMATE	FY 2004	
			OSPB	JLBC
PROGRAM BUDGET				
Prison Operations and Services	521,123,300	577,249,200	600,726,000	598,431,600
Community Corrections	8,614,200	8,915,500	8,711,200	9,033,300
Administration	23,954,500	28,086,600	28,175,200	28,345,200
AGENCY TOTAL	553,692,000	614,251,300	637,612,400	635,810,100

OPERATING BUDGET

<i>Full Time Equivalent Positions</i>	10,627.4	10,295.4	10,295.4	10,035.4
Personal Services	312,903,600	323,242,700	332,917,500	310,746,300
Employee Related Expenditures	86,485,100	91,448,100	91,054,600	106,019,200
Professional and Outside Services	51,264,700	73,017,300	91,106,300	94,740,100
Travel - In State	402,200	728,700	728,700	700,200
Travel - Out of State	79,200	124,200	124,200	163,600
Other Operating Expenditures	65,888,600	87,069,700	85,797,700	85,089,500
Food	33,792,000	36,883,000	34,145,800	36,613,600
Equipment	2,876,600	1,737,600	1,737,600	1,737,600
OPERATING SUBTOTAL	553,692,000	614,251,300	637,612,400	635,810,100
Special Line Items (SLI)				
AGENCY TOTAL	553,692,000	614,251,300	637,612,400	635,810,100

FUND SOURCES

General Fund	541,093,100	579,765,400	591,998,000	603,398,900
<u>Other Appropriated Funds</u>				
Alcohol Abuse Treatment Fund	369,900	449,300	449,300	449,300
Corrections Fund	8,721,200	29,978,100	41,656,500	28,394,700
Penitentiary Land Fund	1,366,800	1,375,000	875,000	875,000
State Charitable, Penal and Reformatory Institutions Land Fund	105,300	570,000	570,000	570,000
State Education Fund for Correctional Education	2,035,700	2,113,500	2,063,600	2,122,200
SUBTOTAL - Other Appropriated Funds	12,598,900	34,485,900	45,614,400	32,411,200
SUBTOTAL - Appropriated Funds	553,692,000	614,251,300	637,612,400	635,810,100
Other Non-Appropriated Funds	34,153,600	34,044,800	NA	33,041,100
Federal Funds	35,199,900	1,344,300	NA	1,344,300
TOTAL - ALL SOURCES	623,045,500	649,640,400	NA	670,195,500

CHANGE IN FUNDING SUMMARY

	FY 2003 to FY 2004 JLBC	
	\$ Change	% Change
General Fund	23,633,500	4.1%
Other Appropriated Funds	(2,074,700)	(6.0%)
Total Appropriated Funds	21,558,800	3.5%

AGENCY DESCRIPTION — *The State Department of Corrections (ADC) maintains and administers a statewide system of prisons for adult and minor offenders legally committed to the department. The department is also responsible for the supervision of offenders on parole and other prison release mechanisms, as specified by law.*

construction of the new complex. Except for \$10 million, all monies appropriated to ADOA for the prison complex construction have already been ex-appropriated and \$5.3 million of the remaining appropriation has been expended. As a result, a total of \$4,692,100 in Corrections Fund monies remain unexpended from the 2 original appropriations.

Ex-appropriation of the remaining \$4.7 million is recommended as the Executive has ceased condemnation proceeding to acquire the land for the new prison. Condemnation proceeding were initiated by the state after a private party outbid ADOA at the sale of the state trust lands identified by the Legislature as the site of the new prison.

Table 1

CORRECTIONS FUND			
Estimated Revenue and Expenditure Projections			
(\$ in Thousands)			
	FY 2002	FY 2003	FY 2004
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>
Beginning Balance	\$ 44,338.3	\$ 6,987.1	\$ 2,059.5
Revenues	26,043.2	26,600.0	27,100.0
Other Deposits	2,000.0	0.0	0.0
Transfer to General Fund	(49,500.0)	0.0	0.0
Total Revenues	<u>(21,456.8)</u>	<u>26,600.0</u>	<u>27,100.0</u>
Total Funds Available	22,881.5	33,587.1	29,159.5
Expenditures			
ADOA Staffing	561.4	571.6	571.6
Apache County Lease	1,083.5	1,083.5	1,083.5
Prior Year Capital Projects			
Globe 100 Beds	0.0	351.6	0.0
Yuma 800 Level 4 Beds	0.0	280.8	0.0
Lewis Complex	0.0	1,175.8	0.0
Douglas Wastewater	0.0	153.1	0.0
Tucson II Complex	0.0	4,692.1	0.0
ADC Lock Replacement	600.0	0.0	0.0
ADC Building Renewal	2,759.4	0.0	0.0
ADC Safety Improvements	1,379.4	0.0	0.0
ADC Fort Grant Landfill Closure	555.3	0.0	0.0
DJC Build-Out	0.0	330.8	0.0
DJC Building Renewal	220.4	0.0	0.0
DJC Medical Unit	185.0	141.9	0.0
DJC HVAC Replacement/Renovations	50.0	27.5	0.0
FY 2004 Capital Budget			
Recommended Reversions	0.0	(6,175.7)	0.0
Operating Budget			
ADC Operating Costs	8,500.0	8,339.5	10,000.4
ADC State-Operated Beds	0.0	7,749.1	0.0
ADC Privately-Operated Beds	0.0	10,739.8	17,310.8
ADC 229 Temporary Jail Beds	<u>0.0</u>	<u>2,066.2</u>	<u>0.0</u>
Total Expenditures	<u>15,894.4</u>	<u>31,527.6</u>	<u>28,966.3</u>
Fund Balance	6,987.1	2,059.5	193.2

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 1* lists current and recommended Corrections Fund expenditures.

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, the percent of the bed deficit over operational capacity (% Over Capacity). The New Beds column indicates when the JLBC recommends contracting for additional privately-operated beds in FY 2004. The inmate projections in the table are based on a growth rate of 118 new inmates per month for FY 2004 and beginning October 2003 requiring sentences of 1 year or less to be served at county jails. The bed deficit at the end of FY 2004 is projected to be (3,089) or 11.2% over capacity.

Table 2

Comparison of Inmate Population and Bed Capacity					
Mo/ Year	New Beds	Operational Capacity	Population Projection	Bed Shortage	% Over Capacity
12/02		26,927	29,591	(2,664)	9.9
1/03		26,927	29,709	(2,782)	10.3
2/03		26,927	29,827	(2,900)	10.8
3/03	400 private beds	27,327	29,945	(2,618)	9.6
4/03		27,327	30,063	(2,736)	10.0
5/03		27,327	30,181	(2,854)	10.4
6/03		27,327	30,299	(2,972)	10.9
7/03	Shift state to private	27,609	30,417	(2,808)	10.2
8/03		27,609	30,535	(2,926)	10.6
9/03		27,609	30,653	(3,044)	11.0
10/03		27,609	30,658	(3,049)	11.0
11/03	Shift state to private	27,609	30,663	(3,054)	11.1
12/03		27,609	30,668	(3,059)	11.1
1/04		27,609	30,673	(3,064)	11.1
2/04		27,609	30,678	(3,069)	11.1
3/04		27,609	30,683	(3,074)	11.1
4/04		27,609	30,688	(3,079)	11.2
5/04		27,609	30,693	(3,084)	11.2
6/04		27,609	30,698	(3,089)	11.2

* * *

JLBC RECOMMENDED FORMAT — Detailed Line Item by Agency. *(In the FY 2003 budget, the department had a Lump Sum by Agency format.)*

JLBC RECOMMENDED FOOTNOTES

Standard Footnotes

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

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.

Before the expenditure of any State Education Fund for Correctional Education receipts in excess of \$2,122,200, the Department of Corrections shall report the intended use of the monies to the Director of the Joint Legislative Budget Committee.

Before altering its bed capacity by closing state-operated prison beds, canceling or not renewing contracts for privately-operated prison beds, the Department of Corrections shall submit a bed plan detailing the proposed bed closures for approval by the Joint Legislative Budget Committee.

New Footnotes

The Arizona Department of Corrections shall submit a report to the JLBC by December 31, 2003 on the possibility of expanding the use of inmate labor for state government clerical work. The report should include information, delineated by agency, on the amount of clerical work currently performed by inmates, the type of

work performed and recommendations on how to expand the work program to additional agencies.

The Arizona Department of Corrections shall continue to proceed with privatization of the female inmate population. The female inmates would be relocated to a privately-operated facility during FY 2005.

Deletion of Prior Year Footnotes

The JLBC recommends deleting the one-time footnote requiring the department to issue 2 Request for Proposals (RFP). Both RFPs were released by the department and reviewed by the JLBC.

The JLBC recommends deleting the one-time footnote identifying the FY 2003 appropriation for the Health Care Subprogram.

JLBC RECOMMENDED STATUTORY CHANGES

The JLBC recommends a statutory change to require that all felony offenders sentenced to a term of incarceration of one year or less shall serve their sentence at a county jail rather than the Arizona Department of Corrections. (See the "Sentences of 1 Year or Less Served at County Jail" policy issue for more information.)

The JLBC recommends a session law change to exempt the Arizona Department of Corrections from the procurement code for the purposes of entering into private prison contracts. (See the "Shift 1,350 State Beds to Private" policy issue for more information.)

SUMMARY OF FUNDS	FY 2002 Actual	FY 2003 Estimate
Alcohol Abuse Treatment (DCA2204/A.R.S. § 31-255)		Appropriated
Source of Revenue: The lesser of \$0.50 per hour or 67% of wages earned by inmates convicted of driving under the influence (DUI) offenses. The average charge for inmate labor is \$0.75 per hour.		
Purpose of Fund: To provide alcohol abuse treatment and rehabilitation services for DUI inmates.		
Funds Expended	375,700	449,300
Year-End Fund Balance	1,157,100	1,375,700
Arizona Correctional Industries Revolving (DCA4002/A.R.S. § 41-1624)		Non-Appropriated
Source of Revenue: Sale of Arizona Correctional Industries (ACI) goods and services and interest earnings.		
Purpose of Fund: To compensate state employees and inmates employed at ACI; purchase materials for the manufacture of goods for resale, equipment, and supplies; maintain and repair ACI's buildings and equipment; and pay other associated ACI operational costs.		
Funds Expended	19,410,000	19,834,600
Year-End Fund Balance	4,856,100	5,421,500
Corrections (DCA2088/A.R.S. § 41-1641)		Appropriated
Source of Revenue: Luxury taxes on alcohol and tobacco products.		
Purpose of Fund: For the construction, major maintenance, purchase or lease of correctional or state-operated juvenile facilities. The Legislature may also appropriate monies in this fund for the operation of these facilities.		
Funds Expended - Operating	8,721,200	29,978,100
Year-End Fund Balance	0	0

SUMMARY OF FUNDS	FY 2002 Actual	FY 2003 Estimate
Criminal Justice Enhancement (DCA2035/A.R.S. § 41-2401)		Non-Appropriated
Source of Revenue: The fund receives 11.7% of Criminal Justice Enhancement Fund (CJEF) monies. CJEF consists of a penalty assessment on fines, violations, forfeitures, and penalties imposed by the courts for criminal offenses and civil motor vehicle statute violations.		
Purpose of Fund: For distribution to counties for the training of detention officers, county jail operational enhancement, and ADC administrative expenses.		
Funds Expended	4,055,900	4,373,100
Year-End Fund Balance	15,900	14,900
Donations (DCA3147/A.R.S. § 41-1605)		Non-Appropriated
Source of Revenue: Private grants and monies received from the disposal of donated properties.		
Purpose of Fund: To be used as specified by the particular donation.		
Funds Expended	18,100	4,800
Year-End Fund Balance	6,400	1,600
Drug Treatment and Education Revolving (DCA2277/AR.S. § 42-3106)		Non-Appropriated
Source of Revenue: The fund receives 3% of tax revenue collected on spirituous liquors and 7% of tax revenue collected on vinous and malt liquor.		
Purpose of Fund: To provide rehabilitation programs and counseling for inmates, who have a history of substance abuse, released on parole.		
Funds Expended	2,898,600	4,765,300
Year-End Fund Balance	4,654,600	2,389,300
Federal (DCA2000/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: Education and other law enforcement related federal grants.		
Purpose of Fund: For inmate education and school breakfast and lunch programs. The amounts do not include General Fund reimbursements for the incarceration of illegal aliens from the State Criminal Alien Assistance Program.		
Funds Expended	35,199,900	1,344,300
Year-End Fund Balance	180,000	29,900
Indirect Cost Recovery (DCA9000/A.R.S. § 41-1604)		Non-Appropriated
Source of Revenue: Charges made to interagency agreements and monies transferred from the department's appropriated and non-appropriated funds.		
Purpose of Fund: To pay departmentwide administrative and overhead costs.		
Funds Expended	2,313,700	1,615,000
Year-End Fund Balance	1,615,000	13,000
Interagency Service Agreement (DCA2500/A.R.S. § 41-1604)		Non-Appropriated
Source of Revenue: Intergovernmental agreements between ADC and other state and local entities.		
Purpose of Fund: To be used as specified in the grant or agreement.		
Funds Expended	252,100	131,000
Year-End Fund Balance	92,500	13,800
Penitentiary Land (DCA3140/A.R.S. § 37-525)		Appropriated
Source of Revenue: Interest on the Penitentiary Land Fund, as established through Arizona's Enabling Act, Section 25, and monies derived from the rental of these lands and property.		
Purpose of Fund: To provide a continuous source of monies for the benefit and support of state penitentiaries. The department uses appropriations from this fund for building maintenance. Not included are lease payments for Adobe Mountain and Black Canyon Department of Juvenile Corrections facilities totaling \$506,800 in FY 2002, and \$526,000 in FY 2003.		
Funds Expended	1,394,000	1,375,000
Year-End Fund Balance *	(87,100)	342,900

SUMMARY OF FUNDS	FY 2002 Actual	FY 2003 Estimate
Risk Management Insurance Reimbursement (DCA3748/A.R.S. § 41-1604)		Non-Appropriated
Source of Revenue: Funds from the Risk Management Revolving Fund administered by the ADOA.		
Purpose of Fund: Reimbursements for losses of state property.		
Funds Expended	211,000	151,100
Year-End Fund Balance	151,200	100
Special Services (DCA3187/A.R.S. § 41-1604.03)		Non-Appropriated
Source of Revenue: Profits from canteens, hobby shops, and commissions on telephone service.		
Purpose of Fund: For the benefit, education, and welfare of committed offenders, and operating expenses of canteens and hobby shops. A major portion of the Special Services Fund is maintained in banks outside the state treasury system, and the transactions are not processed through the Arizona Financial Information System. As a result, the information for this fund is reported on an accrual accounting basis.		
Funds Expended	4,994,200	3,169,900
Year-End Fund Balance *	2,798,600	(121,300)
State Charitable, Penal, and Reformatory Institutions		
Land (DCA3141/A.R.S. § 37-525)		Appropriated
Source of Revenue: Twenty-five percent of monies received from interest on the State Charitable, Penal, and Reformatory Institutions Land Fund, as established through Arizona's Enabling Act, Section 25; and 25% of monies derived from the rental of these lands and property.		
Purpose of Fund: To provide a continuous source of monies for the benefit and support of state penal institutions.		
Funds Expended	188,900	570,000
Year-End Fund Balance	736,900	524,900
State Education Fund for Correctional Education (DCA2107/A.R.S. § 15-1372)		Appropriated
Source of Revenue: "Basic State Aid" funding that ADC receives from the Arizona Department of Education based on the number of Average Daily Membership pupils attending ADC education programs pursuant to A.R.S. §15-1372.		
Purpose of Fund: To provide education to inmates under the age of 18 years and inmates with disabilities who are age 21 or younger.		
Funds Expended	2,041,300	2,113,500
Year-End Fund Balance	1,058,500	558,500
Statewide Employee Recognition Gifts/Donations (DCA2449/A.R.S. § 41-776)		Non-Appropriated
Source of Revenue: Gifts and donations from public and private entities.		
Purpose of Fund: For employee recognition programs that recognize and award the performance, achievement, longevity or major life event of department employees.		
Funds Expended	0	0
Year-End Fund Balance	100	100

* As reported by the agency. Actual ending balance will not be negative.

[Click here to return to the Table of Contents](#)