

State Department of Corrections

| | FY 2014 ACTUAL | FY 2015 ESTIMATE | FY 2016 BASELINE |
|---|----------------------|----------------------|----------------------|
| OPERATING BUDGET | | | |
| <i>Full Time Equivalent Positions</i> | 9,384.0 | 9,534.0 | 9,534.0 |
| Correctional Officer Personal Services | 303,777,200 | 322,453,300 | 323,322,600 |
| Health Care Personal Services | 2,532,400 | 2,791,300 | 2,791,300 |
| All Other Personal Services | 62,452,800 | 64,492,900 | 64,818,300 |
| Personal Services Subtotal | 368,762,400 | 389,737,500 | 390,932,200 |
| Employee Related Expenditures | 187,151,400 | 200,886,600 | 201,494,700 |
| Personal Services and Employee Related Expenditures for Overtime/Compensatory Time | 28,810,400 | 15,501,300 | 15,549,300 |
| Health Care All Other Operating Expenditures | | | |
| Professional and Outside Services | 3,069,700 | 2,763,300 | 2,763,300 |
| Travel - In State | 18,000 | 25,000 | 25,000 |
| Travel - Out of State | 10,100 | 15,000 | 15,000 |
| Other Operating Expenditures | 722,700 | 781,600 | 781,600 |
| Equipment | 101,100 | 15,000 | 15,000 |
| Health Care Operating Subtotal | 3,921,600 | 3,599,900 | 3,599,900 |
| Non-Health Care All Other Operating Expenditures | | | |
| Professional and Outside Services | 7,580,800 | 5,370,400 | 5,318,600 |
| Travel - In State | 213,200 | 224,300 | 226,400 |
| Travel - Out of State | 82,500 | 119,100 | 119,100 |
| Food | 40,729,800 | 41,642,800 | 41,616,500 |
| Other Operating Expenditures | 109,935,400 | 110,290,900 | 110,280,300 |
| Equipment | 7,710,000 | 4,788,500 | 3,522,000 |
| Non-Health Care Operating Subtotal | 166,251,700 | 162,436,000 | 161,082,900 |
| OPERATING SUBTOTAL | 754,897,500 | 772,161,300 | 772,659,000 |
| SPECIAL LINE ITEMS | | | |
| Private Prison Per Diem | 131,368,100 | 144,321,300 | 151,518,600 |
| Inmate Health Care Contracted Services | 126,170,100 | 125,274,900 | 125,274,900 |
| AGENCY TOTAL | 1,012,435,700 | 1,041,757,500 | 1,049,452,500 |
| FUND SOURCES | | | |
| General Fund | 969,874,500 | 996,845,600 | 1,004,386,800 |
| <u>Other Appropriated Funds</u> | | | |
| Alcohol Abuse Treatment Fund | 295,300 | 554,400 | 554,400 |
| Corrections Fund | 25,688,000 | 27,517,600 | 27,517,600 |
| Penitentiary Land Fund | 892,300 | 979,200 | 979,200 |
| Prison Construction and Operations Fund | 12,372,100 | 13,684,400 | 13,684,400 |
| State Charitable, Penal and Reformatory Institutions Land Fund | 359,900 | 360,000 | 360,000 |
| State Education Fund for Correctional Education | 491,500 | 516,300 | 670,100 |
| Transition Program Fund | 2,462,100 | 1,300,000 | 1,300,000 |
| SUBTOTAL - Other Appropriated Funds | 42,561,200 | 44,911,900 | 45,065,700 |
| SUBTOTAL - Appropriated Funds | 1,012,435,700 | 1,041,757,500 | 1,049,452,500 |
| Other Non-Appropriated Funds | 48,437,600 | 50,890,200 | 50,890,200 |
| Federal Funds | 8,742,500 | 9,079,100 | 9,049,300 |
| TOTAL - ALL SOURCES | 1,069,615,800 | 1,101,726,800 | 1,109,392,000 |

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 \$772,659,000 and 9,534 FTE Positions in FY 2016 for the operating budget. These amounts consist of:

| | FY 2016 |
|--|----------------|
| General Fund | \$763,089,500 |
| Alcohol Abuse Treatment Fund | 554,400 |
| Corrections Fund | 3,000,600 |
| Prison Construction and Operations Fund | 3,684,400 |
| State Charitable, Penal and Reformatory Institutions Land Fund | 360,000 |
| State Education Fund for Correctional Education | 670,100 |
| Transition Program Fund | 1,300,000 |

FY 2016 adjustments would be as follows:

Annualize Maximum-Security Beds GF 343,900

The Baseline includes an increase of \$343,900 from the General Fund in FY 2016 to fund the annualization costs for the 500 maximum-security prison beds opening in FY 2015.

The FY 2013 Capital Outlay Bill (Laws 2012, Chapter 295) appropriated \$50,000,000 from the General Fund to construct 500 male maximum-security beds. The Lewis Rast Unit is the site for the beds. The Department of Corrections started placing prisoners in the beds in early December 2014.

Fund Adjustment OF 153,800

The Baseline includes an increase of \$153,800 from the State Educational Fund for Correctional Education in FY 2016 to align the appropriation with funds currently received from the Department of Education for correctional education. In FY 2014, the department received \$670,100. The current appropriation is \$516,300.

The Baseline continues to permit the department to use the Transition Program Fund for department operating expenses, but discontinues the provision to permit the department to use the Interagency Service Agreement Fund for department operating expenses.

Private Prison Per Diem

The Baseline includes \$151,518,600 in FY 2016 for Private Prison Per Diem. This amount consists of:

| | |
|------------------------|-------------|
| General Fund | 126,022,400 |
| Corrections Fund | 24,517,000 |
| Penitentiary Land Fund | 979,200 |

FY 2016 adjustments would be as follows:

Annualize Medium-Security Beds GF 7,197,300

The Baseline includes an increase of \$7,197,300 from the General Fund in FY 2016 to annualize the cost of 500 medium-security beds opening in January 2015.

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, and medium-security beds to open on January 1, 2015. These contracts were to be awarded by September 1, 2012 from the 2,000-bed Request for Proposals (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 is housing these prisoners at their existing Red Rock Correctional Center in Eloy. The FY 2016 Criminal Justice BRB would continue to prohibit 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 and providing medical care to Arizona inmates in 7,538 beds under contract and operational by June 30, 2015. 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 \$125,274,900 in FY 2016 for Inmate Health Care Contracted Services. These amounts consist of:

| | |
|---|-------------|
| General Fund | 115,274,900 |
| Prison Construction and Operations Fund | 10,000,000 |

These amounts are unchanged from FY 2015.

Background – ADC provides healthcare to inmates within state facilities through a contract with a provider at a per diem rate of \$10.42. The line item funds the costs of the contract; ADC expenditures for monitoring the contracted

services are included within the department's operating budget. *(For a discussion of capitation rate changes, please see the Other Issues for Legislative Consideration section.)*

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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.

The State Department of Corrections shall forward a monthly report comparing department expenditures for the month and year-to-date as compared to prior year expenditures 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 on or before the 30th of the following month. The report must be in the same format as the prior fiscal year and 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 State Department of Corrections shall provide a report on bed capacity to the Joint Legislative Budget Committee for its review on or before August 1, 2015. The report must reflect the bed capacity for each security classification by gender at each state-run and private institution, divided by rated and total beds. The report must include bed capacity data for June 30 of the previous fiscal year, 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. If the department develops a plan subsequent to its August 1 report to close state-operated prison rated beds or cancel or not renew 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 before implementing these changes.

One hundred percent of land earnings and interest from the Penitentiary Land Fund must 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 must 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 \$670,100, the State Department of Corrections shall report the intended use of the monies to the Director of the Joint Legislative Budget Committee.

New Footnotes

Before implementation of any changes in per diem rates for the Inmate Health Care Contracted Services, the State Department of Corrections shall report its expenditure plan for review by the Joint Legislative Budget Committee. *(Please see Inmate Health Contracted Services- Rate Increase within the Other Issues for Legislative Consideration section for further details.)*

In accordance with A.R.S. § 35-142.01, the department may deposit for the current fiscal year reimbursements received for Medicaid savings from health care providers from previous fiscal years, and may use the monies to offset General Fund costs for Inmate Health Care Contracted Services. *(Please see Legislative Authority for Administering Reimbursement within the Other Issues for Legislative Consideration section for further details.)*

Deletion of Prior Year Footnotes

The Baseline would delete the footnote allowing the department to spend a portion of its total appropriation on capital projects in FY 2015.

STATUTORY CHANGES

The Baseline would:

- As session law, continue to require the department to report FY 2015 actual expenditures, FY 2016 estimated expenditures, and FY 2017 requested expenditure amounts for each line item as delineated in the prior year when the department submits its FY 2017 budget request pursuant to A.R.S. § 35-113.
- As session law, continue to permit the department to use the Transition Program Fund for department operating expenses in FY 2016. The Baseline would not continue to permit the use of the non-appropriated Interagency Service Agreement Fund for department operating expenses in FY 2016.
- As session law, continue to permit the department to award contracts only with legislative authorization for the remaining 1,000 beds from the 2,000 bed RFP for medium-security beds issued by the department in February 2012.

OTHER ISSUES FOR LEGISLATIVE CONSIDERATION

This section includes information on the following topics:

- Long Term Budget Impacts
- Inmate Growth Rate
- Bed Capacity
- FY 2014 Bed Surplus/Shortfall
- Healthcare Litigation
- Inmate Health Contracted Services
- Hepatitis C
- Legislative Authority for Medicaid Reimbursement
- Arizona Inmate Management System
- Interagency Service Agreement Fund

Long Term Budget Impacts

Beyond FY 2016 Baseline, current estimates by the JLBC Staff assume no additional funding in FY 2017 and FY 2018. Factors that may impact the need for future additional spending include continued growth in inmate population, the healthcare litigation agreement, health care contracted services capitation rate changes, and the costs of Hepatitis C treatments for prisoners; see narrative for more details.

Inmate Growth Rate

The Baseline assumes inmate growth of 80 prisoners per month in FY 2016, or approximately 960 annually (840 male inmates and 120 female inmates). During FY 2014, the inmate population increased by 1,087 from 40,686 to 41,773. This continues the moderate growth seen in FY 2013. As of November 2014, the average monthly growth for the previous 12 months was 95 inmates.

A breakdown of the annual population growth rate by custody and gender can be seen in *Table 1*. As with the overall growth rate, the rate assumptions by gender and custody level may need further revision.

| <u>Custody</u> | <u>Male</u> | <u>Female</u> | <u>Total</u> |
|----------------|-------------|---------------|--------------|
| Minimum | 219 | 86 | 305 |
| Medium | 554 | 24 | 578 |
| Close | 17 | 6 | 23 |
| Maximum | <u>50</u> | <u>4</u> | <u>54</u> |
| Total | 840 | 120 | 960 |

Bed Capacity

There are 2 methods of defining bed capacity:

- “Rated” beds: Beds originally designed for housing prisoners. This amount was 37,181 in public and private prisons on June 30, 2014, an increase of 500 from the 36,681 on June 30, 2013. ADC added 500 medium rated beds with the opening of the private

Red Rock facility in FY 2014, and will add 1,000 rated beds in FY 2015 with the second set of 500 medium private beds at Red Rock and the 500 new maximum beds at the ASPC-Lewis Rast Unit. ADC projects a total of 38,181 rated beds on June 30, 2015.

- 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. During FY 2014, the department increased its total operating capacity by 605 beds, from 41,810 to 42,415. As of June 30, 2014, public and private prisons have a total of 5,234 temporary beds, an increase from 5,129 as of June 30, 2013. ADC projects 5,478 temporary beds in use at the end of FY 2015. This includes plans to reactivate 324 temporary beds at Cheyenne to meet growth needs and reassign 80 rated maximum beds as special use beds given the opening of the new 500 maximum rated beds. From June 2011 to June 2014, the range of temporary beds available was 5,129 to 5,842.

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 1,609 as of June 30, 2014, 56 beds more than on June 30, 2013.

The department has flexibility in establishing or decommissioning beds (or shifting between inmate classification) as discussed in this section. As a result, a FY 2016 General Appropriation Act footnote continues to require the department to provide a report to the JLBC for its review regarding bed counts and reasons for changes in the number or classification of beds; this footnote also clarifies when the department needs to provide closure plans to the JLBC for its review after submitting the bed plan above. (*See the Footnotes section.*)

FY 2014 Bed Surplus/Shortfall

During FY 2014, the inmate population increased by 1,087 inmates. At the end of FY 2014, the department had a total rated bed shortfall of (4,592). After adjusting for the 5,234 temporary beds in the overall ADC system, the rated bed shortfall became a 642 bed surplus as shown in *Table 3*.

Presuming an annual growth rate of 960 inmates, the projected rated bed shortfall in FY 2015 is (4,552). The total bed surplus/shortfall estimates for FY 2015 and beyond will depend on whether ADC maintains the 5,478 temporary bed level described above. At the 5,478 bed level, the rated bed shortfall becomes a 926 total bed surplus in FY 2015. The opening of 1,000 new private medium beds and the opening of 500 maximum custody state beds offset inmate growth in FY 2014 and FY 2015.

By June 30, 2016, the rated bed shortfall is projected at (5,512). The operating capacity is a bed shortfall of (34), assuming 5,478 temporary beds.

The projections also assume other changes ADC anticipates making. These include the reactivation of 324 male medium custody temporary beds at Yuma Cheyenne in FY 2015, reallocation adjustments between maximum custody and close custody to meet the needs of the new programming plan for maximum custody inmate, and the adjustment of 80 maximum custody beds to their original special use status in FY 2015. The agency projects that they will re-designate 300 medium custody beds to minimum custody beds in FY 2017.

Bed shortfall estimates vary by level of security (e.g. minimum, medium, or maximum). While the overall operational capacity retains a surplus in FY 2015 and a small shortfall in FY 2016, a sizeable shortfall is expected in male medium custody beds presuming the growth rates by gender and classification shown in *Table 1*. The projected operational capacity shortfalls for male medium and close custody beds during FY 2014 to FY 2017 can be seen below:

| Projected Operational Capacity Surplus/Shortfall - Male Beds | | | | |
|---|----------------|----------------|----------------|----------------|
| Custody | FY 2014 | FY 2015 | FY 2016 | FY 2017 |
| Minimum | 300 | 82 | (136) | (28) |
| Medium | (275) | (5) | (559) | (1,439) |
| Close | (73) | (42) | (59) | (76) |
| Maximum | <u>207</u> | <u>528</u> | <u>477</u> | <u>426</u> |
| Total | 159 | 563 | (277) | (1,117) |

Healthcare Litigation

Parsons v. Ryan was filed against ADC in the U.S. District Court on March 6, 2012 seeking relief against alleged inadequate inmate health care and an inadequate mental health environment within maximum custody units. On October 14, 2014, a settlement agreement was filed for the case. ADC agreed to meeting health care performance measures defined by the agreement, improved mental health treatment and programming, increasing the time spent by maximum custody inmates outside of cells, and performance monitoring. The agreement required the department to request the Arizona Legislature approve a budget to increase staffing of medical and mental health positions and to request funds, if necessary, for the department to implement changes to the maximum custody environment. At this time, the proposed costs related to fulfilling the agreement are unknown.

Inmate Health Contracted Services

The department contracts for inmate health care services with Corizon. The original per diem charged by the vendor was \$10.10 per prisoner per day. ADC and the vendor agreed to an amendment in June 2014 that

increased the mental health staffing for the maximum custody population and stipulates that the vendor will monitor inmate intake of specific prescription medications. This amendment increased the per diem to \$10.42.

The June 2014 amendment preceded the healthcare litigation agreement. If additional staff or new procedures are introduced to meet the health care or mental health standards defined in the agreement, additional adjustments to the per diem may be required.

The contract allows the vendor to request a price adjustment for inflation. The vendor is eligible to request an initial price adjustment starting March 4, 2015. The department has the authority, if funded, to approve a price adjustment increase that shall not exceed the percent of change in the average medical consumer price index (CPI) - Metropolitan Phoenix, established for the most recent calendar year. ADC projects a 4.3% medical CPI adjustment.

The department and the provider pursue Medicaid reimbursement for inmates that receive inpatient care in a hospital setting. The department anticipates \$3.2 million in yearly reimbursements offsetting the contract costs.

The current appropriation of \$125.3 million funds 33,982 prisoners within state facilities at the old per diem of \$10.10. The additional FY 2016 cost of aligning the appropriation to account for population growth and per diem adjustments (adjusted for the anticipated \$3.2 million in savings) would range from \$3.9 million for funding the end of FY 2014 population (34,807) at \$10.42 to \$11.3 million for funding the projected year-end FY 2015 population (35,267) and adjusting the per diem to \$10.86 to account for 4.3% medical CPI inflation.

Given the potential for adjustments due to change of services or inflationary adjustments, a new Baseline footnote proposes JLBC review of future capitation rate adjustments for inmate health contracted services. (*See the Footnotes section.*)

Hepatitis C

In 2013, the FDA approved a new oral drug therapy for treatment of Hepatitis C that offers high cure rates and less side effects than older treatments. At a cost of treatment per person ranging from \$85,000 to \$95,000 and with other specialty drugs being approved for the treatment of Hepatitis C and other diseases, public and private insurers across the United States are developing protocols for treatment. The Department of Corrections has 6,575 inmates infected with Hepatitis C. At the present time, an inmate in the middle of treatment admitted to ADC will be permitted to continue the treatment.

Legislative Authority for Medicaid Reimbursement

For inmates eligible for Medicaid, the state can seek reimbursement for the costs of outside medical care. To receive reimbursement, the care is paid via the Arizona Health Care Cost Containment System (AHCCCS). ADC pays the state match portion, and AHCCCS using federal

dollars covers the Federal Financial Participation portion. Since ADC already pays for potential hospitalization of inmates in state facilities as part of the inmate health care services contract, the total dollar amount is offset on subsequent invoices by the vendor. The savings to the department is the federal portion. The Baseline includes a provision to allow the department to use reimbursement monies from previous fiscal years to offset current costs.

Arizona Inmate Management System

The Baseline does not include any FY 2016 transfers from department funds for the replacement of the Adult Inmate Management System. The FY 2014 and FY 2015 appropriations transferred \$16.0 million from department funds to the APF for the creation of a new inmate

management system and are expected to be sufficient through FY 2016. (Please see the Department of Administration - Automation Projects Fund section for details regarding this information technology project.)

Interagency Service Agreement Fund

Criminal Justice BRB provisions in FY 2014 and FY 2015 allow the department to use the Interagency Service Agreement Fund for operating expenses. Expenditures in FY 2014 and FY 2015 are expected to be \$60,000. Given low expenditures levels, the Baseline does not continue the flexibility for this fund in FY 2016. (See the Footnotes section.)

Table 3

Fiscal Year-End Operating Capacity

| State | FY 2014 Actual | | | FY 2015 Estimate | | | FY 2016 Estimate | | |
|---------------------------------------|----------------|--------------|--------------------|------------------|--------------|--------------------|------------------|--------------|--------------------|
| | Rated | Temporary | Operating Capacity | Rated | Temporary | Operating Capacity | Rated | Temporary | Operating Capacity |
| Douglas | 1,925 | 417 | 2,342 | 1,925 | 417 | 2,342 | 1,925 | 417 | 2,342 |
| Eyman ^{1/} | 4,024 | 1,319 | 5,343 | 4,024 | 1,239 | 5,263 | 4,024 | 1,239 | 5,263 |
| Florence | 3,440 | 697 | 4,137 | 3,440 | 697 | 4,137 | 3,440 | 697 | 4,137 |
| 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 ^{2/} | 4,604 | 752 | 5,356 | 5,104 | 752 | 5,856 | 5,104 | 752 | 5,856 |
| Safford | 1,453 | 316 | 1,769 | 1,453 | 316 | 1,769 | 1,453 | 316 | 1,769 |
| Tucson | 4,605 | 565 | 5,170 | 4,605 | 565 | 5,170 | 4,605 | 565 | 5,170 |
| Winslow | 1,626 | 216 | 1,842 | 1,626 | 216 | 1,842 | 1,626 | 216 | 1,842 |
| Yuma ^{3/} | 4,350 | 80 | 4,430 | 4,350 | 404 | 4,754 | 4,350 | 404 | 4,754 |
| Subtotal | 30,781 | 4,596 | 35,377 | 31,281 | 4,840 | 36,121 | 31,281 | 4,840 | 36,121 |
| 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) ^{4/} | 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) ^{5/} | 500 | - | 500 | 1,000 | - | 1,000 | 1,000 | - | 1,000 |
| Subtotal | 6,400 | 638 | 7,038 | 6,900 | 638 | 7,538 | 6,900 | 638 | 7,538 |
| Total - All Beds ^{6/} | 37,181 | 5,234 | 42,415 | 38,181 | 5,478 | 43,659 | 38,181 | 5,478 | 43,659 |
| State Prison Population | 34,807 | | 34,807 | 35,267 | | 35,267 | 36,227 | | 36,227 |
| Female | 3,811 | | 3,811 | 3,931 | | 3,931 | 4,051 | | 4,051 |
| Male | 30,996 | | 30,996 | 31,336 | | 31,336 | 32,176 | | 32,176 |
| Private Prison Population | | | | | | | | | |
| Male | 6,966 | | 6,966 | 7,466 | | 7,466 | 7,466 | | 7,466 |
| Total Population ^{7/} | 41,773 | | 41,773 | 42,733 | | 42,733 | 43,693 | | 43,693 |
| Bed Surplus/(Shortfall) | (4,592) | | 642 | (4,552) | | 926 | (5,512) | | (34) |
| Male | (5,003) | | 159 | (4,843) | | 563 | (5,683) | | (277) |
| Female | 411 | | 483 | 291 | | 363 | 171 | | 243 |
| Bed Surplus / (Shortfall) | | | | | | | | | |
| (% of Beds) | -11% | | 2% | -11% | | 2% | -13% | | 0% |

^{1/} During FY 2013, ADC redesignated 80 rated Eyman beds as temporary beds. During FY 2015, ADC plans to designate the beds as special use beds with the opening of the new 500 maximum-security beds resulting in a net loss of (80) temporary maximum-security beds.

^{2/} ADC will open 500 maximum-security beds at Lewis Rast in FY 2015.

^{3/} The department plans to reactivate 324 temporary male medium-security beds at Yuma Cheyenne in June 2015.

^{4/} The per diem changed with the new contract in October 2013.

^{5/} 500 medium-security private beds opened in January 2014, and another 500 beds are scheduled to open starting in January 2015.

^{6/} Excludes special use beds totaling 1,609 in FY 2014, 1,719 in FY 2015, and 1,719 in FY 2016.

^{7/} The chart uses the Official Daily Count that includes prisoners in outside facilities and those awaiting transfer from county jail.

| SUMMARY OF FUNDS | FY 2014 Actual | FY 2015 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 | 295,300 | 554,400 |
| Year-End Fund Balance | 1,000,200 | 899,800 |
| 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. A.R.S. § 41-1624 authorizes an annual \$1,000,000 transfer into the Department of Corrections Building Renewal Fund. | | |
| Funds Expended | 40,143,100 | 38,802,400 |
| Year-End Fund Balance | 5,240,400 | 4,270,600 |
| 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. 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 | 414,800 | 430,700 |
| Year-End Fund Balance | 322,700 | 353,300 |
| 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 | 0 | 0 |
| 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. A.R.S. § 41-1641 authorizes an annual transfer of \$2,500,000 from the Corrections Fund to the Department of Corrections Building Renewal Fund. In addition to the funds expended, \$750,000 is transferred from this fund into the Building Renewal Fund pursuant to the FY 2014 General Appropriation Act. This transfer funds a portion of the \$8,000,000 appropriation for the repair of ASPC-Yuma Cheyenne as authorized by the FY 2014 Capital Bill (Laws 2013, 1st Special Session, Chapter 8, Section 3). The FY 2015 General Appropriations Act transfers \$2,500,000 into the Automation Projects Fund. | | |
| Funds Expended | 25,688,000 | 27,517,600 |
| Year-End Fund Balance | 10,239,400 | 9,737,700 |
| 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), Arizona Correctional Industries Revolving Fund (\$1,000,000), and Corrections Fund (\$2,500,000). 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). | | |
| Funds Expended | 0 | 0 |
| Year-End Fund Balance | 13,661,100 | 1,819,100 |

| SUMMARY OF FUNDS | FY 2014 Actual | FY 2015 Estimate |
|--|-------------------|-------------------------|
| Federal Funds (DCA2000/A.R.S. § 35-142 and A.R.S. § 41-1605) | | 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 | 8,742,500 | 9,079,100 |
| Year-End Fund Balance | 515,200 | 515,200 |
| 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 | 120,200 | 513,600 |
| Year-End Fund Balance | 2,510,200 | 2,601,000 |
| 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. A.R.S. § 41-1604.02 authorizes an annual \$500,000 transfer into the Department of Corrections Building Renewal Fund. The FY 2014 General Appropriation Act transfers \$5,500,000 into the Automation Projects Fund. | | |
| Funds Expended | 4,393,700 | 4,468,000 |
| Year-End Fund Balance | 3,117,600 | 3,877,100 |
| 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. Estimated expenditures of \$8,000,000 of monies transferred from the Automation Projects Fund for the Arizona Inmate Management System replacement automation project are not displayed to avoid double counting. The FY 2015 Criminal Justice Budget Reconciliation Bill (Laws 2014, Chapter 12) continues to permit the department to use the non-appropriated Interagency Service Agreement Fund for department operating expenses in FY 2015. | | |
| Funds Expended | 60,500 | 58,200 |
| Year-End Fund Balance | 2,200 | 2,200 |
| 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 | 892,300 | 979,200 |
| Year-End Fund Balance | 2,004,600 | 2,341,400 |
| 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. In FY 2014, \$6,000,000 is transferred from this fund into the Building Renewal Fund pursuant to the FY 2014 General Appropriation Act. The FY 2015 General Appropriation Act transfers \$5,500,000 into the Automation Projects Fund. | | |
| Funds Expended | 12,372,100 | 13,684,400 |
| Year-End Fund Balance | 6,834,300 | 1,480,200 |

| SUMMARY OF FUNDS | FY 2014 Actual | FY 2015 Estimate |
|--|-------------------|-------------------------|
| 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. A.R.S. § 41-1604.03 authorizes an annual \$500,000 transfer into the Department of Corrections Building Renewal Fund. | | |
| Funds Expended | 1,663,400 | 4,990,000 |
| Year-End Fund Balance | 8,879,300 | 8,049,300 |
| 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. In addition to the funds expended, \$1,125,000 is transferred from this fund into the Building Renewal Fund pursuant to the FY 2014 General Appropriation Act. This transfer funds a portion of the \$8,000,000 appropriation for the repair of APSC-Yuma Cheyenne as authorized by the FY 2014 Capital Bill (Laws 2013, 1st Special Session, Chapter 8, Section 3). | | |
| Funds Expended | 359,900 | 360,000 |
| Year-End Fund Balance | 2,675,400 | 3,736,600 |
| 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. The FY 2014 General Appropriation Act transfers \$2,500,000 into the Automation Projects Fund. | | |
| Funds Expended | 1,641,700 | 1,627,300 |
| Year-End Fund Balance | 3,001,600 | 4,952,800 |
| 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 | 491,500 | 516,300 |
| Year-End Fund Balance | 765,500 | 919,200 |
| State Employee Recognition Gifts/Donations Fund (DCA2449/A.R.S. § 41-709) | | 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 |

| SUMMARY OF FUNDS | FY 2014 Actual | FY 2015 Estimate |
|---|-------------------|---------------------|
| 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. The FY 2015 General Appropriation Act includes an appropriation shift for \$1,185,000 from the Transition Program Fund to the Prison Construction and Operations Fund. The FY 2015 Criminal Justice Budget Reconciliation Bill (Laws 2014, Chapter 12, Section 6) continues to permit the department to use the Transition Program Fund for department operating expenses in FY 2015. | | |
| Funds Expended | 2,462,100 | 1,300,000 |
| Year-End Fund Balance | 47,400 | 629,600 |