

State Department of Corrections

	FY 2012 ACTUAL	FY 2013 ESTIMATE	FY 2014 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	10,015.2	10,118.2	9,561.0
Correctional Officer Personal Services	317,201,000	315,042,700	316,694,400
Health Care Personal Services	40,009,500	2,633,400	2,633,400
All Other Personal Services	59,638,800	62,627,100	62,744,700
Personal Services Subtotal	416,849,300	380,303,200	382,072,500
Employee Related Expenditures	196,753,100	185,885,600	186,752,100
Personal Services and Employee Related Expenditures for Overtime/Compensatory Time	32,135,200	15,401,100	15,489,000
Health Care All Other Operating Expenditures			
Professional and Outside Services	14,536,800	2,143,700	2,143,700
Travel - In State	22,700	50,000	50,000
Travel - Out of State	2,000	10,000	10,000
Other Operating Expenditures	57,689,900	888,300	888,300
Equipment	193,800	17,600	17,600
Health Care Operating Subtotal	72,445,200	3,109,600	3,109,600
Non-Health Care All Other Operating Expenditures			
Professional and Outside Services	4,127,300	5,375,000	5,462,000
Travel - In State	558,600	775,800	775,800
Travel - Out of State	44,100	119,100	119,100
Food	43,302,700	46,290,700	46,335,100
Other Operating Expenditures	99,160,900	102,674,100	104,316,000
Equipment	7,681,300	3,466,200	3,466,200
Non-Health Care Operating Subtotal	154,874,900	158,700,900	160,474,200
OPERATING SUBTOTAL	873,057,700	743,400,400	747,897,400
SPECIAL LINE ITEMS			
Private Prison Per Diem	123,479,400	127,636,600	132,380,300
Inmate Health Care Contracted Services ^{1/}	0	116,915,300	116,915,300
Unallocated Resources	0	13,359,600	13,359,600
Leap Year Costs	800,100	0	0
Narrowband Radio Conversion	3,902,700	0	0
AGENCY TOTAL	1,001,239,900^{2/}	1,001,311,900^{3/}	1,010,552,600
FUND SOURCES			
General Fund	953,781,400	956,404,200	965,644,900
Other Appropriated Funds			
Alcohol Abuse Treatment Fund	425,200	554,400	554,400
Corrections Fund	26,699,200	27,517,600	27,517,600
Penitentiary Land Fund	1,728,400	979,200	979,200
Prison Construction and Operations Fund	13,072,700	11,499,400	11,499,400
State Charitable, Penal and Reformatory Institutions Land Fund	1,647,000	360,000	360,000
State Education Fund for Correctional Education	497,000	512,100	512,100
Transition Program Fund	930,000	3,485,000	3,485,000
Transition Services Fund	2,459,000	0	0
SUBTOTAL - Other Appropriated Funds	47,458,500	44,907,700	44,907,700
SUBTOTAL - Appropriated Funds	1,001,239,900	1,001,311,900	1,010,552,600
Other Non-Appropriated Funds	44,616,400	54,059,000	53,980,100
Federal Funds	18,253,200	10,566,900	10,269,800
TOTAL - ALL SOURCES	1,064,109,500	1,065,937,800	1,074,802,500

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.

Operating Budget

The Baseline includes \$747,897,400 and 9,561.0 FTE Positions in FY 2014 for the operating budget. These amounts consist of:

	FY 2014
General Fund	\$742,985,900
Alcohol Abuse Treatment Fund	554,400
State Charitable, Penal and Reformatory Institutions Land Fund	360,000
State Education Fund for Correctional Education	512,100
Transition Program Fund	3,485,000

FY 2014 adjustments would be as follows:

500 Maximum-Security State Beds Start-up Costs GF 4,497,000

The Baseline includes an increase of \$4,497,000 and 183 FTE Positions from the General Fund in FY 2014 to fund fourth quarter staffing and start-up costs in preparation for the activation of the 500 maximum-security prison beds. Of the \$4,497,000, \$1,157,000 is for one-time equipment costs.

The FY 2013 Capital Outlay Bill (Laws 2012, Chapter 295) appropriated \$20,000,000 from the General Fund in FY 2013 and \$30,000,000 from the General Fund in FY 2014 to construct 500 male maximum-security beds. The Lewis Rast Unit has been selected as the site for the beds. These beds will be operated by the department.

According to the department, construction of the new beds will take approximately 1 year. Currently, the department does not expect to issue a Request for Proposals (RFP) until March 2013, which may make it difficult to start construction by July 2013 and open the beds by the start of FY 2015. Nonetheless, the FY 2014 Baseline is based on an activation schedule in which beds open in July 2014 and staffing and start-up activities would begin in April 2014. If the scheduled opening date is extended beyond July 1, 2014, the start-up cost funding could be reduced. The Baseline includes a new footnote to address this issue. *(Please see the Footnotes section.)*

Privatization of Inmate Health Care Services GF 0

The Baseline includes a decrease of (740.2) FTE Positions in FY 2014 to eliminate funding for correctional health care services provided by the state.

Pursuant to Laws 2011, Chapter 278, the department established a contract with a private entity to provide health care services for inmates in state-run prisons, which was implemented on July 1, 2012. Funding for the health care services contract is reflected in the Inmate Health Care Contracted Services line item. A total of \$6,712,100 remains in Health Care Personal Services and Health Care All Other Operating Expenditures for 34 FTE Positions and administrative costs associated with monitoring the contract, as well as to pay for health care related legal expenses. The appropriate level of funding for monitoring the contract will be considered during the legislative session. *(Please see the Inmate Health Care Contracted Services Special Line Item section for further details on funding for the department's health care contract.)*

Private Prison Per Diem

The Baseline includes \$132,380,300 in FY 2014 for Private Prison Per Diem. This amount consists of:

General Fund	103,883,500
Corrections Fund	27,517,600
Penitentiary Land Fund	979,200

FY 2014 adjustments would be as follows:

500 Medium-Security Private Prison Beds GF 4,743,700

The Baseline includes an increase of \$4,743,700 from the General Fund in FY 2014 to fund the activation of 500 medium-security private prison beds in January 2014.

The FY 2013 Criminal Justice Budget Reconciliation Bill (BRB) (Laws 2012, Chapter 302) required the department to award a contract for up to 500 male, medium-security private beds to open on January 1, 2014 and up to 500 more male, medium-security beds to open on January 1, 2015. These contracts were to be awarded by September 1, 2012 from the 2000-bed RFP issued by the department in February 2012. On August 31, 2012, the department awarded the contract to Corrections Corporation of America (CCA) at a per diem rate of \$65.43 per bed. CCA

^{1/} The FY 2013 General Appropriation Act did not include the Inmate Health Care Contracted Services line item. The FY 2013 monies have been reallocated to this line item for comparability. *(Please see the Inmate Health Care Contracted Services Special Line Item section for further details.)*
^{2/} Includes a total of \$18,808,700 GF and \$18,000 OF appropriated in FY 2012 for costs associated with an additional pay period. These expenditures were not reflected in the individual agency tables in the *FY 2012 Appropriations Report*.
^{3/} In addition to these amounts, the FY 2013 General Appropriation Act included one-time FY 2013 adjustments for a state employee health insurance premium holiday and employee retention payments. The adjustments include a reduction of \$(8,956,300) GF for the premium holiday and an increase of \$3,887,400 GF for the employee retention payment.

will house these prisoners at their existing Red Rock Correctional Center in Eloy. The rate at which the 500 beds will be activated after January 1, 2014, which could alter the level of this appropriation, has yet to be determined. The Criminal Justice BRB prohibits the department from awarding the remainder of the 2,000 beds without legislative authorization.

Background – Monies in this line item are paid to private prison contractors for housing Arizona inmates in 6,538 beds currently under contract. Private prison beds are permanent beds the department typically owns on average after a period of 20 years. ADC will own the facilities after a specified amount of time because the per diem rate includes a portion of the facilities’ purchasing cost. Administrative expenses related to private prison contracts are included in the department’s operating budget.

Inmate Health Care Contracted Services

The Baseline includes \$116,915,300 in FY 2014 for Inmate Health Care Contracted Services. This amount consists of:

General Fund	105,415,900
Prison Construction and Operations Fund	11,499,400

Laws 2011, Chapter 278 required the department to issue a Request for Information regarding privatization of its correctional health care services and then, within 90 days of committee review of that information, issue an RFP. The department issued the RFP on October 21, 2011, and on April 2, 2012, awarded a contract to Wexford Health Sources, Inc. to privatize the department’s inmate health care services. The winning vendor bid \$9.51 per prisoner per day at state-operated prisons, or an estimated \$116,915,300, to provide services under the terms of the contract, which became fully operational on July 1, 2012. The length of the contract is 3 years with the option for 2 additional 1-year renewals.

The Baseline assumes \$116,915,300 in FY 2013 and FY 2014 for this line item. However, this amount is based on the November 30, 2012 state prison inmate population of 33,682. As the population fluctuates, so will the cost of the contract. Additionally, the contract allows for annual price adjustments that could affect the per diem rate, which the department must approve. The contract does not allow price increases above the percent of change in the average medical consumer price index for the Phoenix Metro area.

Funding to reimburse the contractor is redirected from Health Care Personal Services, Employee Related Expenditures, and Health Care All Other Operating Expenditures as ADC only provides supervisory and administrative health care functions. Although the FY 2013 General Appropriation Act did not include the Inmate Health Care Contracted Services line item, the FY

2013 funding for the contract has been redirected to this line item for comparability.

The original FY 2013 appropriation for health care services is \$13,359,600 above the estimated annual cost of the contract and the supervisory and administrative functions. As a result, \$13,359,600 has been redirected to the Unallocated Resources Special Line Item as part of the FY 2013 estimate (*see below*).

Unallocated Resources

The Baseline includes \$13,359,600 from the General Fund in FY 2014 for Unallocated Resources. This amount consists of the portion of the FY 2013 appropriation which exceeds the estimated annual cost of the inmate health care contract and the supervisory and administrative functions. The FY 2014 monies will be allocated during the legislative session. (*Please see the Operating Budget and Inmate Health Care Contracted Services Special Line Item sections for more information.*)

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FORMAT — Operating Lump Sum with Special Line Items by Agency

FOOTNOTES

Standard Footnotes

Before placing any inmates in out-of-state provisional beds, the department shall place inmates in all available prison beds in facilities that are located in this state and that house Arizona inmates, unless the out-of-state provisional beds are of a comparable security level and price.

A monthly report comparing State Department of Corrections expenditures for the month and year-to-date as compared to prior year expenditures shall be forwarded to the President of the Senate, the Speaker of the House of Representatives, the Chairpersons of the Senate and House of Representatives Appropriations Committees and the Director of the Joint Legislative Budget Committee by the 30th of the following month. The report shall be in the same format as the prior fiscal year and shall include an estimate of potential shortfalls, potential surpluses that may be available to offset these shortfalls and a plan, if necessary, for eliminating any shortfall without a supplemental appropriation.

~~The appropriation provides for 38,706 ongoing funded beds.~~ The State Department of Corrections shall provide a report on bed capacity to the Joint Legislative Budget Committee for its review by August 1 annually. The report shall reflect the bed capacity for each security classification at each state-run and private institution, divided by ~~funded~~, rated and total beds. THE REPORT SHALL INCLUDE BED CAPACITY DATA for June 30

of the previous fiscal year, and June 30 of the current fiscal year, and JUNE 30 OF THE SUBSEQUENT FISCAL YEAR, AS WELL AS the reasons for any change within that time period. Within the total bed count, the department shall provide the number of temporary and special use beds. ~~Before altering its bed capacity by~~ IF THE DEPARTMENT DEVELOPS A PLAN SUBSEQUENT TO ITS AUGUST 1 REPORT TO CLOSE state-operated prison rated beds or canceling or not renewing contracts for privately-operated prison beds, the State Department of Corrections shall submit a bed plan detailing the proposed bed closures for review by the Joint Legislative Budget Committee, PRIOR TO IMPLEMENTING THESE CHANGES. *(This provision combines and clarifies 2 FY 2013 General Appropriations Act footnotes related to reporting requirements associated with the department adjusting bed capacity.)*

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 \$512,100, the State Department of Corrections shall report the intended use of the monies to the Director of the Joint Legislative Budget Committee.

New Footnotes

The FY 2014 appropriation includes \$4,497,000 for staffing and start-up costs associated with the implementation of 500 maximum security beds. The department shall report the official opening date of those beds to the Directors of the Arizona Department of Administration, the Governor's Office of Strategic Planning and Budgeting, and the Joint Legislative Budget Committee Staff when that date is known. If by April 1, 2014, the beds are not scheduled to open by July 1, 2014, the appropriation shall be reduced by \$1,113,300. If by May 1, 2014, the beds are not scheduled to open by August 1, 2014, the appropriation shall be reduced by an additional \$1,113,300. If by June 1, 2014, the beds are not scheduled to open by September 1, 2014, the appropriation shall be reduced by an additional \$2,270,400. *(This provision reduces FY 2014 start-up funding for each month, beginning in April 2014, that the activation of new state prison beds is delayed beyond July 2014.)*

STATUTORY CHANGES

The Baseline would:

- As session law, continue to require the department to report FY 2013 actual expenditures, FY 2014 estimated expenditures, and FY 2015 requested expenditure amounts for each line item as delineated in the prior year when the department submits its FY 2015 budget request pursuant to A.R.S. § 35-113.
- As session law, continue to permit the department to use the Transition Program Fund and the non-appropriated Inmate Store Proceeds Fund for department operating expenses in FY 2014. Alternatively, the Legislature may consider the department's request to shift the \$2,185,000 in funding for operating expenses from the Transition Program Fund to the Prison Construction and Operations Fund.
- As session law, permit the department to award contracts for 2,000 medium-security beds only with legislative authorization.

OTHER ISSUES FOR LEGISLATIVE CONSIDERATION

Inmate Growth Rate

There is uncertainty regarding inmate growth. The inmate population has been essentially flat or shown a slight decline over the past 48 months. In comparison, monthly inmate growth rates averaged 144 between FY 2002 and FY 2008 and exceeded 300 inmates per month at times. Given the fluctuation in population, the JLBC Staff assumes that the inmate population will remain flat at the November 30, 2012 level of 40,064 through the end of FY 2014.

Bed Capacity

There are 2 methods of defining bed capacity:

- "Rated" beds: Beds originally designed for housing prisoners. This amount was 37,109 in public and private prisons on June 30, 2012, which was the same level as on June 30, 2011.
- Operating Capacity: "Rated" beds plus temporary beds established, for example, in areas not originally intended for housing prisoners or double-bunked beds in areas intended for single-bunked beds. As of June 30, 2012, public and private prisons have a total 4,880 temporary beds, which was reduced from 5,842, the level on June 30, 2011.

In addition to rated and temporary beds, special use beds are used for investigative detention, disciplinary isolation, maximum behavior control, mental health observation, or medical inpatient care. Due to their short-term usage, these beds are not counted as part of ADC's operational capacity. The number of special use beds in public and private prisons was 1,555 as of June 30, 2012, (58) fewer beds than June 30, 2011.

The department has flexibility in establishing or decommissioning beds (or shifting between inmate classification). As a result, a General Appropriation Act footnote requires the department to provide a report to JLBC for its review regarding bed counts and reasons for changes in the number or classification of beds. (*See the Footnotes section.*)

FY 2014 Bed Surplus/Shortfall

At the end of FY 2012, the department had a total rated bed shortfall of (2,768). ADC addressed this shortfall by placing prisoners in temporary beds as discussed above. After adjusting for the 4,880 temporary beds in the overall ADC system, the rated bed shortfall became a 2,112 bed surplus as shown in *Table 1*.

Assuming the population remains flat through the end of FY 2014, the rated bed shortfall is expected to be (2,883). In addition, bed shortfall estimates may vary by level of security (e.g. minimum, medium, or maximum). The department's largest shortfalls are in male medium- and maximum-security beds. This issue will be addressed with the 1,000 medium-security private beds and the 500 maximum-security state beds being activated in FY 2014 and FY 2015.

Department of Corrections Building Renewal Fund

The FY 2013 Criminal Justice BRB transferred administration of the Department of Corrections Building Renewal Fund from the Director of the Arizona Department of Administration to the ADC Director.

The FY 2013 General Appropriation Act transferred \$2,500,000 from the Corrections Fund into the Building Renewal Fund to compensate for lower-than-estimated fee revenue into the fund. This one-time transfer ensured a sufficient balance in the Building Renewal Fund to fund its FY 2013 capital appropriation of \$4,630,500. Without the transfer from the Corrections Fund in FY 2014, the department forecasts \$2,872,100 in total fund revenue, which is \$1,758,400 lower than the FY 2013 capital appropriation. In order to support this fund at its current appropriation level in FY 2014, the Legislature may need to consider an additional revenue source, such as continuing an annual transfer from the Corrections Fund, which has been requested by the department. (*Please see the Capital Budget - ADOA narrative for more information.*)

Table 1

Fiscal Year-End Operating Capacity

	FY 2012 Actual			FY 2013 Estimate			FY 2014 Estimate		
	<u>Rated</u>	<u>Temp.</u>	<u>Operating Capacity</u>	<u>Rated</u>	<u>Temp.</u>	<u>Operating Capacity</u>	<u>Rated</u>	<u>Temp.</u>	<u>Operating Capacity</u>
State:									
Douglas	1,925	417	2,342	1,925	417	2,342	1,925	417	2,342
Eyman	4,104	1,107	5,211	4,024	1,187	5,211	4,024	1,187	5,211
Florence	3,644	697	4,341	3,440	677	4,117	3,440	677	4,117
Perryville	4,202	72	4,274	4,202	72	4,274	4,202	72	4,274
Phoenix	552	162	714	552	162	714	552	162	714
Lewis ^{1/}	4,604	630	5,234	4,604	752	5,356	4,604	752	5,356
Safford	1,453	316	1,769	1,453	316	1,769	1,453	316	1,769
Tucson ^{2/}	4,749	545	5,294	4,605	545	5,150	4,605	545	5,150
Winslow	1,626	216	1,842	1,626	216	1,842	1,626	216	1,842
Yuma	4,350	80	4,430	4,350	80	4,430	4,350	80	4,430
Subtotal	31,209	4,242	35,451	30,781	4,424	35,205	30,781	4,424	35,205
Private (Per Diem):									
Kingman (\$62.16)	3,400	108	3,508	3,400	108	3,508	3,400	108	3,508
Phoenix West (\$49.28)	400	100	500	400	100	500	400	100	500
Marana (\$49.03)	500	-	500	500	-	500	500	-	500
Florence West (\$44.95-55.79)	600	150	750	600	150	750	600	150	750
Florence II (\$67.22)	1,000	280	1,280	1,000	280	1,280	1,000	280	1,280
Eloy (\$65.43) ^{3/}	-	-	-	-	-	-	500	-	500
Subtotal	5,900	638	6,538	5,900	638	6,538	6,400	638	7,038
Total - All Beds ^{4/}	37,109	4,880	41,989	36,681	5,062	41,743	37,181	5,062	42,243
State Prison Population	33,504		33,504	33,682		33,682	33,682		33,682
Private Prison Population	6,373		6,373	6,382		6,382	6,382		6,382
Total Population	39,877		39,877	40,064		40,064	40,064		40,064 ^{5/}
Bed Surplus/(Shortfall)	(2,768)		2,112	(3,383)		1,679	(2,883)		2,179
Bed Surplus / (Shortfall) (% of Beds)	(7)%		5%	(8)%		4%	(7)%		5%

^{1/} Another 500 maximum security beds are scheduled to open in FY 2015.

^{2/} During FY 2013, the department converted 144 rated beds at the Tucson SACRC unit to create a community corrections facility that will provide released offenders on community supervision temporary transitional housing. The new community corrections facility capacity is not reflected in this chart.

^{3/} Another 500 medium-security beds are scheduled to open in FY 2015 (for a total of 1,000 including the 500 medium-security beds opening in FY 2014).

^{4/} Excludes special use beds totaling 1,555 in FY 2012, 1,553 in FY 2013, and 1,533 in FY 2014.

^{5/} With the addition of 500 private prison beds in FY 2014, it is uncertain how the department will allocate inmates. If the department shifts inmates from state prisons, temporary beds may be decommissioned, reducing operating capacity.

SUMMARY OF FUNDS	FY 2012 Actual	FY 2013 Estimate
Alcohol Abuse Treatment Fund (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	425,200	554,400
Year-End Fund Balance	779,000	732,000
Arizona Correctional Industries Revolving Fund (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. Laws 2011, Chapter 33 also authorized an annual \$1,000,000 transfer into the newly created Department of Corrections Building Renewal Fund.		
Funds Expended	35,653,000	42,101,200
Year-End Fund Balance	5,467,100	1,775,900
Community Corrections Enhancement Fund (DCA2395/ARS § 31-418)		Non-Appropriated
Source of Revenue: A portion (30%) of a monthly supervision fee of at least \$65 paid by the prisoner. The departments may require payment of a lesser amount. Beginning in FY 2013, revenues also include a monthly drug testing fee pursuant to Laws 2012, Chapter 208.		
Purpose of Fund: To pay for costs related to community corrections.		
Funds Expended	62,900	515,000
Year-End Fund Balance	279,000	354,000
Corrections Donations Fund (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	200	0
Year-End Fund Balance	1,200	1,200
Corrections Fund (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, 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. Laws 2012, Chapter 294, Section 127 authorized a transfer of \$2,500,000 into the Department of Corrections Building Renewal Fund in FY 2013.		
Funds Expended	26,699,200	27,517,600
Year-End Fund Balance	7,290,500	6,391,600
Criminal Justice Enhancement Fund (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. Beginning in FY 2010, these monies are no longer allocated through ADC.		
Purpose of Fund: For distribution to counties for the training of detention officers, county jail operational enhancement, and ADC administrative expenses.		
Funds Expended	0	0
Year-End Fund Balance	0	0

SUMMARY OF FUNDS	FY 2012 Actual	FY 2013 Estimate
Department of Corrections Building Renewal Fund (DCA2551/A.R.S. § 41-797)		Appropriated
Source of Revenue: Monies transferred annually from the following funds: Inmate Store Proceeds Fund (\$500,000), Special Services Fund (\$500,000), and Arizona Correctional Industries Revolving Fund (\$1,000,000). Laws 2012, Chapter 294, Section 127 authorized a transfer of \$2,500,000 from the Corrections Fund in FY 2013. Also includes monies from a visitation background check fee and a 1% fee on inmate deposits.		
Purpose of Fund: For capital projects and preventive maintenance (up to 8% of the annual expenditures). The Criminal Justice Budget Reconciliation Bill (BRB) (Laws 2012, Chapter 302) transfers the administration of this fund from the Arizona Department of Administration (ADOA) Director to the ADC Director. Figures exclude expenditures for capital projects.		
Funds Expended	0	0
Year-End Fund Balance	2,076,200	808,600
Federal Funds (DCA2000/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: 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	12,291,200	10,566,900
Year-End Fund Balance	145,400	148,300
Federal Grants - American Recovery and Reinvestment Act (ARRA) (DCA2999/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: One-time Federal Funds allocated by the American Recovery and Reinvestment Act of 2009 (P.L. 111-5).		
Purpose of Fund: One-time Federal Funds to be used by the department for 6 capital improvement projects in FY 2011. Previous one-time distributions were used for Correctional Officer Personal Services.		
Funds Expended	5,962,000	0
Year-End Fund Balance	0	0
Indirect Cost Recovery Fund (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 department-wide administrative and overhead costs.		
Funds Expended	874,800	941,500
Year-End Fund Balance	827,800	646,100
Inmate Store Proceeds Fund (DCA2505/A.R.S. § 41-1604.02)		Non-Appropriated
Source of Revenue: Profit resulting from the privatization of inmate stores.		
Purpose of Fund: 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. Laws 2011, Chapter 33 also authorized an annual \$500,000 transfer into the newly created Department of Corrections Building Renewal Fund.		
Funds Expended	3,702,300	4,170,000
Year-End Fund Balance	6,989,300	8,832,100
Interagency Service Agreement Fund (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	119,900	136,300
Year-End Fund Balance	4,200	4,900

SUMMARY OF FUNDS	FY 2012 Actual	FY 2013 Estimate
Penitentiary Land Fund (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.		
Funds Expended	1,728,400	979,200
Year-End Fund Balance	1,244,200	1,553,500
Prison Construction and Operations Fund (DCA2504/A.R.S. § 41-1651)		Appropriated
Source of Revenue: Assessment (ranging from \$500 to \$1,500) paid by persons convicted of DUI offenses.		
Purpose of Fund: To pay for any costs related to prison overcrowding and department support and maintenance.		
Funds Expended	13,072,700	11,499,400
Year-End Fund Balance	6,131,400	7,690,800
Prisoner Spendable Accounts Fund (DCA2428/A.R.S. § 31-230)		Non-Appropriated
Source of Revenue: Monies received by a prisoner and that are not required to be deposited into another account.		
Purpose of Fund: 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.		
Funds Expended	0	0
Year-End Fund Balance	0	0
Special Services Fund (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. Laws 2011, Chapter 33 also authorized an annual \$500,000 transfer into the newly created Department of Corrections Building Renewal Fund.		
Funds Expended	2,570,700	4,405,000
Year-End Fund Balance	4,063,900	3,477,300
State Charitable, Penal and Reformatory Institutions Land Fund (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	1,647,000	360,000
Year-End Fund Balance	1,616,400	2,190,300
State DOC Revolving Fund (DCA2515/A.R.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 and are released on parole.		
Funds Expended	1,632,600	1,790,000
Year-End Fund Balance	1,321,900	2,942,000
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	497,000	512,100
Year-End Fund Balance	362,700	570,800

SUMMARY OF FUNDS	FY 2012 Actual	FY 2013 Estimate
Statewide Employee Recognition Gifts/Donations Fund (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	200	200
Temporary Transaction Privilege and Use Tax - 1% Fund (DCA1032/Article IX, Section 12.1 of State Constitution)		Non-Appropriated
Source of Revenue: Temporary 3-year 1-cent sales and use tax authorized by voters during the May 2010 special election. The tax expires after May 31, 2013.		
Purpose of Fund: To provide funding for primary and secondary education, health and human services and public safety. Expenditures are not displayed to avoid double counting General Fund monies.		
Funds Expended	0	0
Year-End Fund Balance	0	0
Transition Program Fund (DCA2379/A.R.S. § 31-284)		Appropriated
Source of Revenue: A 5% allocation of wages earned from inmates who earn at least \$2.00 per hour.		
Purpose of Fund: To pay for costs related to the administration of the transition program and for transition program services. Prior to Laws 2010, 2 nd Regular Session, Chapter 54, this fund was known as the Transition Office Fund. The Criminal Justice BRB (Laws 2012, Chapter 302) merged the Transition Services Fund into the Transition Program Fund in FY 2013.		
Funds Expended	930,000	3,485,000
Year-End Fund Balance*	1,175,100	(352,000)
Transition Services Fund (DCA2383/A.R.S. § 31-286)		Appropriated
Source of Revenue: Cost savings resulting from implementation of a transition drug treatment program.		
Purpose of Fund: To be distributed to entities that provide transition services to nonviolent offenders. Prior to Laws 2010, 2 nd Regular Session, Chapter 54, this fund was known as the Transition Program Drug Treatment Fund. The Criminal Justice BRB (Laws 2012, Chapter 302) merged the Transition Services Fund into the Transition Program Fund in FY 2013.		
Funds Expended	2,459,000	0
Year-End Fund Balance	6,100	0

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