

## Department of Juvenile Corrections

	FY 2015 ACTUAL	FY 2016 ESTIMATE	FY 2017 BASELINE
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	738.5	738.5	738.5
Personal Services	23,890,600	24,164,500	24,164,500
Employee Related Expenditures	12,640,700	12,702,600	12,702,600
Professional and Outside Services	715,600	1,100,600	1,100,600
Travel - In State	412,900	445,300	445,300
Travel - Out of State	14,400	11,500	11,500
Other Operating Expenditures	4,733,300	4,430,000	3,430,000
Equipment	937,900	262,200	262,200
<b>AGENCY TOTAL</b>	<b>43,345,400</b>	<b>43,116,700</b>	<b>42,116,700</b>
<b>FUND SOURCES</b>			
General Fund	40,762,300	26,984,600	25,984,600
<u>Other Appropriated Funds</u>			
Criminal Justice Enhancement Fund	207,500	531,300	531,300
Department of Juvenile Corrections Local Cost Sharing Fund	0	12,000,000	12,000,000
State Charitable, Penal and Reformatory Institutions Land Fund	549,300	2,000,100	2,000,100
State Education Fund for Committed Youth	1,826,300	1,600,700	1,600,700
SUBTOTAL - Other Appropriated Funds	2,583,100	16,132,100	16,132,100
<b>SUBTOTAL - Appropriated Funds</b>	<b>43,345,400</b>	<b>43,116,700</b>	<b>42,116,700</b>
Other Non-Appropriated Funds	172,400	155,800	155,800
Federal Funds	1,565,000	1,678,100	1,678,100
<b>TOTAL - ALL SOURCES</b>	<b>45,082,800</b>	<b>44,950,600</b>	<b>43,950,600</b>

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

### Operating Budget

The Baseline includes \$42,116,700 and 738.5 FTE Positions in FY 2017 for the operating budget. These amounts consist of:

	<b>FY 2017</b>
General Fund	\$25,984,600
Criminal Justice Enhancement Fund (CJEF)	531,300
Department of Juvenile Corrections (DJC) Local Cost Sharing Fund	12,000,000
State Charitable, Penal and Reformatory Institutions Land Fund	2,000,100
State Education Fund for Committed Youth	1,600,700

FY 2017 adjustments would be as follows:

### Admission Changes GF (1,000,000)

The Baseline includes a decrease of \$(1,000,000) from the General Fund in FY 2017 for reductions in the committed youth population within DJC. This reduction is part of the Legislature's 3-year spending plan that was part of the FY 2016 enacted budget.

The FY 2016 Criminal Justice Budget Reconciliation Bill (BRB) altered the requirements for admission to DJC facilities. These changes include an increase in the minimum admission age to 14, the requirement that juveniles who are admitted must have committed a felony in the past, and the allowance for those that are adjudicated as seriously mentally ill to be allowed admission if they have only committed a misdemeanor. Prior to this bill, the minimum age for admission was 8 years and individuals who had committed a misdemeanor were allowed entrance.

The housed and parole populations within DJC have seen significant decreases in the past 10 years. As illustrated in *Table 2*, the housed population within DJC has decreased by (30)% from FY 2013 through October 2015. If the current October 2015 housed population persists through FY 2017, it would allow for an additional reduction of \$(679,400) due to decreased caseloads. This estimate assumes that 40% of DJC’s budget is attributable to fixed costs and that the average cost per housed juvenile at Adobe Mountain Safe School is \$93,300 annually.

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**FORMAT** — Lump Sum by Agency

**FOOTNOTES**

*Standard Footnotes*

Twenty-five percent of land earnings and interest from the State Charitable, Penal and Reformatory Institutions Land Fund shall be distributed to the Department of Juvenile Corrections, in compliance with Section 25 of the Enabling Act and the Constitution of Arizona, to be used for the support of state juvenile institutions and reformatories.

**STATUTORY CHANGES**

The Baseline would, as session law, continue to require counties to pay their proportional share of \$12,000,000 according to their population in the 2010 decennial census for cost sharing of DJC.

**Other Issues**

**Fund Shift**

The Baseline continues the \$901,400 FY 2016 fund shift from the General Fund to the State Charitable, Penal and Reformatory Institutions Land Fund in FY 2017. The total Land Fund appropriation will continue to be \$2,000,100.

As enacted, the \$901,400 shift was intended as one-time; however, it is estimated that the State Charitable, Penal and Reformatory Institutions Land Fund will have sufficient resources to continue this shift in FY 2017. At the end of FY 2015, the fund had an available balance of \$1,919,100. If revenues to the fund are flat in FY 2016, the fund will end the fiscal year with a balance of \$1,183,000 which, when combined with estimated continued flat revenues of \$1,264,000, will provide adequate monies to fund an appropriation at the continued level of \$2,000,100 in FY 2017.

Additionally, if voters approve the proposed increase of the State Land Trust distribution formula from the current 2.5% to the proposed 6.9% in May 2016, the State Charitable, Penal and Reformatory Institutions Land Fund may realize a \$1,330,100 increase in revenues to the fund in FY 2017.

**Local Cost Sharing**

The FY 2016 Criminal Justice BRB (Laws 2015, Chapter 17) created the DJC Local Cost Sharing Fund with annual deposits from each county for their proportional cost share of the operational costs of DJC. The Criminal Justice BRB requires that each county pay their proportional share of \$12,000,000 according to their population in the 2010 decennial census. *Table 1* displays the estimated payment by county; the Baseline would continue this provision in FY 2017.

<u>County</u>	<u>FY 2017</u>
Apache County	\$ 134,300
Cochise County	246,600
Coconino County	252,400
Gila County	100,600
Graham County	69,900
Greenlee County	15,800
La Paz County	38,500
Maricopa County	7,166,000
Mohave County	375,800
Navajo County	201,700
Pima County	1,840,300
Pinal County	705,400
Santa Cruz County	89,000
Yavapai County	396,200
Yuma County	367,500
<b>TOTAL</b>	<b>\$12,000,000</b>

**October 2015 Special Session and Proposition 123**

As a beneficiary of the Arizona State Land Trust, DJC receives monies generated from lease revenues and the proceeds from land sales that are invested into a “permanent fund,” pursuant to Article X, Section 7 of the Arizona Constitution.

In FY 2015, DJC received \$623,650 in monies distributed from its permanent fund.

Conditional upon voter approval in May 2016, Proposition 123 would increase the annual distribution rate from the State Land Trust Permanent Fund from 2.5% to 6.9% from FY 2016 through FY 2025.

As a result, DJC would receive \$1,216,100 in additional funding beyond what it otherwise would in FY 2016 if the ballot proposition is approved. (Please see the Department of Education – Endowment Earnings section for more information.)

**Population Counts**

Table 2 lists the DJC population by category. The parole population has decreased significantly over the past few years. DJC reports that this is due to the decline in the number of committed youth, an increase in the age of the average offender resulting in shorter parole periods, and an increase in the recidivism rate.

<b>DJC Census</b>				
	<u>FY 2013 Average Population</u>	<u>FY 2014 Average Population</u>	<u>FY 2015 Average Population</u>	<u>Population as of October 30, 2015</u>
<b>Housed Population</b>				
Adobe Mountain	347	351	321	267
<b>Parole Population</b>				
Parole	252	135	127	96
Interstate Compact (inside Arizona) <sup>1/</sup>	<u>139</u>	<u>120</u>	<u>114</u>	<u>112</u>
Total Parole Population	<u>391</u>	<u>255</u>	<u>241</u>	<u>208</u>
<b>Total DJC Population</b>	<b>738</b>	<b>606</b>	<b>562</b>	<b>475</b>

<sup>1/</sup> The Interstate Compact is an agreement between states to supervise parolees in each other’s state. “Inside Arizona” means parolees from other states living in Arizona and “outside Arizona” means Arizona parolees living in other states. There were an average of 8 Arizona parolees outside of Arizona in FY 2015 and 5 parolees on October 30, 2015.

<b>SUMMARY OF FUNDS</b>	<b>FY 2015 Actual</b>	<b>FY 2016 Estimate</b>
<b>Criminal Justice Enhancement Fund (DJA2281/A.R.S. § 41-2401)</b>		<b>Appropriated</b>
<b>Source of Revenue:</b> Receives 1.61% of state Criminal Justice Enhancement Fund (CJEF). CJEF consists of a 47% assessment added on to every fine, penalty and forfeiture collected by the courts for criminal offenses, and civil penalties imposed for traffic violations and motor vehicle violations.		
<b>Purpose of Fund:</b> For treatment and rehabilitation of youth who have committed drug-related offenses.		
<b>Funds Expended</b>	207,500	531,300
<b>Year-End Fund Balance</b>	1,149,100	1,151,900
<b>Department of Juvenile Corrections Local Cost Sharing Fund (DJA3007/A.R.S. § 41-2833)</b>		<b>Appropriated</b>
<b>Source of Revenue:</b> The FY 2016 Criminal Justice Budget Reconciliation Bill (Laws 2015, Chapter 17) created the Department of Juvenile Corrections Local Cost Sharing Fund with annual deposits from each county totaling \$12,000,000. The bill requires each county to pay a proportional share of the \$12,000,000 based on their share of the state population according to the 2010 decennial census.		
<b>Purpose of Fund:</b> To fund the operational costs of DJC.		
<b>Funds Expended</b>	0	12,000,000
<b>Year-End Fund Balance</b>	0	0

SUMMARY OF FUNDS	FY 2015 Actual	FY 2016 Estimate
<b>DJC Career Technical Education Fund (DJA2326/A.R.S. § 41-2828)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Proceeds generated by any department educational, vocational, treatment, training, or work program, including the sale of unneeded equipment or supplies.		
<b>Purpose of Fund:</b> To pay expenses that are required for any educational, vocational, treatment, training or work program established by the department.		
<b>Funds Expended</b>	0	0
<b>Year-End Fund Balance</b>	0	0
<b>DJC Restitution Fund (DJA2476/A.R.S. § 41-2826)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Federal, state, and local appropriations distributed by the director from the DJC Career Technical Education Fund, in addition to grants, gifts, and other donations from any public or private source.		
<b>Purpose of Fund:</b> For the payment of restitution and monetary assessments by youths who are ordered to make such payments but who are financially unable to pay. In a committed youth work program or a community work program, youth participate and receive payment through the Restitution Fund, a portion of which is distributed in the form of restitution payments to victims or the court.		
<b>Funds Expended</b>	0	0
<b>Year-End Fund Balance</b>	137,000	152,100
<b>Employee Recognition Fund (DJA2449/A.R.S. § 41-709)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Gifts and donations from public and private entities.		
<b>Purpose of Fund:</b> Employee recognition programs that recognize and award the performance, achievement, longevity or major life event of department employees.		
<b>Funds Expended</b>	2,100	2,100
<b>Year-End Fund Balance</b>	2,500	4,900
<b>Federal Funds (DJA2000/A.R.S. § 35-142)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Federal Grants.		
<b>Purpose of Fund:</b> For the National School Breakfast and Lunch Program, Special Education, Job Training Partnership Act, substance abuse, and other federal programs.		
<b>Funds Expended</b>	1,565,000	1,678,100
<b>Year-End Fund Balance</b>	876,800	1,169,100
<b>IGA and ISA Fund (DJA2500/A.R.S. § 35-142)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Monies received through intergovernmental and interagency agreements.		
<b>Purpose of Fund:</b> To provide training to DJC staff in behavioral therapy, motivational interviewing, and child and family teams, and some supplemental funding for attainment of juvenile treatment goals.		
<b>Funds Expended</b>	0	0
<b>Year-End Fund Balance</b>	0	0
<b>Indirect Cost Recovery Fund (DJA9000/A.R.S. § 35-142)</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>	0	0
<b>Year-End Fund Balance</b>	280,100	330,000

SUMMARY OF FUNDS	FY 2015 Actual	FY 2016 Estimate
<b>Instructional Improvement Fund (DJA2492/A.R.S. § 15-979)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Shared revenue from Indian gaming received through the Arizona Department of Education (ADE). The ADE Instructional Improvement Fund receives 56% of total shared revenue, as authorized by Proposition 202 from the 2002 General Election. (See ADE section for more information.)		
<b>Purpose of Fund:</b> To fund teacher compensation increases, class size reduction, dropout prevention, and instructional improvement.		
<b>Funds Expended</b>	0	0
<b>Year-End Fund Balance</b>	7,400	7,400
<b>Juvenile Corrections Fund (DJA3024/A.R.S. § 41-2810)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Donations by individuals and businesses, proceeds from vending machines, and fund-raising efforts.		
<b>Purpose of Fund:</b> For additional supplies and department conferences, for purposes agreed upon by donors and the agency Director, or for special student activities.		
<b>Funds Expended</b>	53,600	53,600
<b>Year-End Fund Balance</b>	72,900	94,200
<b>State Charitable, Penal and Reformatory Institutions Land Fund (DJA3029/A.R.S. § 37-525)</b>		<b>Appropriated</b>
<b>Source of Revenue:</b> Earnings on state lands and interest on the investment of the Permanent Land Fund.		
<b>Purpose of Fund:</b> To help defray costs of operating juvenile correctional facilities.		
<b>Funds Expended</b>	549,300	2,000,100
<b>Year-End Fund Balance</b>	1,919,100	1,208,300
<b>State Education Fund for Committed Youth (DJA2323/A.R.S. § 15-1371)</b>		<b>Appropriated</b>
<b>Source of Revenue:</b> The state's statutory K-12 Basic State Aid formula provides funding based on the DJC population.		
<b>Purpose of Fund:</b> To help provide for the education of committed youth.		
<b>Funds Expended</b>	1,826,300	1,600,700
<b>Year-End Fund Balance*</b>	68,900	(72,400)
<b>State Education System for Committed Youth Classroom Site Fund (DJA2487/A.R.S. § 15-1373)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Classroom Site Fund monies received from the ADE, pursuant to A.R.S. § 15-977. The Classroom Site Fund receives monies from a 0.6% sales tax approved by the voters in the November 2000 General Election (Proposition 301).		
<b>Purpose of Fund:</b> To provide additional funding for teacher compensation increases based on performance (40%); teacher base salary increases and employment related expenses (20%); and class size reduction, teacher compensation increases, AIMS intervention programs, teacher development, dropout prevention, and teacher liability insurance premiums (40%).		
<b>Funds Expended</b>	90,000	90,000
<b>Year-End Fund Balance</b>	339,700	362,100
<b>Statewide Donations Fund (DJA2025/A.R.S. § 35-142)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Gifts and donations from public and private entities.		
<b>Purpose of Fund:</b> Employee recognition programs or for the specified purpose for which they were donated.		
<b>Funds Expended</b>	26,700	10,100
<b>Year-End Fund Balance</b>	15,200	11,100

SUMMARY OF FUNDS	FY 2015 Actual	FY 2016 Estimate
<b>Training Institute Fund (DJA2001/A.R.S. § 41-2824)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Monies received from grants, gifts, donations, services or other financial assistance.		
<b>Purpose of Fund:</b> To train tribal personnel who have limited access to training within their jurisdictions.		
<b>Funds Expended</b>	0	0
<b>Year-End Fund Balance</b>	0	0

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