

Director: Michael Branham

JLBC Analyst: Kimberly Cordes-Sween

| | FY 2005 Actual | FY 2006 Estimate | FY 2007 Approved |
|--|-------------------|---------------------|--|
| OPERATING BUDGET | | | |
| <i>Full Time Equivalent Positions</i> | 1,247.9 | 1,163.7 | 1,183.7 |
| Personal Services | 40,463,900 | 45,015,600 | 49,348,800 |
| Employee Related Expenditures | 12,435,000 | 14,209,900 | 16,643,400 |
| Professional and Outside Services | 5,592,000 | 7,390,900 | 7,166,700 |
| Travel - In State | 804,400 | 854,300 | 857,600 |
| Travel - Out of State | 43,400 | 40,900 | 40,900 |
| Other Operating Expenditures | 8,785,600 | 8,208,800 | 8,729,800 |
| Food | 674,600 | 476,200 | 504,200 |
| Equipment | 3,057,700 | 975,400 | 975,400 |
| OPERATING SUBTOTAL | 71,856,600 | 77,172,000 | 84,266,800 |
| SPECIAL LINE ITEMS | | | |
| Adobe Mountain Well Renovation Project | 0 | 0 | 340,000 |
| AGENCY TOTAL | 71,856,600 | 77,172,000 | 84,606,800 ^{1/2/3/4/5/6} |

FUND SOURCES

| | | | |
|--|-------------------|-------------------|-------------------|
| General Fund | 68,195,100 | 70,925,200 | 79,848,300 |
| <u>Other Appropriated Funds</u> | | | |
| ADOA Risk Management Fund | 0 | 0 | 340,000 |
| Criminal Justice Enhancement Fund | 585,300 | 585,300 | 685,300 |
| State Charitable, Penal and Reformatory Institutions Land Fund | 360,000 | 3,360,000 | 1,094,900 |
| State Education Fund for Committed Youth | 2,716,200 | 2,301,500 | 2,638,300 |
| SUBTOTAL - Other Appropriated Funds | 3,661,500 | 6,246,800 | 4,758,500 |
| SUBTOTAL - Appropriated Funds | 71,856,600 | 77,172,000 | 84,606,800 |
| Other Non-Appropriated Funds | 486,600 | 704,000 | 704,000 |
| Federal Funds | 3,428,400 | 4,123,200 | 4,123,200 |
| TOTAL - ALL SOURCES | 75,771,600 | 81,999,200 | 89,434,000 |

AGENCY DESCRIPTION — The Department of Juvenile Corrections (DJC) is responsible for the care and treatment of youth offenders adjudicated to be delinquent and remanded to the custody of the department. DJC has jurisdiction over youths until they are released from custody or reach age 18.

- 1/ The department shall provide a travel stipend to all Southwest Regional Juvenile Correction Complex staff whose residence is at least 20 miles from work. (General Appropriation Act footnote)
- 2/ General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.
- 3/ Twenty-five percent of land earnings and interest from the State Charitable, Penal and Reformatory Institutions Land Fund shall be distributed to the Department of Juvenile Corrections, in compliance with Section 25 of the Enabling Act and with the Constitution of Arizona, to be used for the support of state juvenile institutions and reformatories. (General Appropriation Act footnote)
- 4/ Before the expenditure of any State Education Fund for Committed Youth receipts in excess of \$2,638,300, the Department of Juvenile Corrections shall report the intended use of the monies to the Director of the Joint Legislative Budget Committee. (General Appropriation Act footnote)
- 5/ Prior to expending \$495,000 for completion of suicide prevention renovation projects, the department shall submit an expenditure plan to the Joint Committee on Capital Review for review. (General Appropriations Act footnote)
- 6/ The amounts appropriated include \$1,510,300 for a \$1,700 salary increase beginning July 1, 2006 for each employee in the Youth Correctional Officer series. (General Appropriation Act footnote)

| PERFORMANCE MEASURES | FY 2003 | FY 2004 | FY 2005 | FY 2007 |
|---|---------|---------|---------|----------|
| | Actual | Actual | Actual | Approved |
| • Escapes from DJC secure care facilities | 0 | 0 | 0 | 0 |
| • Juveniles passing the General Equivalence Degree language test Comments: DJC reports a decline in juveniles passing the GED language test due to lower population in FY 2005. | 89 | 87 | 83 | 92 |
| • % of juveniles who show progress in their primary treatment problem area Comments: In April 2005, DJC began utilizing a new nationally documented process for assessment of juvenile problem areas, which resulted in more extensive assessments and improved treatment plans. | 64 | 68 | 76 | 80 |
| • % of juveniles returned to custody within 12 months of release Comments: According to DJC, a greater percentage of juveniles returned to custody due to stricter enforcement of parole violations in FY 2005. DJC anticipates a continuing trend in FY 2007. | 18 | 18 | 23.5 | 22 |

Operating Budget

The budget provides \$84,266,800 for the operating budget in FY 2007. This amount consists of:

| | FY 2007 |
|--|----------------|
| General Fund | \$79,848,300 |
| Criminal Justice Enhancement Fund | 685,300 |
| State Charitable, Penal and Reformatory Institutions Land Fund | 1,094,900 |
| State Education Fund for Committed Youth | 2,638,300 |

These amounts include an increase of \$4,598,200 from the General Fund for statewide adjustments. *(Please see the Statewide Adjustments section at the end of this Appropriations Report for details.)*

Correctional Officer Series Salary Increase

The budget provides an increase of \$1,510,300 from the General Fund in FY 2007 to provide a \$1,700 pay increase for each employee in the Youth Correctional Officer Series. Funding will increase the minimum starting salary for Youth Correctional Officer IIs to approximately \$32,500, including applicable statewide adjustments.

Population Growth

The budget provides an increase of \$918,000 and 20 FTE Positions in FY 2007 due to an increased juvenile population. This amount consists of:

| | |
|-----------------------------------|---------|
| General Fund | 818,000 |
| Criminal Justice Enhancement Fund | 100,000 |

In FY 2006, DJC was funded to operate a total of 623 secure care beds. The FY 2006 first quarter average population was 655. FY 2007 funding will allow DJC to open 32 beds at Adobe Mountain Campus for a total capacity of 655 beds. The budget restores unused capacity at DJC facilities and does not require new construction.

Educational Increase

The budget provides an increase of \$336,800 from the State Education Fund for Committed Youth in FY 2007 in order to provide educational programming to a higher than expected juvenile population.

DJC receives funding from the Department of Education (ADE) based on the number of students participating in DJC's K-12 institutional programs. The funding allocation provided to DJC is similar to that of a regular school district since DJC receives that funding on a per pupil basis. The \$336,800 increase consists of 2 components: a base adjustment for FY 2006 and an adjustment for estimated population growth in FY 2007. Since DJC has a higher than expected population in FY 2006, the FY 2006 base will be adjusted upward by \$237,600 to bring funding in line with current population projections. For FY 2007, DJC educational enrollment growth is estimated at 4.7% above the FY 2006 base, which is an additional \$99,200 in FY 2007. The ADE monies are undesignated in nature and can be used for any type of educational purpose including the hiring of teachers, diagnosticians and general pupil expenses. *(See the Arizona Department of Education narrative for more information.)*

State Charitable Land Trust Offset

The budget provides an increase of \$2,265,100 from the General Fund and a corresponding decrease of \$(2,265,100) from the State Charitable, Penal and Reformatory Institutions Land Fund due to a reduction of revenue from the State Charitable Fund.

The Department of Juvenile Corrections receives 25% of State Charitable Fund proceeds, with the remaining portion of State Charitable revenue split between the Arizona Pioneers' Home, receiving 50%, and the Department of Corrections, receiving 25%. The State Charitable Fund receives the majority of its income from interest payments from land sales, Treasurer's interest income based on the

principal balance and rental income. The interest on debt financed land sales is deposited in the expendable portion of the State Charitable Fund.

maintained by the Department of Juvenile Corrections that requires improvements.

Due to the sale of 2 parcels of land in 2004, through debt financing, the State Charitable Fund expendable interest increased. The FY 2006 budget assumed continued interest revenue payments of approximately \$6 million. As a result, \$3 million was shifted from the General Fund to the State Charitable Fund in the FY 2006 budget.

The land owners of these 2 parcels have paid off or are anticipated to pay off their financing early. The principal borrowed is deposited into the non-expendable corpus and the interest earnings are eliminated. As the result of early payoffs of the land sales, the expendable portion of the State Charitable Fund will now receive \$6.5 million less in FY 2007. As a result, this fund shift will offset the loss of interest revenue without impacting FY 2007 total funding.

Suicide Renovation Funding

The budget provides an increase of \$495,000 from the General Fund in FY 2007 as one-time capital monies for completion of suicide prevention renovations. FY 2006 one-time capital monies of \$(733,700) are eliminated in the following policy issue.

In FY 2003, as the result of 3 youth suicides and a subsequent federal audit, the Department of Juvenile Corrections began facility modifications to reduce the potential for youth suicides. From FY 2003 to FY 2006, DJC spent a total of \$3 million on housing unit renovations at 4 youth correctional facilities and, in FY 2007, DJC plans to complete physical modifications on the last 3 unrenovated housing units. Suicide renovation monies are used for replacement of items with potential anchor point hazards such as shower fixtures, hinges, ventilation grilles, window bars, and furniture and plumbing with exposed bolts or other hazards.

Eliminate One-Time Funding

The budget provides a decrease of \$(763,500) from the General Fund in FY 2007 for the elimination of one-time FY 2006 monies, including \$(29,800) of special education start-up costs and \$(733,700) of suicide prevention renovation monies.

Special Line Items

Adobe Mountain Well Renovation Project

The budget provides a one-time increase of \$340,000 from the ADOA Risk Management Fund in FY 2007 to bring a well at Adobe Mountain School into compliance with new federal arsenic regulations. Beginning January 2006 the U.S. Department of Environmental Quality will require all public water systems to further reduce arsenic levels in drinking water by an additional 80%. This is the only well