

Arizona Department of Corrections Capital Funding

In April 2019, video released in news reports showed inmates in Lewis Prison able to freely exit their cells and in some cases assault correctional officers. The Arizona Department of Corrections (ADC) said that the locking mechanisms have been compromised. Even prior to April, however, ADC has sought to replace locks in parts of the ADC system. In this issue brief, we address the recent history of ADC requests, the Governor's January budget recommendations and final legislative appropriations.

The Budget Request Process

Along with every other agency in the Arizona Department of Administration (ADOA) building system, ADC annually submits a Capital Improvement Plan (CIP) funding request to ADOA in the summer for the following fiscal year. ADOA evaluates the requests and modifies them as necessary. ADOA submits their consolidated proposal to the Governor's office by October 15th. The October CIP is not submitted to the Legislature, but JLBC Staff gets a copy. The Executive is not required to use the ADOA CIP in their January budget recommendation for the upcoming fiscal year.

Prison Lock Funding

In the last 10 years, ADC has requested \$29 million to \$37 million annually in prison lock funding for the overall prison system as part of its CIP submission to ADOA. During that time, ADOA's October plan always recommended \$7 million. In their January budget request, the Executive subsequently recommended lock funding in 2 of the past 10 years. In FY 2015, the Executive recommended a \$3.5 million capital appropriation for locks. The Legislature funded this request through an increased building renewal appropriation rather than a specific capital appropriation. In FY 2018, the Executive recommended a \$1.1 million capital appropriation for locks. The Legislature funded a \$1.5 million capital appropriation for locks in the FY 2018 budget.

Table 1 lists the ADC request, ADOA's October request, the Executive's January recommendation, and the final appropriated amount. The recent Berch-McGregor report of Lewis Prison locks included the same information with the exception of the Executive's January budget recommendation.

Lewis and Yuma Prison Lock Funding

The Executive's January budget recommendation for FY 2020 did not include funding for locks, and the final budget did not include any specific locking appropriation. However, ADC has identified \$19.7 million from 3 non-appropriated funds (\$10.5 million from the Arizona Correctional Industries Revolving Fund, \$5.2 million from the Inmate Store Proceeds Fund, and \$4 million from the Special Services Fund) to begin addressing the locking issue at Lewis as well as at Yuma, where some units have the same lock mechanism. The proposed project also addressed related HVAC and fire system upgrades. In June 2019, the Joint Committee on Capital Review (JCCR) gave a favorable review to the first \$17.7 million of proposed expenditures for the project. As part of that review, the Committee included the following provisions:

Table 1**ADC Locking System Requests and Final Appropriation**

<u>Fiscal Year</u>	<u>ADC Request</u>	<u>ADOA Request</u>	<u>Executive January Recommendation</u>	<u>Appropriation</u>
2011	35,711,000	7,000,000	-	-
2012	37,496,551	7,000,000	-	-
2013	37,479,323	7,000,000	-	-
2014	33,123,597	7,000,000	-	-
2015	31,980,183	7,000,000	3,500,000	<u>1/</u>
2016	28,808,505	7,000,000	-	-
2017	28,808,505	7,000,000	-	-
2018	28,808,505	7,000,000	1,137,000	1,450,000
2019	36,263,143	7,000,000	-	-
2020	36,263,142	7,000,000	<u>2/</u>	<u>2/</u>
2021	68,963,600	<u>3/</u>	<u>3/</u>	<u>3/</u>

1/ The FY 2015 budget funded the Executive's January recommendation through an increase of \$3.5 million in ADC's building renewal appropriation.

2/ While there was no specific Executive recommendation or appropriation for locks in FY 2020, ADC is reallocating \$19.7 million of non-appropriated funds to address the Lewis lock issue.

3/ To be determined.

- A. The department shall submit quarterly updates on the status and progress of the project. Updates shall be submitted on or before September 1, December 1, March 1, and June 1. The Chairman will notify ADC whether the progress reports require JCCR review. The reports shall include the progress made since the last report, the current status of the project, total expenditures, and any changes to the scope, timeline or budget of the project.
- B. ADC shall submit to JLBC by October 1, 2019 a report on any components of fire alarm and suppression systems in state prisons that are inoperable and an estimated cost of repairing the systems by facility. The report shall also include:
 1. The current cost in terms of both dollars and full-time equivalent positions of any 24-hour fire watch personnel required by inoperable systems.
 2. A list of the state prison units that currently use "old technology" direct evaporative cooling systems and an estimated cost to replace those systems with indirect evaporative cooling.
- C. A favorable review of the proposal does not constitute endorsement of any General Fund commitment to pay for any Phase I project costs beyond \$17.7 million.
- D. The department shall comply with American Correctional Association (ACA) standards for all locks purchased and installed as part of this project.

ADC estimated in June that the project would cost an additional \$26.2 million above the \$19.7 million already identified. ADC's first quarterly project report in September 2019 indicated that the estimated budget to complete the Lewis and Yuma project had increased by \$5.5 million to \$31.7 million.

Agency operating budget requests are due to the Executive on September 1 of each year. Since there is a separate process for capital issues, this September 1 operating budget does not normally

include capital. To emphasize the issue, however, ADC's FY 2021 operating budget submission in early September included \$31.7 million to complete the Lewis and Yuma project and another \$26.8 million for building renewal to address capital needs and repairs not identified in the CIP request.

Building Renewal Funding

Building renewal funding could be another source of funding for lock repairs. While the Executive may provide some details on its building renewal request, these monies are typically appropriated as a lump sum. This format allows the Executive flexibility in determining the actual allocation. *Table 2* details the history of the Executive's January recommendations and final appropriations for ADC building renewal since FY 2012. Prior to that time, ADC funding was included in a larger ADOA building renewal appropriation, making it more difficult to link the appropriation to any specific ADC locking project.

ADC Building Renewal		
Fiscal Year	Executive January Recommendation	Final Appropriation
2012 ^{1/2/}	54,630,500	4,630,500
2013	5,000,000	4,630,500
2014	5,000,000	5,000,000
2015 ^{3/}	5,000,000	8,464,300
2016	5,464,300	5,464,300
2017	5,464,300	5,464,300
2018	5,464,300	5,464,300
2019	5,464,300	5,464,300
2020	6,864,300	6,864,300

^{1/} Prior to FY 2012, ADC was part of the ADC building renewal appropriation.

^{2/} Exec recommended a \$50 million bond issue over 15 years to fund building renewal and maintenance in the Department of Corrections.

^{3/} The appropriation for building renewal in FY 2015 included a \$3.5 million increase for locking projects.

In FY 2012, the Executive proposed a 15-year, \$50 million bond issue for building renewal and maintenance to be paid by lottery revenue. This plan was not included in the final FY 2012 budget.

Since FY 2013, the Legislature has effectively appropriated the Executive's January building renewal request. As discussed above, the Executive recommended a \$3.5 million locking appropriation in FY 2015. The legislature instead increased the Executive's recommended building renewal appropriation by \$3.5 million.

Overall Capital Improvement Plan

Besides locking requests and building renewal, CIPs include proposals for state spending on land acquisition, new construction projects, energy systems, and energy management systems. ADC's FY 2021 request includes a total of \$380 million at the 10 state prisons and the Correctional Officer

Training Academy (COTA) in Tucson, including \$26.2 million to complete the Lewis and Yuma lock/HVAC/fire system project and \$26.8 million for building renewal. As discussed above, ADC has since increased the estimate to complete construction at Lewis and Yuma to \$31.7 million.

In addition, ADC's FY 2021 CIP includes:

- \$35.2 million for additional locking projects (non-Lewis and Yuma)
- \$115.6 million for evaporative cooling upgrades
- \$203.0 million for all other projects

Table 4 summarizes projects by location. Under ADC's total FY 2021 CIP request, Florence prison complex would receive \$72.2 million, the largest allocation of all prisons. The Florence prison was opened in 1908 and as of September 11, 2019 housed 3,926 inmates from all custody levels, including death row. The Eyman prison complex would receive \$63.2 million, the second highest allocation. Eyman, located in Florence, opened in 1991 and as of September 11, 2019 housed 5,679 inmates in medium, close and maximum custody.

<u>Location</u>	<u>Request</u>
Douglas	35.9
Eyman	63.2
Florence	72.2
Lewis	45.0
Perryville	43.7
Phoenix	1.9
Safford	17.8
Tucson	40.0
Winslow	16.8
Yuma	41.4
Correctional Officer Training Academy (COTA)	<u>2.1</u>
Total	\$380.0

As part of the CIP, ADC proposed a 10-year funding plan that would fund between \$30.6 million and \$45.9 million annually from FY 2020 to FY 2029 to fund the entire \$380 million request.