

## State Department of Corrections

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	9,932.5	10,015.2	10,015.2
Correctional Officer Personal Services	245,988,800	313,667,100	315,370,400
Health Care Personal Services	37,922,900	40,423,500	40,684,900
All Other Personal Services	62,068,400	64,750,900	64,516,300
<b>Personal Services Subtotal</b>	<b>345,980,100</b>	<b>418,841,500</b>	<b>420,571,600</b>
<b>Employee Related Expenditures</b>	<b>170,584,900</b>	<b>193,771,400</b>	<b>194,532,100</b>
<b>Personal Services and Employee Related Expenditures for Overtime/Compensatory Time</b>	<b>8,511,900</b>	<b>10,060,800</b>	<b>10,061,500</b>
<b>Health Care All Other Operating Expenditures</b>			
Professional and Outside Services	11,306,600	12,578,900	12,578,900
Travel - In State	27,500	41,600	43,100
Food	762,300	0	0
Other Operating Expenditures	60,342,300	64,909,200	65,152,200
Equipment	1,106,200	1,515,300	1,247,800
<b>Health Care Operating Subtotal</b>	<b>73,544,900</b>	<b>79,045,000</b>	<b>79,022,000</b>
<b>Non-Health Care All Other Operating Expenditures</b>			
Professional and Outside Services	2,881,700	3,744,200	3,796,900
Travel - In State	90,500	121,500	123,300
Travel - Out of State	85,000	87,700	87,700
Food	40,209,800	45,493,700	45,496,500
Other Operating Expenditures	70,475,500	88,116,100	96,443,800
Equipment	9,027,100	12,402,800	5,791,300
<b>Non-Health Care Operating Subtotal</b>	<b>122,769,600</b>	<b>149,966,000</b>	<b>151,739,500</b>
<b>OPERATING SUBTOTAL</b>	<b>721,391,400</b>	<b>851,684,700</b>	<b>855,926,700</b>
<b>SPECIAL LINE ITEMS</b>			
County Jail Beds	364,600	0	0
New State Prison Beds	16,064,100	0	0
Private Prison Per Diem	87,132,100	132,302,600	127,636,600
Provisional Beds	85,380,500	8,359,600	0
<b>AGENCY TOTAL</b>	<b>910,332,700</b>	<b>992,346,900</b>	<b>983,563,300</b>
<b>FUND SOURCES</b>			
General Fund	871,270,800	948,692,900	941,409,300
<b>Other Appropriated Funds</b>			
Alcohol Abuse Treatment Fund	409,600	554,400	554,400
Corrections Fund	26,039,500	29,017,600	27,517,600
Penitentiary Land Fund	979,200	979,200	979,200
Prison Construction and Operations Fund	10,398,200	11,499,400	11,499,400
State Charitable, Penal and Reformatory Institutions Land Fund	337,000	360,000	360,000
State Education Fund for Correctional Education	472,900	508,400	508,400
Transition Program Fund	0	180,000	180,000
Transition Services Fund	425,500	555,000	555,000
<b>SUBTOTAL - Other Appropriated Funds</b>	<b>39,061,900</b>	<b>43,654,000</b>	<b>42,154,000</b>
<b>SUBTOTAL - Appropriated Funds</b>	<b>910,332,700</b>	<b>992,346,900</b>	<b>983,563,300</b>
Other Non-Appropriated Funds	38,208,600	47,038,400	47,038,400
Federal Funds	64,695,000	14,973,400	13,813,000
<b>TOTAL - ALL SOURCES</b>	<b>1,013,236,300</b>	<b>1,054,358,700</b>	<b>1,044,414,700</b>

**AGENCY DESCRIPTION** — The Arizona 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.



One hundred percent of land earnings and interest from the Penitentiary Land Fund shall be distributed to the State Department of Corrections in compliance with the Enabling Act and the Constitution of Arizona to be used for the support of state penal institutions.

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 the Enabling Act and the Constitution of Arizona 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 \$508,400, the State Department of Corrections shall report the intended use of the monies to the Director of the Joint Legislative Budget Committee.

*Deletion of Prior Year Footnotes*

The Baseline would delete the county jails footnote as no such beds are under contract.

**STATUTORY CHANGES**

The Baseline would, as session law, require the department to report FY 2011 actual expenditures, FY 2012 estimated expenditures, and FY 2013 requested expenditure amounts for each line item as delineated in the prior year when the department submits its FY 2013 budget request pursuant to A.R.S. § 35-113.

**OTHER ISSUES FOR LEGISLATIVE CONSIDERATION**

**Bed Counts**

Table 1 reflects the FY 2010 – FY 2012 bed counts by bed type and facility. The FY 2011 and FY 2012 projected population reflects growth of an additional 27 inmates per month, or 324 inmates per year, based on the average actual population growth over the past 2 years.

**Bed Shortfall**

In FY 2010, the ADC actual beds shortfall was (4,971). After incorporating population growth and any bed adjustments, the FY 2011 year-end bed shortfall is anticipated to be (1,586), or (4.9)% of state operated beds. In FY 2012, the Baseline projects the bed shortfall to increase to (1,910), or (5.9)% of state operated beds.

**Outstanding Provisions**

The FY 2010 budget authorized 2 Requests for Proposals (RFP) that have not yet been awarded. One RFP would privatize prison healthcare, while the other would open 5,000 new in-state private beds. The department has stated that it does not expect to begin placing prisoners in the new in-state private beds until FY 2013.

<b>Table 1</b>			
<b>Fiscal Year End Bed Count by Bed Type and Facility</b>			
	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>
	<b><u>Actual</u></b>	<b><u>Year End</u></b>	<b><u>Year End</u></b>
<b><u>State:</u></b>			
Douglas	2,270	2,270	2,270
Eyman	4,210	4,210	4,210
Florence	3,372	3,372	3,372
Perryville	3,260	4,510	4,510
Phoenix	822	822	822
Lewis	4,270	4,270	4,270
Safford	1,548	1,548	1,548
Tucson	3,640	4,890	4,890
Winslow	1,666	1,666	1,666
Yuma	2,190	4,690	4,690
<b>Subtotal <sup>1/</sup></b>	<b>27,248</b>	<b>32,248</b>	<b>32,248</b>
<b><u>Provisional:</u></b>			
Hinton, Oklahoma	1,980	0	0
<b><u>Private (Per Diem):</u></b>			
Kingman (\$62.16)	3,220	3,400	3,400
Phoenix West (\$49.28)	400	400	400
Marana (\$49.03)	450	450	450
Florence West (\$44.95-55.79)	600	600	600
Florence II (\$67.22)	1,000	1,000	1,000
Temporary Beds (\$12.60-22.00)	608	608	608
<b>Subtotal <sup>2/</sup></b>	<b>6,278</b>	<b>6,458</b>	<b>6,458</b>
<b>Total – All Beds</b>	<b>35,506</b>	<b>38,706</b>	<b>38,706</b>
<b>Population <sup>3/</sup></b>	<b>40,477</b>	<b>40,292</b>	<b>40,616</b>
<b>Bed Shortfall (June)</b>	<b>(4,971)</b>	<b>(1,586)</b>	<b>(1,910)</b>
<b>Bed Shortfall (% of Beds)</b>	<b>(18.2)%</b>	<b>(4.9)%</b>	<b>(5.9)%</b>

<sup>1/</sup> Reflects ADC adding 5,000 (as opposed to the 4,000) public prison beds authorized by Laws 2007, Chapter 261.  
<sup>2/</sup> Does not reflect the additional 5,000 private prison beds authorized by Laws 2009, 3rd Special Session, Chapter 6.  
<sup>3/</sup> Assumes population growth of 27 inmates/month, or 324 inmates/year in last 6 months of FY 2011 and all FY 2012.

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
<b>Alcohol Abuse Treatment Fund (DCA2204/A.R.S. § 31-255)</b>		<b>Appropriated</b>
<b>Source of Revenue:</b> 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.		
<b>Purpose of Fund:</b> To provide alcohol abuse treatment and rehabilitation services for DUI inmates.		
<b>Funds Expended</b>	409,600	554,400
<b>Year-End Fund Balance</b>	189,400	101,800
<b>Arizona Correctional Industries Revolving Fund (DCA4002/A.R.S. § 41-1624)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Sale of Arizona Correctional Industries (ACI) goods and services and interest earnings.		
<b>Purpose of Fund:</b> 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.		
<b>Funds Expended</b>	29,337,800	37,924,800
<b>Year-End Fund Balance</b>	2,614,500	1,896,200
<b>Community Corrections Enhancement Fund (DCA7702/A.R.S. § 31-418)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> A portion (30%) of a monthly supervision fee of at least \$65 paid by the prisoner. The department require payment of a lesser amount.		
<b>Purpose of Fund:</b> To pay for costs related to community corrections.		
<b>Funds Expended</b>	0	265,000
<b>Year-End Fund Balance</b>	0	0
<b>Corrections Donations Fund (DCA3147/A.R.S. § 41-1605)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Private grants and monies received from the disposal of donated properties.		
<b>Purpose of Fund:</b> To be used as specified by the particular donation.		
<b>Funds Expended</b>	66,500	1,000
<b>Year-End Fund Balance</b>	1,400	1,400
<b>Corrections Fund (DCA2088/A.R.S. § 41-1641)</b>		<b>Appropriated</b>
<b>Source of Revenue:</b> Luxury taxes on alcohol and tobacco products.		
<b>Purpose of Fund:</b> For the construction, major maintenance, lease, 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.		
<b>Funds Expended</b>	26,039,500	29,017,600
<b>Year-End Fund Balance</b>	1,408,000	341,800
<b>Criminal Justice Enhancement Fund (DCA2035/A.R.S. § 41-2401)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> 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. Beginning in FY 2010, these monies are no longer allocated through ADC.		
<b>Purpose of Fund:</b> For distribution to counties for the training of detention officers, county jail operational enhancement, and ADC administrative expenses.		
<b>Funds Expended</b>	1,615,200	0
<b>Year-End Fund Balance</b>	0	0
<b>Federal Funds (DCA2000/A.R.S. § 35-142)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Law enforcement related federal grants.		
<b>Purpose of Fund:</b> 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.		
<b>Funds Expended</b>	14,695,000	14,973,400
<b>Year-End Fund Balance</b>	107,700	240,400

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
<b>Federal Grants - American Recovery and Reinvestment Act (ARRA)</b> (DCA2999/A.R.S. § 35-142)		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> One-time Federal Funds allocated by the American Recovery and Reinvestment Act of 2009 (P.L. 111-5).		
<b>Purpose of Fund:</b> One-time Federal Funds to be used by the department for Correctional Officer Personal Services in FY 2010.		
<b>Funds Expended</b>	50,000,000	0
<b>Year-End Fund Balance</b>	0	0
<b>Indirect Cost Recovery Fund (DCA9000/A.R.S. § 41-1604)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Charges made to interagency agreements and monies transferred from the department's appropriated and non-appropriated funds.		
<b>Purpose of Fund:</b> To pay department-wide administrative and overhead costs.		
<b>Funds Expended</b>	108,200	1,200,000
<b>Year-End Fund Balance</b>	897,400	874,500
<b>Inmate Store Proceeds Fund (DCA2505/A.R.S. § 41-1604.02)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Profit resulting from the privatization of inmate stores.		
<b>Purpose of Fund:</b> For inmate activities, incentive pay increases for Corrections Officers, equipment to enhance safety for both department personnel and inmates or other official needs as required, at the discretion of the Director of ADC.		
<b>Funds Expended</b>	406,200	465,000
<b>Year-End Fund Balance</b>	59,900	59,900
<b>Interagency Service Agreement Fund (DCA2500/A.R.S. § 41-1604)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Intergovernmental agreements between ADC and other state and local entities.		
<b>Purpose of Fund:</b> To be used as specified in the grant or agreement.		
<b>Funds Expended</b>	116,500	110,600
<b>Year-End Fund Balance</b>	11,000	8,400
<b>Penitentiary Land Fund (DCA3140/A.R.S. § 37-525)</b>		<b>Partially-Appropriated</b>
<b>Source of Revenue:</b> 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.		
<b>Purpose of Fund:</b> 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.		
<b>Appropriated Funds Expended</b>	979,200	979,200
<b>Non-Appropriated Funds Expended</b>	0	0
<b>Year-End Fund Balance</b>	395,500	714,600
<b>Prison Construction and Operations Fund (DCA2504/A.R.S. § 41-1651)</b>		<b>Appropriated</b>
<b>Source of Revenue:</b> Assessment (ranging from \$250 to \$1,500) paid by persons convicted of DUI offenses.		
<b>Purpose of Fund:</b> To pay for any costs related to prison overcrowding and department support and maintenance.		
<b>Funds Expended</b>	10,398,200	11,499,400
<b>Year-End Fund Balance</b>	585,800	1,317,100
<b>Prisoner Spendable Accounts Fund (DCA2428/A.R.S. § 31-230)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Monies received by a prisoner and that are not required to be deposited into another account.		
<b>Purpose of Fund:</b> To pay court ordered restitution pursuant to A.R.S. 13-603. Each month, a minimum of 20%, or the balance owed on the restitution amount, up to a maximum of 50% of the monies available in the prisoner's spendable account.		
<b>Funds Expended</b>	0	7,500
<b>Year-End Fund Balance</b>	0	0

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
<b>Risk Management Insurance Reimbursement Fund (DCA3748/A.R.S. § 41-1604)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Funds from the Risk Management Revolving Fund administered by the Arizona Department of Administration.		
<b>Purpose of Fund:</b> Reimbursements for losses of state property and to pay on-call duty claims.		
<b>Funds Expended</b>	262,800	196,200
<b>Year-End Fund Balance</b>	268,300	268,300
<b>Special Services Fund (DCA3187/A.R.S. § 41-1604.03)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Profits from canteens, hobby shops, and commissions on telephone service.		
<b>Purpose of Fund:</b> 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.		
<b>Funds Expended</b>	2,516,100	4,170,000
<b>Year-End Fund Balance</b>	1,062,600	622,600
<b>State Charitable, Penal and Reformatory Institutions Land Fund (DCA3141/A.R.S. § 37-525)</b>		<b>Partially-Appropriated</b>
<b>Source of Revenue:</b> 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.		
<b>Purpose of Fund:</b> To provide a continuous source of monies for the benefit and support of state penal institutions.		
<b>Appropriated Funds Expended</b>	337,000	360,000
<b>Non-Appropriated Funds Expended</b>	799,900	0
<b>Year-End Fund Balance</b>	1,675,500	2,665,500
<b>State DOC Revolving Fund (DCA2515/A.R.S. § 42-3106)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> The fund receives 3% of tax revenue collected on spirituous liquors and 7% of tax revenue collected on vinous and malt liquor.		
<b>Purpose of Fund:</b> To provide rehabilitation programs and counseling for inmates who have a history of substance abuse and are released on parole.		
<b>Funds Expended</b>	2,979,400	2,698,300
<b>Year-End Fund Balance</b>	781,400	1,466,100
<b>State Education Fund for Correctional Education (DCA2107/A.R.S. § 15-1372)</b>		<b>Appropriated</b>
<b>Source of Revenue:</b> "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.		
<b>Purpose of Fund:</b> To provide education to inmates under the age of 18 years and inmates with disabilities who are age 21 or younger.		
<b>Funds Expended</b>	472,900	508,400
<b>Year-End Fund Balance</b>	590,000	756,700
<b>Statewide Employee Recognition Gifts/Donations Fund (DCA2449/A.R.S. § 41-776)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Gifts and donations from public and private entities.		
<b>Purpose of Fund:</b> For employee recognition programs that recognize and award the performance, achievement, longevity, or major life event of department employees.		
<b>Funds Expended</b>	0	0
<b>Year-End Fund Balance</b>	0	0
<b>Transition Program Fund (DCA2379/A.R.S. § 31-284)</b>		<b>Appropriated</b>
<b>Source of Revenue:</b> A 5% allocation of wages earned from inmates who earn at least \$2.00 per hour.		
<b>Purpose of Fund:</b> To pay for any costs related to the administration of the transition program and for transition program services. Prior to Laws 2010, 2 <sup>nd</sup> Regular Session, Chapter 54, this fund was known as the Transition Office Fund.		
<b>Funds Expended</b>	0	180,000
<b>Year-End Fund Balance</b>	461,600	781,600

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
<b>Transition Services Fund (DCA2383/A.R.S. § 31-286)</b>		<b>Appropriated</b>
<b>Source of Revenue:</b> Cost savings resulting from implementation of a transition drug treatment program.		
<b>Purpose of Fund:</b> To be distributed to entities that provide transition services to nonviolent offenders. Prior to Laws 2010, 2 <sup>nd</sup> Regular Session, Chapter 54, this fund was known as the Transition Program Drug Treatment Fund.		
<b>Funds Expended</b>	425,500	555,000
<b>Year-End Fund Balance</b>	131,000	1,249,300