

## Arizona Department of Corrections

	FY 2015 ACTUAL	FY 2016 ESTIMATE	FY 2017 BASELINE
<b>OPERATING BASELINE</b>			
<i>Full Time Equivalent Positions</i>	9,534.0	9,534.0	9,540.0
Correctional Officer Personal Services	304,166,500	323,184,100	323,339,300
Health Care Personal Services	2,576,800	2,757,400	2,757,400
All Other Personal Services	62,263,700	64,435,100	64,567,300
<b>Personal Services Subtotal</b>	<b>369,007,000</b>	<b>390,376,600</b>	<b>390,664,000</b>
<b>Employee Related Expenditures</b>	<b>188,516,900</b>	<b>210,196,200</b>	<b>211,068,200</b>
<b>Personal Services and Employee Related Expenditures for Overtime/Compensatory Time</b>	<b>39,312,700</b>	<b>15,549,300</b>	<b>15,549,300</b>
<b>Health Care All Other Operating Expenditures</b>			
Professional and Outside Services	6,594,000	1,262,900	1,262,900
Travel - In State	26,000	25,000	25,000
Travel - Out of State	10,300	15,000	15,000
Other Operating Expenditures	639,000	760,000	760,000
Equipment	49,200	15,000	15,000
<b>Health Care Operating Subtotal</b>	<b>7,318,500</b>	<b>2,077,900</b>	<b>2,077,900</b>
<b>Non-Health Care All Other Operating Expenditures</b>			
Professional and Outside Services	5,429,200	6,624,000	6,624,000
Travel - In State	229,500	226,400	226,400
Travel - Out of State	51,300	119,100	119,100
Food	38,954,100	42,255,000	42,255,000
Other Operating Expenditures	106,274,100	111,378,700	111,386,200
Equipment	4,965,400	3,522,000	3,606,600
<b>Non-Health Care Operating Subtotal</b>	<b>155,903,600</b>	<b>164,125,200</b>	<b>164,217,300</b>
<b>OPERATING SUBTOTAL</b>	<b>760,058,700</b>	<b>782,325,200</b>	<b>783,576,700</b>
<b>SPECIAL LINE ITEMS</b>			
Leap Year	0	929,100	0
Private Prison Per Diem	136,290,200	151,518,600	168,617,100
Inmate Health Care Contracted Services	123,862,200	142,003,900	147,137,100
<b>AGENCY TOTAL</b>	<b>1,020,211,100</b>	<b>1,076,776,800</b>	<b>1,099,330,900</b>
<b>FUND SOURCES</b>			
General Fund	976,257,400	1,029,900,600	1,052,454,700
<u>Other Appropriated Funds</u>			
Alcohol Abuse Treatment Fund	214,300	555,300	555,300
Corrections Fund	27,517,600	27,517,800	27,517,800
Penitentiary Land Fund	979,200	979,200	979,200
Prison Construction and Operations Fund	13,223,100	13,686,000	13,686,000
State Charitable, Penal and Reformatory Institutions Land Fund	338,800	1,861,200	1,861,200
State Education Fund for Correctional Education	458,500	673,400	673,400
Transition Program Fund	1,222,200	1,603,300	1,603,300
SUBTOTAL - Other Appropriated Funds	43,953,700	46,876,200	46,876,200
<b>SUBTOTAL - Appropriated Funds</b>	<b>1,020,211,100</b>	<b>1,076,776,800</b>	<b>1,099,330,900</b>
Other Non-Appropriated Funds	50,245,500	54,136,100	54,151,100
Federal Funds	6,712,000	6,755,800	6,732,800
<b>TOTAL - ALL SOURCES</b>	<b>1,077,168,600</b>	<b>1,137,668,700</b>	<b>1,160,214,800</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.

**Operating Budget**

The Baseline includes \$783,576,700 and 9,540 FTE Positions in FY 2017 for the operating budget. These amounts consist of:

	<u>FY 2017</u>
General Fund	\$772,196,700
Alcohol Abuse Treatment Fund	555,300
Corrections Fund	3,000,800
Prison Construction and Operations Fund	3,686,000
State Charitable, Penal and Reformatory Institutions Land Fund	1,861,200
State Education Fund for Correctional Education	673,400
Transition Program Fund	1,603,300

FY 2017 adjustments would be as follows:

**CORP Fund Adjustment                      GF                      723,500**

The Baseline includes an increase of \$723,500 from the General Fund in FY 2017 for an increase to the employer contribution rate for the Corrections Officer Retirement Plan (CORP) Fund. This employer contribution rate will rise from 18.54% to 18.74%. The 3-year spending plan in the FY 2016 budget included a projected employer contribution rate increase for FY 2017.

**Private Prison Monitoring                      GF                      528,000**

The Baseline includes an increase of \$528,000 and 6 FTE Positions from the General Fund in FY 2017 for the costs of monitoring new private beds and increasing the overall monitoring capacities of the department. The amount includes \$83,200 for one-time equipment costs.

**Leap Year**

The Baseline includes no funding in FY 2017 for Leap Year expenses. FY 2017 adjustments would be as follows:

**Remove One-Time Funding                      GF                      (929,100)**

The Baseline includes a decrease of \$(929,100) from the General Fund in FY 2017 for the elimination of one-time operating costs for the extra day in FY 2016.

Monies in this line were used to pay operating expenses and costs for contracted services for the extra day in FY 2016 due to the leap year.

**Private Prison Per Diem**

The Baseline includes \$168,617,100 in FY 2017 for Private Prison Per Diem. This amount consists of:

General Fund	143,120,900
Corrections Fund	24,517,000
Penitentiary Land Fund	979,200

FY 2017 adjustments would be as follows:

**Open 1,000 Male Medium Beds                      GF                      17,098,500**

The Baseline includes an increase of \$17,098,500 from the General Fund in FY 2017 for 1,000 new private male medium custody beds to open on September 1, 2016.

The annualization cost for the beds is expected to be \$7,090,800 in FY 2018, for a total annual cost of \$24,189,300.

The FY 2016 Criminal Justice Budget Reconciliation Bill (Laws 2015, Chapter 17) authorizes the department to issue requests for proposals and to award a contract or contracts for up to 2,000 male medium-security beds at new or existing contracted bed facilities. The department was to award a contract or contracts to open up to 1,000 beds on July 1, 2016. The remaining 1,000 beds could be awarded with specific legislative authorization. Due to procurement delays related to the Kingman incident, ADC expects the contracted beds to open on September 1, 2016. *(Please see Arizona State Prison - Kingman in the Other Issues section.)* The 3-year plan in the FY 2016 budget included \$24.2 million in FY 2017 for the beds. The amount is now spread across 2 years.

*Background* – Monies in this line item are paid to private prison contractors for housing and providing medical care to Arizona inmates in 8,538 beds under contract and operational by June 30, 2017. Private prison beds are considered permanent beds. ADC will usually own the facilities after a specified amount of time (typically 20 years) 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 Baseline.

**Inmate Health Care Contracted Services**

The Baseline includes \$147,137,100 in FY 2017 for Inmate Health Care Contracted Services. This amount consists of:

General Fund	135,637,100
Prison Construction and Operations Fund	10,000,000
State Charitable, Penal and Reformatory Institutions Land Fund	1,500,000

FY 2017 adjustments would be as follows:

**Inflation Increase GF 5,133,200**

The Baseline includes an increase of \$5,133,200 from the General Fund in FY 2017 to fund a 3.6% inflation increase for the third year of ADC’s contract with its health care vendor. This increased the per diem from \$11.20 to \$11.60 as of March 2015. The JLBC favorably reviewed the 3.6% inflation increase on June 18, 2015. (*The Other Issues section discusses a FY 2015 supplemental for the inflation increase.*)

*Background* – ADC provides healthcare to inmates within state facilities through a contract with a provider at a per diem rate of \$11.60. The line item funds the costs of the contract; ADC expenditures for monitoring the contracted services are included within the department’s operating budget. Additional monies from Medicaid reimbursement of hospital stays outside prison facilities augment funding in this line item. (*See below.*) A General Appropriation Act footnote requires review of any changes to the per diem. The contract can be amended for changes to scope, and the vendor may request adjustments for inflation.

The Baseline presumes that the department will recover \$6,000,000 in savings annually for Medicaid reimbursement of the costs of outside health care. This is an increase of \$2,773,000 over the FY 2016 presumed savings. These additional funds can be used to offset costs related to an increased inmate population in FY 2017. In FY 2015, ADC reported a total of \$7.2 million in savings from services rendered in FY 2014 and FY 2015. (*For more detailed information on inmate health care, please see the Other Issues section.*)

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**FORMAT** — Operating Lump Sum with Special Line Items by Agency

**FOOTNOTES**

*Standard Footnotes*

Before implementing any changes in per diem rates for inmate health care contracted services, the State Department of Corrections shall submit its expenditure plan for review by the Joint Legislative Budget Committee.

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 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 a monthly report comparing department expenditures for the month and year-to-date as compared to prior year expenditures on or before the thirtieth of the following month. The report shall 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, 2016. The report shall 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 shall include bed capacity data for June 30, 2015 of the previous year, June 30, 2016 of the current fiscal year, and June 30 of the subsequent fiscal year THE PROJECTED CAPACITY FOR JUNE 30, 2017, 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 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 monies in excess of \$673,400, the State Department of Corrections shall report the intended use of the monies to the Director of the Joint Legislative Budget Committee.

## STATUTORY CHANGES

The Baseline would:

- As session law, continue to require the department to report FY 2016 actual expenditures, FY 2017 estimated expenditures, and FY 2018 requested expenditure amounts for each line item as delineated in the prior year when the department submits its FY 2018 budget request pursuant to A.R.S. § 35-113.
- As session law, continue to permit the department to award contracts only with legislative authorization for the remaining 1,000 beds of the 2,000 bed request for male medium security beds issued by the department in May 2015.
- As session law, allow ADC to transfer funds to the Automation Projects Fund from the Special Services Fund for the funding of the final year of costs for the replacement of the Adult Inmate Management System.

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### Other Issues

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This section includes information on the following topics:

- FY 2016 Supplemental
- Long-Term Budget Impacts
- October 2015 Special Session and Proposition 123
- Arizona Inmate Management System
- Inmate Health Care
- Bed Capacity Issues
  - Inmate Growth Rate
  - Bed Capacity
  - Bed Surplus/Shortfall
- Arizona State Prison - Kingman

### FY 2016 Supplemental

The FY 2017 Baseline would include a FY 2016 supplemental appropriation of \$5,200,000 from the General Fund to ADC for the costs of an increase to the inmate health care per diem for medical inflation made in March 2015. The department assumed the costs for FY 2015, this supplemental would fund the FY 2016 costs. The FY 2017 Baseline includes an adjustment for this increase. *(Please see the Inmate Health Care SLI and Inmate Health Care section in Other Issues for more information.)*

### Long-Term Budget Impacts

Beyond the FY 2017 Baseline spending, the JLBC Staff assumes the spending of an additional \$7,090,800 in FY 2018 over FY 2017 for the costs of annualizing the 1,000 private medium custody beds to open on September 1, 2016. The FY 2016 Criminal Justice Budget Reconciliation Bill authorized an RFP for up to 2,000 beds, but only authorized the opening of 1,000 beds in FY 2017. The Baseline spending estimates do not assume the opening and funding of the remaining 1,000 beds. The Legislature would need to authorize the awarding of the remaining beds.

### October 2015 Special Session and Proposition 123

As a beneficiary of the Arizona State Land Trust, the Arizona Department of Corrections 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, the Arizona Department of Corrections received \$906,150 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, the Arizona Department of Corrections would receive \$1,794,000 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.)*

### Arizona Inmate Management System

The Baseline includes the transfer of \$8.0 million from department funds to the Automation Projects Fund in FY 2017 for the replacement of the Adult Inmate Management System. The replacement of the system is estimated to cost a total of \$24.0 million over 3 years. The Automation Projects Fund received a transfer of \$8.0 million in FY 2014 and \$8.0 million in FY 2015 from department funds for the project. In FY 2017, the department is seeking a final \$8.0 million to complete the project. *(Please see the Department of Administration - Automation Projects Fund section for details regarding this information technology project.)*

## Inmate Health Care

On March 4, 2013, ADC entered into a contract with the vendor, Corizon, to provide inmate health care contracted services at a daily rate of \$10.10 per prisoner, replacing the original vendor, Wexford. The contract was for 3 years, with the option for two 1-year renewals. During FY 2015, the vendor and ADC amended the contract twice raising the per diem for prisoners in state facilities from \$10.10 to \$11.20:

- \$0.32 for increased vendor staffing for mental health and pill distribution effective June 2014.
- \$0.09 for additional vendor staffing at inpatient care unit effective March 2015.
- \$0.06 for additional vendor staffing at new maximum custody unit effective March 2015.
- \$0.63 for additional staffing to meet scope changes for the health care litigation agreement effective March 2015.

The FY 2016 Budget appropriated an increase of \$16.8 million for these per diem changes and the increased population.

The per diem rate further increased from \$11.20 to \$11.60 effective back to March 4, 2015 to account for the change in prices for medical goods and services. This 3.6% increase was based on the inflation rate for medical goods in Metropolitan Phoenix in 2014. This increase is included in the Baseline and as a FY 2016 supplemental. ADC funded the FY 2015 costs internally. The May amendment included other contract changes:

- Extends the contract to March 3, 2017 with vendor agreeing to renew for Year 4.
- Extends the contract for Year 5 if the Legislature funds a 4% inflation increase for Year 4.
- Permits the vendor to exit the contract without penalty in November 2016 if the Legislature does not fund the Year 4 increase.

## Bed Capacity Issues

### Inmate Growth Rate

The Baseline assumes inmate growth of 75 prisoners per month in FY 2017, or approximately 900 annually (744 male inmates and 156 female inmates). During FY 2015, the inmate population increased by 838 from 41,773 to 42,611. This continued the moderate growth seen in FY 2014. During the first half of FY 2016, the average monthly inmate growth was lower than expected. The JLBC Staff will monitor the population growth to assess the need for any changes to the FY 2017 projections.

A breakdown of the projected annual population growth rate by custody and gender for FY 2017 can be seen in *Table 1*.

<u>Custody</u>	<u>Male</u>	<u>Female</u>	<u>Total</u>
Minimum	72	12	84
Medium	492	96	588
Close	120	24	144
Maximum	<u>60</u>	<u>24</u>	<u>84</u>
<b>Total</b>	<b>744</b>	<b>156</b>	<b>900</b>

### Bed Capacity

In measuring ADC's ability to house its inmate population, there are 2 methods of defining bed capacity:

- "Rated" beds are permanent and were originally designed for housing prisoners. This amount was 38,085 public and private prisons on June 30, 2015, an increase of 904 from the 37,181 on June 30, 2014. This increase came from the opening 500 private medium custody beds at ASP - Red Rock in January 2015, the opening of 500 public maximum custody beds at ASPC - Lewis, and the loss of (96) permanent maximum custody beds upon their return to special use beds. ADC projects a total of 38,085 rated beds on June 30, 2016 as shown on *Table 3*. With the addition of 1,000 new male medium private beds in September 2016, the projected number of rated beds for FY 2017 is 39,085.
- Operating Capacity represents "rated" beds plus temporary beds. The latter may be located in areas not originally intended for housing prisoners or double-bunked beds in areas intended for single bed cells. From June 2011 to June 2014, the range of temporary beds available was 5,129 to 5,842. During FY 2015, the department increased its total operating capacity by 1,274 beds, from 42,415 to 43,689. As of June 30, 2015, public and private prisons have a total of 5,604 temporary beds, an increase from 5,234 as of June 30, 2014. This increase came from the activation of 6 minimum custody beds at ASPC - Phoenix, 40 medium custody beds at ASPC - Eyman, and the reactivation of 324 temporary medium beds at ASPC - Cheyenne. ADC projects 5,754 temporary beds in use at the end of FY 2016 as shown on *Table 3* for a total operating capacity of 43,839. This includes plans to activate 150 public medium custody temporary beds. The projected operating capacity for FY 2017 is 44,839 based on the opening of 1,000 rated private beds.

In addition, special use beds are employed 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 1,689 as of June 30, 2015, 80 beds more than on June 30, 2014.

The department has flexibility in establishing or decommissioning beds (or shifting between inmate classification) as discussed in this section. A FY 2017 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.

Bed Surplus/Shortfall

During FY 2015, the inmate population increased by 838 inmates. At the end of FY 2015, the department had a total rated bed shortfall of (4,526). After adjusting for the 5,604 temporary beds in the overall ADC system, the rated bed shortfall became a 1,078 bed surplus as shown in *Table 3*.

Presuming an annual growth of 900 inmates in FY 2016, the projected rated bed shortfall in FY 2016 is (5,426). With a total of 5,754 temporary beds, this becomes an operational surplus of 328.

By June 30, 2017, the rated bed shortfall is projected at (5,326). The proposed opening of 1,000 beds in September would offset the growth of 900 inmates. The operating capacity is a bed surplus of 428, assuming 5,754 temporary beds.

Bed shortfall estimates vary by level of security (e.g. minimum, medium, or maximum), and by gender. While there is an overall projected operational capacity of 428 beds in June 2017, that estimate reflects a male surplus of 444 and a female shortfall of (16). Within the 444 male surplus, there are differences by classification. For example, there is a projected male medium custody bed gap of (99), but a male maximum custody surplus of 89 and male close custody surplus of 158 as shown in *Table 2*. The FY 2017 projections included the 1,000 male private medium custody beds shown in the Baseline that are scheduled to open in September 2016 and the department's plans to reclassify 384 medium custody beds to close custody. Without these changes, the medium custody bed shortfall would be (715) and the close custody bed shortfall would be (226).

For FY 2018, *Table 2* assumes a growth rate of 900 with the same growth rate assumptions by gender and custody level as FY 2016 and FY 2017. There would be an overall male custody beds shortfall of (300) beds, with the greatest shortfall of (991) for male medium custody beds. A proposed department shift of 400 medium custody beds to close custody at APSC - Winslow contributes to the shortfall at the medium custody level in FY 2018. Without the shift, the male medium bed shortfall would be (591) beds. ADC has proposed adding an additional 1,000 male medium beds in FY 2018 (not included in *Table 2*) to alleviate the male medium custody shortfall. With legislative authorization, the department could award a contract for 1,000 beds in FY 2018 from the RFP issued by the department in May 2015.

Beyond the 1,000 private male medium custody beds planned for FY 2017 and the additional 1,000 male medium custody beds proposed in FY 2018, ADC proposes additional authority to contract for 1,000 private male medium custody beds in FY 2019, and to open 500 female custody state beds in FY 2019. (For additional discussion, please see the *Private Prison Per Diem* line item.)

As with the overall growth rate assumptions, the projections by gender and custody level may need further revision in light of growth and the availability of temporary beds.

<u>Custody</u>	<u>Projected Operational Capacity</u>			
	<u>June Surplus/(Shortfall) - Male Beds</u>			
	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>
Minimum	440	368	296	224
Medium	119	(223)	(99)	(991)
Close	14	(106)	158	438
Maximum	<u>209</u>	<u>149</u>	<u>89</u>	<u>29</u>
<b>Total</b>	<b>782</b>	<b>188</b>	<b>444</b>	<b>(300)</b>

**Arizona State Prison - Kingman**

A July 2015 disturbance resulted in the temporary closure of the Hualapai Unit at ASP - Kingman under the direction of a private vendor, Management and Training Corporation. This resulted in the temporary deactivation of (1,272) male medium custody beds. ADC temporarily opened 1,159 emergency beds at county and private facilities. The extra costs associated with these beds and repairs are the responsibility of the vendor. ADC has reassigned the contract with similar terms to a new vendor, GEO Group, effective December 1, 2015, maintaining the same per diem rates. The parties have agreed upon a payment schedule, re-training and staffing terms, for the reloading of the prison and its return to full capacity by March 2015. This schedule is contingent on the previous vendor completing all renovations by January 15, 2016.

Table 3

State	Fiscal Year-End Operating Capacity								
	FY 2015 Actual			FY 2016 Estimate			FY 2017 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	3,928	1,359	5,287	3,928	1,359	5,287	3,928	1,359	5,287
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	168	720	552	168	720	552	168	720
Lewis	5,104	752	5,856	5,104	852	5,956	5,104	852	5,956
Safford	1,453	316	1,769	1,453	366	1,819	1,453	366	1,819
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	4,350	404	4,754	4,350	404	4,754	4,350	404	4,754
<b>Subtotal <sup>1/</sup></b>	<b>31,185</b>	<b>4,966</b>	<b>36,151</b>	<b>31,185</b>	<b>5,116</b>	<b>36,301</b>	<b>31,185</b>	<b>5,116</b>	<b>36,301</b>
<b>Private (Per Diem)</b>									
Kingman (\$60.10)	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 (\$46.60)	500	-	500	500	-	500	500	-	500
Florence West (\$44.98 - 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)	1,000	-	1,000	1,000	-	1,000	1,000	-	1,000
<i>Proposed Beds</i>							<i>1,000</i>	<i>-</i>	<i>1,000</i>
<b>Subtotal <sup>2/ 3/</sup></b>	<b>6,900</b>	<b>638</b>	<b>7,538</b>	<b>6,900</b>	<b>638</b>	<b>7,538</b>	<b>7,900</b>	<b>638</b>	<b>8,538</b>
<b>Total - All Beds <sup>4/</sup></b>	<b>38,085</b>	<b>5,604</b>	<b>43,689</b>	<b>38,085</b>	<b>5,754</b>	<b>43,839</b>	<b>39,085</b>	<b>5,754</b>	<b>44,839</b>
<b>State Prison Population</b>	<b>35,206</b>		<b>35,206</b>	<b>36,031</b>		<b>36,031</b>	<b>36,439</b>		<b>36,439</b>
Female	3,998		3,998	4,154		4,154	4,310		4,310
Male	31,208		31,208	31,877		31,877	32,129		32,129
<b>Private Prison Population</b>									
Male	<b>7,405</b>		<b>7,405</b>	<b>7,480</b>		<b>7,480</b>	<b>7,972</b>		<b>7,972</b>
<b>Total Population <sup>5/</sup></b>	<b>42,611</b>		<b>42,611</b>	<b>43,511</b>		<b>43,511</b>	<b>44,411</b>		<b>44,411</b>
<b>Bed Surplus/(Shortfall)</b>	(4,526)		1,078	(5,426)		328	(5,326)		428
Male	(4,750)		782	(5,494)		188	(5,238)		444
Female	224		296	68		140	(88)		(16)
<b>Bed Surplus / (Shortfall) (% of Beds)</b>	<b>-11%</b>		<b>3%</b>	<b>-12%</b>		<b>1%</b>	<b>-12%</b>		<b>1%</b>

<sup>1/</sup> In FY 2015, ADC added 500 rated maximum custody beds at ASPC - Lewis, and lost (96) rated maximum custody beds with their return to special use beds. For temporary beds, the state activated 6 minimum custody beds at ASPC - Phoenix, 40 medium custody beds at ASPC - Eyman, and 324 medium custody beds at ASPC - Cheyenne. In FY 2016, ADC reported plans to open 150 public medium custody beds at ASPC - Safford and ASPC - Lewis. Including those beds, ADC currently has 5,359 temporary beds in use at state facilities as of December 2015.

<sup>2/</sup> The base rate for the private (per diem) bed rate for each facility is listed. ADC may be charged a lower rate due to amendments or contract provisions that grant lower rates for temporary beds or beds used over an occupancy threshold.

<sup>3/</sup> In FY 2015, 500 private medium custody beds opened in January 2015. It is the intent of the Legislature to activate 1,000 beds in FY 2017; those beds are displayed in the table.

<sup>4/</sup> Excludes special use beds totaling 1,609 in FY 2015, 1,689 in FY 2016, and 1,689 in FY 2017.

<sup>5/</sup> For FY 2015 and FY 2016, the chart uses the Official Daily Count that includes prisoners in outside facilities and those awaiting transfer from county jail.

SUMMARY OF FUNDS	FY 2015 Actual	FY 2016 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 \$0.56 per hour.		
<b>Purpose of Fund:</b> To provide alcohol abuse treatment and rehabilitation services for DUI inmates. The FY 2016 General Appropriation Act transfers \$250,000 into the General Fund.		
<b>Funds Expended</b>	214,300	555,300
<b>Year-End Fund Balance</b>	1,243,000	894,900
<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. A.R.S. § 41-1624 authorizes an annual \$1,000,000 transfer into the Department of Corrections Building Renewal Fund. The FY 2016 General Appropriation Act transfers \$500,000 into the General Fund.		
<b>Funds Expended</b>	38,088,700	41,033,500
<b>Year-End Fund Balance</b>	6,959,100	6,361,400
<b>Community Corrections Enhancement Fund (DCA2395/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 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. The department has not yet implemented the fee.		
<b>Purpose of Fund:</b> To pay for costs related to community corrections.		
<b>Funds Expended</b>	467,200	427,000
<b>Year-End Fund Balance</b>	279,800	278,400
<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>	25,800	900
<b>Year-End Fund Balance</b>	1,900	1,000
<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. The fund receives 20% of the monies collected from spirituous liquor and 50% of the monies collected from vinous and malt liquors are deposited in the Corrections Fund per A.R.S. § 42-3106. A.R.S. § 42-3104 designates that the fund receives 50% of all general tax rate collections from the tax on 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. 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. The FY 2015 General Appropriation Act transferred \$2,500,000 into the Automation Projects Fund. The FY 2016 General Appropriation Act transfers \$1,250,000 into the General Fund.		
<b>Funds Expended</b>	27,517,600	27,517,800
<b>Year-End Fund Balance</b>	6,204,600	6,334,500



SUMMARY OF FUNDS	FY 2015 Actual	FY 2016 Estimate
<b>Department of Corrections Building Renewal Fund (DCA2551/A.R.S. § 41-797)</b>		<b>Appropriated</b>
<b>Source of Revenue:</b> 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.		
<b>Purpose of Fund:</b> For capital projects and preventive maintenance (up to 8% of the annual expenditures). The FY 2016 General Appropriation Act transfers \$1,500,000 into the General Fund.		
<b>Funds Expended</b>	0	0
<b>Year-End Fund Balance</b>	7,125,500	120,300
<b>Federal Funds (DCA2000/A.R.S. § 35-142 and A.R.S. § 41-1605)</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>	6,712,000	6,755,800
<b>Year-End Fund Balance</b>	204,300	204,300
<b>Indirect Cost Recovery Fund (DCA9000/A.R.S. § 41-1605)</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>	410,300	517,700
<b>Year-End Fund Balance</b>	2,542,800	2,469,500
<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. A.R.S. § 41-1604.02 authorizes an annual \$500,000 transfer into the Department of Corrections Building Renewal Fund. The FY 2016 General Appropriation Act transfers \$2,500,000 into the General Fund.		
<b>Funds Expended</b>	5,126,500	5,152,000
<b>Year-End Fund Balance</b>	4,533,000	3,251,100
<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. Estimated expenditures of \$16,000,000 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 (BRB) (Laws 2014, Chapter 12) permitted the department to use the non-appropriated Interagency Services Agreement Fund for department operating expenses in FY 2015.		
<b>Funds Expended</b>	58,200	57,700
<b>Year-End Fund Balance</b>	1,615,300	1,615,300

SUMMARY OF FUNDS	FY 2015 Actual	FY 2016 Estimate
<b>Penitentiary Land Fund (DCA3140/A.R.S. § 37-525)</b>		<b>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>Funds Expended</b>	979,200	979,200
<b>Year-End Fund Balance</b>	2,417,300	2,779,400
<b>Prison Construction and Operations Fund (DCA2504/A.R.S. § 41-1651)</b>		<b>Appropriated</b>
<b>Source of Revenue:</b> Assessment (ranging from \$500 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. The FY 2015 General Appropriation Act transfers \$5,500,000 into the Automation Projects Fund.		
<b>Funds Expended</b>	13,223,100	13,686,000
<b>Year-End Fund Balance</b>	1,402,400	1,251,700
<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	0
<b>Year-End Fund Balance</b>	0	0
<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. Current revenues are primarily from the telephone service commission estimated at \$7,000,000 for FY 2017, and \$140,000 from the earned interest from the inmate trust account.		
<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. A.R.S. § 41-1604.03 authorizes an annual \$500,000 transfer into the Department of Corrections Building Renewal Fund. The FY 2016 General Appropriation Act transfers \$2,000,000 into the General Fund.		
<b>Funds Expended</b>	4,001,200	4,995,000
<b>Year-End Fund Balance</b>	11,561,600	11,706,600
<b>State Charitable, Penal and Reformatory Institutions Land Fund (DCA3141/A.R.S. § 37-525)</b>		<b>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>Funds Expended</b>	338,800	1,861,200
<b>Year-End Fund Balance</b>	3,617,600	3,102,500

SUMMARY OF FUNDS	FY 2015 Actual	FY 2016 Estimate
<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. The FY 2016 General Appropriation Act transfers \$1,072,000 into the General Fund.		
<b>Funds Expended</b>	2,067,600	1,952,300
<b>Year-End Fund Balance</b>	4,502,600	5,053,600
<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>	458,500	673,400
<b>Year-End Fund Balance</b>	797,600	614,200
<b>State Employee Recognition Gifts/Donations Fund (DCA2449/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> 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>	200	200
<b>Transition Program Fund (DCA2379/A.R.S. § 31-284 and A.R.S. § 31-254)</b>		<b>Appropriated</b>
<b>Source of Revenue:</b> Revenue from 5% allocation of wages (if available after other obligations) from inmates not convicted of DUI earning under \$2.00 per hour and from the cost savings from the implementation of a transition program as calculated by A.R.S § 31-285. The source of revenue for the cost savings is the State DOC Revolving Fund.		
<b>Purpose of Fund:</b> To pay for costs related to the administration of the Transition Program and for transition program services. The FY 2015 Criminal Justice BRB (Laws 2014, Chapter 12) permitted the department to use the Transition Program Fund for department operating expenses in FY 2015.		
<b>Funds Expended</b>	1,222,200	1,603,300
<b>Year-End Fund Balance</b>	598,400	820,700