

State Department of Corrections

JLBC: Martin Lorenzo
 OSPB: Bill Greeney

DESCRIPTION	FY 2007 ACTUAL	FY 2008 ESTIMATE	FY 2009 JLBC
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	9,726.9	9,755.9	10,109.1
Correctional Officer Personal Services	275,022,800	289,976,900	293,108,200
Health Care Personal Services	35,876,900	37,449,400	37,783,400
All Other Personal Services	69,202,500	72,322,100	72,503,700
Personal Services Subtotal	380,102,200	399,748,400	403,395,300
Employee Related Expenditures	141,012,500	160,931,300	162,270,900
Personal Services and Employee Related Expenditures for Overtime/Compensatory Time	43,692,800	24,331,400	24,402,000
Health Care All Other Operating Expenditures			
Professional and Outside Services	17,807,000	15,363,900	16,938,500
Travel - In State	67,000	57,800	57,800
Travel - Out of State	15,700	13,500	13,500
Other Operating Expenditures	53,535,300	63,624,600	68,682,100
Food	1,476,800	1,274,100	1,274,100
Equipment	205,900	182,300	1,164,900
Health Care Operating Subtotal	73,107,700	80,516,200	88,130,900
Non-Health Care All Other Operating Expenditures			
Professional and Outside Services	6,962,800	34,279,800	45,480,800
Travel - In State	293,300	252,700	252,900
Travel - Out of State	159,700	98,400	101,200
Other Operating Expenditures	74,428,200	53,478,800	56,142,800
Food	34,701,400	29,940,200	31,747,200
Equipment	4,611,600	3,966,200	2,618,800
Non-Health Care Operating Subtotal	121,157,000	122,016,100	136,343,700
OPERATING SUBTOTAL	759,072,200	787,543,400	814,542,800
SPECIAL LINE ITEMS			
County Jail Beds	914,300	868,600	866,200
Private Prison Per Diem	64,355,300	83,169,800	100,920,200
Provisional Beds	32,697,400	91,412,800	102,902,900
AGENCY TOTAL	857,039,200	962,994,600	1,019,232,100
FUND SOURCES			
General Fund	815,046,200	910,277,200	967,000,800
<u>Other Appropriated Funds</u>			
Alcohol Abuse Treatment Fund	218,100	599,300	599,300
Corrections Fund	29,006,900	29,054,700	29,054,700
Penitentiary Land Fund	858,600	2,925,400	2,254,900
Prison Construction and Operations Fund	10,250,000	17,626,600	15,050,000
State Charitable, Penal and Reformatory Institutions Land Fund	482,600	570,000	4,062,500
State Education Fund for Correctional Education	917,800	1,161,400	429,900
Transition Office Fund	0	180,000	180,000
Transition Program Drug Treatment Fund	259,000	600,000	600,000
SUBTOTAL - Other Appropriated Funds	41,993,000	52,717,400	52,231,300
SUBTOTAL - Appropriated Funds	857,039,200	962,994,600	1,019,232,100
Other Non-Appropriated Funds	43,031,200	48,397,200	48,397,200
Federal Funds	1,265,900	28,103,000	28,103,000
TOTAL - ALL SOURCES	901,336,300	1,039,494,800	1,095,732,300

CHANGE IN FUNDING SUMMARY

	FY 2008 to FY 2009 JLBC	
	\$ Change	% Change
General Fund	56,723,600	6.2%
Other Appropriated Funds	(486,100)	(0.9)%
Total Appropriated Funds	56,237,500	5.8%
Non Appropriated Funds	0	0.0%
Total - All Sources	56,237,500	5.4%

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.

PERFORMANCE MEASURES	FY 2005	FY 2006	FY 2007	FY 2009
	Actual	Actual	Actual	JLBC
• Escapes from secure facilities Comments: The department reports that in FY 2007, 1 inmate escaped from the Aspen Unit at the State Prison in Phoenix and 1 inmate escaped from the Maricopa Unit at the State Prison in Douglas. All escapees have since been recaptured.	0	3	2	0
• Number of inmates receiving the General Equivalence Degree (GED) Comments: The number of inmates receiving GED's in FY 2005, FY 2006, and FY 2007 is high due to efforts to eliminate a backlog of GED-eligible inmates that resulted from the test being suspended for 5 months in FY 2003. Once eliminated, the number of GED recipients should level out, reaching approximately 2,500 inmates.	3,125	3,091	3,306	2,500
• Number of inmate random positive urinalysis results Comments: In FY 2007, the department reports the number of inmates testing positive increased due to ADC randomly testing a larger population to increase safety. As a result, the department recommends changing this measure to reflect the “% of inmate random positive urinalysis results.” Currently, this new measure is not included in the department’s master list.	943	912	1,416	1,400

Operating Budget

This JLBC includes \$814,542,800 and 10,109.1 FTE Positions for the operating budget in FY 2009. These amounts consist of:

General Fund	\$796,842,000
Alcohol Abuse Treatment Fund	599,300
Corrections Fund	380,400
Penitentiary Land Fund	198,700
Prison Construction and Operations Fund	11,250,000
State Charitable, Penal and Reformatory Institutions Land Fund	4,062,500
State Education Fund for Correctional Education	429,900
Transition Office Fund	180,000
Transition Program Drug Treatment Fund	600,000

FY 2009 adjustments would be as follows:

New State Beds	GF	18,534,100
	OF	2,822,000

This adjustment would be an increase of \$21,356,100 and 353.2 FTE Positions in FY 2009 for start-up and operating costs associated with opening 2,000 (of 4,000) new state prison beds. These amounts consist of:

General Fund	18,534,100
State Charitable, Penal and Reformatory Institutions Land Fund	2,822,000

Laws 2007, Chapter 261 (Criminal Justice Budget Reconciliation Bill) authorizes the Arizona Department of Administration (ADOA) to contract for the construction of no more than 4,000 public prison beds and 2,000 private prison beds that will become operational on the same timeline. Further, Chapter 261 authorized the use of lease-purchase financing for the construction of the 4,000 state beds. In addition to the lease-purchase payment, ADC is anticipated to incur start-up and operating costs associated with a portion of the 4,000 state beds in FY 2009. As a result, the \$21,356,100 is allocated amongst the departments various line items (identified in *Table 1* on the following page), and is comprised of the following:

- \$10,398,700 to fund the initial (interest-only) lease-purchase payment associated with the construction of 4,000 state beds. This adjustment is based on ADOA’s plan to enter into a 20-year, \$200,000,000 lease-purchase agreement at rates ranging from 4.25% to 5.0%. In FY 2010, the interest and principal payment is anticipated to total \$16,185,700.
- \$10,957,400, including \$7,064,700 for one-time start-up and partial-year operating costs associated with 1,000 state beds estimated to be operational May 1, 2009, and \$3,892,700 for one-time start-up costs for an additional 1,000 beds anticipated to be operational July 1, 2009 (FY 2010). This adjustment assumes: 1) one-time start-up costs of \$3,892,700 per 1,000 beds, and 2) annual operating costs of \$19,032 per bed.

Table 1

Allocation of Funding for New State Beds

	<u>Start-up</u> ^{1/2/}	<u>Operating</u> ^{3/}	<u>Lease-Purchase</u>	<u>Total</u>
Correctional Officer Personal Services	\$2,154,200	\$977,100	\$ 0	\$3,131,300
Health Care Personal Services	229,800	104,200	0	334,000
All Other Personal Services	488,200	221,500	0	709,700
Employee Related Expenditures (ERE)	1,061,400	481,600	0	1,543,000
Personal Services and ERE for Overtime/Compensatory Time	0	70,600	0	70,600
Health Care All Other Operating Expenditures	1,029,800	564,600	0	1,594,400
Non-Health Care All Other Operating Expenditures	<u>2,822,000</u>	<u>752,400</u>	<u>10,398,700</u>	<u>13,973,100</u>
Total	\$7,785,400	\$3,172,000	\$10,398,700	\$21,356,100

1/ One-time start-up costs associated with 2,000 state beds, including 1,000 beds anticipated to open on each of May 1, 2009 and July 1, 2009.

2/ Includes one-time funding of \$2,822,000 from the State Charitable, Penal and Reformatory Institutions Land Fund.

3/ Funds the anticipated partial-year operating costs for the 1,000 beds anticipated to open May 1, 2009.

In FY 2010, an additional \$40,679,000 would be required to: 1) annualize the costs of operating the 2,000 state beds anticipated to open in May and July 2009 (\$34,892,000), and 2) fund the lease-purchase payment (\$5,787,000). This amount would be in addition to the start-up/operating costs related to the opening of the remaining 2,000 beds, which are anticipated to be operational on or before December 31, 2009 (FY 2010). In total, the annual cost to operate all 4,000 state beds (excluding the annual lease-purchase payment) is estimated to be \$76,128,000.

ADOA and ADC have jointly determined the 4,000 state beds will be minimum custody beds with a medium custody perimeter to enable multi-custody use. The beds are to be constructed as follows: 1,000 female beds in Perryville, 1,000 male beds in Tucson, and 2,000 male beds in Yuma. While the units are estimated to open between April and December 2009, ADOA and ADC believe the projects may be accelerated. If accelerated, the units would open between February and July 2009.

Inmate Health Care Increase GF 4,831,000

This adjustment would be an increase of \$4,831,000 from the General Fund in FY 2009 for a 6% inflationary increase for health care operating expenses. The 6% adjustment is similar to the inflationary increase provided to the Arizona Health Care Cost Containment System (AHCCCS) for the Acute Care Capitation Rate. Funding would apply to direct health care costs associated with contracted services, medications, and other medical supplies. In FY 2008, ADC received a similar 6% inflationary increase and a \$10,000,000 base adjustment as a result of higher ongoing health care costs.

Population Growth GF 4,445,500

This adjustment would be an increase of \$4,445,500 from the General Fund in FY 2009 for population growth. The \$4,445,500 would provide funding for an average daily population (ADP) increase of 2,580 inmates, or 215 net new inmates per month. The marginal cost per inmate, per year, totals \$3,531 for state-operated facilities and \$498 for privately-operated facilities. These monies would be allocated amongst the department's various Health Care and Non-Health Care All Other Operating Expenditure line items.

Water and Wastewater Projects GF 345,300

This adjustment would be an increase of \$345,300 from the General Fund in FY 2009 for the lease-purchase payment associated with various ADC prison water projects. Laws 2007, Chapter 257 (Capital Outlay Bill) authorized ADOA to enter into a 15-year \$39,000,000 lease-purchase agreement, with the first debt payment in FY 2009, to fund a new forensic unit at the Arizona State Hospital (\$32,200,000) and various ADC water projects (\$6,800,800). Based on ADOA's most recent plan, which includes an interest only payment in FY 2009, ADC's share of the payment is estimated to be \$345,300. In FY 2010, their portion of the payment, including principal and interest, would be \$666,200. The ADC prison water projects will take place at the Lewis, Tucson, Winslow/Apache, and Douglas prison complexes.

Inmate Transportation Vehicle Replacement OF (2,000,000)

This adjustment would be a decrease of \$(2,000,000) from the Prison Construction and Operations Fund in FY 2009 to reflect one-time monies for inmate transportation vehicle replacement. In FY 2008, ADC received these monies to replace 2 caged vans, 3 heavy-duty transport buses, and 6 regular-duty work crew buses.

One-Time Equipment Funding GF (947,200)

This adjustment would be a decrease of \$(947,200) from the General Fund in FY 2009 to reflect one-time monies appropriated for equipment. This adjustment would eliminate the one-time equipment monies appropriated in FY 2008 for van pool vehicles (\$900,000), substance abuse (\$27,000), and sex offender treatment (\$20,200).

Educational Adjustment OF (731,500)

This adjustment would be a decrease of \$(731,500) from the State Education Fund for Correctional Education in FY 2009 due to a long-term reduction in the number of juveniles qualifying for educational services under A.R.S. § 15-1372. That law requires ADC to provide educational services to pupils who are under 18 years of age and pupils with disabilities who are age 21 or younger. It also makes those students eligible for K-12 Basic State Aid funding and requires those monies to be deposited into the State Education Fund for Correctional Education.

The FY 2008 budget assumed that ADC's program would generate \$1,161,400; however, the Arizona Department of Education (ADE) estimates the costs to be \$459,400 (and \$429,900 for FY 2009) based on current student count data and long-term caseload reductions that are not yet reflected in the budget. Actual formula funding from ADE and this adjustment reflect those reductions in FY 2009. *(Please see the ADE narrative for additional information.)*

Leap Year Operating Costs OF (299,800)

This adjustment would be a decrease of \$(299,800) from the Prison Construction and Operations Fund in FY 2009 for one-time costs associated with operating correctional facilities for an additional day during a leap year. Including leap year adjustments in Special Line Items, the total adjustment would be a decrease of \$(576,600). *(Please see the department's Special Line Items for remaining adjustments.)*

Fund Shift OF 0

This adjustment would be an increase of \$670,500 from the State Charitable, Penal and Reformatory Institutions Land Fund, and a corresponding decrease of \$(670,500) from the Penitentiary Land Fund in FY 2009. In FY 2008, monies were appropriated from the Penitentiary Land Fund in excess of ongoing revenues to utilize a one-time fund balance. This adjustment would bring ongoing expenditures in line with forecasted revenues.

County Jail Beds

The JLBC includes \$866,200 from the General Fund for the County Jail Beds SLI in FY 2009. FY 2009 adjustments would be as follows:

Leap Year Operating Costs OF (2,400)

This adjustment would be a decrease of \$(2,400) from the Prison Construction and Operations Fund in FY 2009 for one-time costs associated with operating ADC-contracted county jail beds for an additional day during a leap year.

Background - The County Jail Beds SLI provides funding for 48 beds located at the Navajo County Jail. These beds are county-operated, non-permanent, rented beds used as overflow for state-operated beds. Currently, the per diem rate associated with these 48 Navajo County Jail beds is \$49.44. *(Please see Table 3 for additional information.)*

Private Prison Per Diem

The JLBC includes \$100,920,200 for the Private Prison Per Diem SLI in FY 2009. This amount consists of:

General Fund	70,445,900
Corrections Fund	28,674,300
Penitentiary Land Fund	1,000,000
Prison Construction and Operations Fund	800,000

FY 2009 adjustments would be as follows:

New Private Beds GF 17,967,600

This adjustment would be an increase of \$17,967,600 from the General Fund in FY 2009 to fund the per diem payments associated with the opening of 2,000 new private beds. Laws 2006, Chapter 261 (Criminal Justice Budget Reconciliation Bill) authorizes ADOA to contract for the construction of 2,000 private prison beds and 4,000 public prison beds to become operational on the same timeline.

To facilitate the process of opening the 2,000 private beds, Chapter 261 specifies ADOA is to re-issue the previously issued and canceled 3,000 bed Request For Proposal (RFP) after reducing the number of beds to 2,000, and eliminating ADC as an eligible bidder and any opening date requirements. The adjusted RFP was issued in September 2007 and proposals were due November 2007. To date, ADOA has not awarded a contract; as a result, the actual opening dates and per diem rates are unknown. This adjustment assumes the 2,000 private prison beds would be phased in at a rate of 250 beds per week, beginning December 31, 2008 at a per diem rate of \$57.04. Based on these assumptions, the annual cost of the 2,000 beds would be \$41,639,200, or an additional \$23,671,600 in FY 2010.

Leap Year Operating Costs OF (217,200)

This adjustment would be a decrease of \$(217,200) from the Prison Construction and Operations Fund in FY 2009 for one-time costs associated with operating ADC-contracted private prisons for an additional day during a leap year.

Background - The Private Prison Per Diem line item includes monies paid to private prison contractors for daily expenses associated with housing Arizona inmates. Private prison beds are permanent beds that the department will own after a period of 20 years, on average. Department administrative expenses related to private prison contracts are not included in this SLI and are included in the department's operating budget subtotal. *(Please see Table 3 for additional information.)*

Provisional Beds

The JLBC includes \$102,902,900 for the Provisional Beds SLI in FY 2009. This amount consists of:

General Fund	98,846,700
Penitentiary Land Fund	1,056,200
Prison Construction and Operations Fund	3,000,000

FY 2009 adjustments would be as follows:

Annualize 2,060 Provisional Beds GF 11,547,300

This adjustment would be an increase of \$11,547,300 from the General Fund in FY 2009 to annualize the cost of 2,060 provisional beds. In FY 2008, ADC received partial-year funding of \$30,732,200 to contract for 2,060 new provisional beds. In May 2007, ADC awarded

contracts for the 2,060 beds, including 720 additional beds at the Diamondback facility in Watonga, Oklahoma at a per diem rate of \$59.45 and 1,340 beds in Hinton, Oklahoma at a per diem rate of \$56.95 (which decreases to \$54.50 starting in April 2008). Based on the per diem rates and number of approved beds, the annual cost of these beds is \$42,279,500. As a result, this adjustment includes an additional \$11,547,300 to fund the annual cost of the 2,060 beds in FY 2009.

Leap Year Operating Costs OF (57,200)

This adjustment would be a decrease of \$(57,200) from the Prison Construction and Operations Fund in FY 2009 for one-time costs associated with operating ADC provisionally-contracted prison facilities for an additional day during a leap year.

Background - The Provisional Beds SLI provides funding for 4,760 provisional beds located in Oklahoma and Indiana. These beds are privately-operated, non-permanent, rented beds used as overflow for state-operated beds. Typically, provisional beds are temporarily rented/contracted on an annual basis with renewals for up to 4 or 5 years; however, the contracts can be canceled at any time. (*Please see Table 3 for additional information.*)

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FORMAT — Modified Lump Sum by Agency with Special Line Items. Personal Services would be appropriated in 3 line items for Correctional Officers, Health Care Personnel, and All Other Personnel. All Other Operating Expenditures would be appropriated in 2 line items for Health Care and Non-Health Care.

FOOTNOTES

Standard Footnotes

The Personal Services and Employee Related Expenditures for Overtime/Compensatory Time line item includes monies for Personal Services and Employee Related Expenditure costs from overtime and compensatory time payouts accrued by department employees in FY 2009.

Notwithstanding A.R.S. § 35-173C, any transfer to or from the amounts appropriated for County Jail Beds, Personal Services and Employee Related Expenditures for Overtime/Compensatory Time, Private Prison Per Diem or Provisional Beds line items shall require review by the Joint Legislative Budget Committee.

Before altering its bed capacity by closing state-operated prison beds, canceling or not renewing contracts for privately-operated prison beds, the Department of Corrections shall submit a bed plan detailing the proposed bed closures for review by the Joint Legislative Budget Committee.

Before placing any additional inmates in out-of-state provisional beds, the department shall place inmates in all

available prison beds in facilities that are located in Arizona and that house Arizona inmates, unless the out-of-state provisional beds are of a comparable security level and price.

A monthly report comparing Department of Corrections expenditures for the month and year-to-date as compared to prior year expenditures shall be forwarded to the President of the Senate, the Speaker of the House of Representatives, the Chairpersons of the Senate and House of Representatives Appropriations Committees and the Director of the Joint Legislative Budget Committee by the 30th of the following month. The report shall include at least each line item of appropriation and the main components of All Other Operating Expenditures. The report shall include an estimate of potential shortfalls, potential surpluses that may be available to offset these shortfalls and a plan, if necessary, for eliminating any shortfall without a supplemental appropriation.

Department of Corrections personnel in the Correctional Officer Series who receive a geographic stipend shall not retain the geographic stipend associated with that facility when transferring to other department facilities.

One hundred percent of land earnings and interest from the Penitentiary Land Fund shall be distributed to the State Department of Corrections in compliance with the Enabling Act and the Constitution of Arizona to be used for the support of state penal institutions.

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

Before the expenditure of any State Education Fund for Correctional Education receipts in excess of \$429,900, the Department of Corrections shall report the intended use of the monies to the Director of the Joint Legislative Budget Committee.

Deletion of Prior Year Footnotes

The JLBC deletes the prior year footnote regarding the per diem increases for private prison contractors that are located in Arizona. The department has implemented the private prison contractor increases.

The JLBC deletes the prior year footnote addressing ADC's health and dental insurance charges as the footnote is no longer necessary.

The JLBC deletes the prior year footnote relating to the Security Threat Group Unit and funding and personnel requirements to facilitate the identification of gang members. ADC added 5 new positions to the STG unit as a result of an agreement with the Department of Public Safety (DPS).

The JLBC deletes the prior year footnote requiring a one-time report on ADC and DPS collaborative efforts and procedures to combat gang activity.

The JLBC deletes the one-time footnote clarifying \$33,193,000 was appropriated to the department to contract for 2,060 new provisional beds in FY 2008. ADC has contracted, and began occupying, the 2,060 beds.

STATUTORY CHANGES

The JLBC would continue a session law change to require the ADC to report actual FY 2008, estimated FY 2009, and requested FY 2010 expenditures for Correctional Officer Personal Services, Health Care Personal Services, All Other Personal Services, Employee Related Expenditures, Personal Services and Employee Related Expenditures for Overtime/Compensatory Time, Health Care All Other Operating Expenditures, Non-Health Care All Other Operating Expenditures, and Special Line Items delineated in the FY 2008 General Appropriation Act when the department submits the FY 2010 budget request pursuant to A.R.S. § 35-113.

OTHER ISSUES FOR LEGISLATIVE CONSIDERATION

Bed Capacity

Table 2 provides a comparison of the projected prison population, the number of beds (expressed as Operational Capacity), the projected bed shortage, and the bed deficit as a percentage of operational capacity (% Over Capacity).

<u>Mo./Year</u>	<u>Actual Population</u>	<u>Operational Capacity</u>	<u>Bed Shortfall</u>	<u>% Over Capacity</u>
6/05	32,710	31,792	(918)	2.9%
6/06	34,864	31,232	(3,632)	11.6%
6/07	37,088	34,260	(2,828)	8.3%
6/08	38,738	36,320	(2,418)	6.7%
6/09	41,318	39,320	(1,998)	5.1%
12/09	42,608	42,320	(288)	0.7%

The bed deficit is projected to be (2,418), or (6.7)% of bed capacity, by the end of FY 2008; however, the deficit is anticipated to be reduced to (1,998) beds by the end of FY 2009 and (288) beds in December 2009 (FY 2010). These projections are based on the population and bed count assumptions described below.

Population Growth

The JLBC estimates reflect the department’s actual prison population through November 2007 and the ADC funded population growth of an additional 160 inmates per month in FY 2008 and a projected prison population growth of 215 inmates per month, or 2,580 a year, through December 2009. Between July 1, 2007 and November 30, 2007, the actual average monthly growth was 106 inmates; however, population growth by month remains volatile, ranging from (18) inmates (November) to 266 (August). Should actual population growth remain below the projected

increase of 160 inmates per month, the projected bed shortfall would be lower than indicated in Table 2.

ADC Beds

As shown in Table 2 and 3, the department’s total bed count is 36,320 beds in FY 2008, comprising the following 4 types of prison beds:

- State Beds: Beds owned and operated by the department. These beds are located in 10 complexes throughout the state.
- Provisional Beds: Temporarily “rented” beds that are owned and/or operated by a private vendor with whom the department has contracted with.
- Private Beds: In-state, “lease-to-own” beds operated by private entities with whom the department has contracted. Typically, the department will own private beds after a contract period of 20 years.
- County Beds: Beds “rented” from Navajo County.

	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>
State:			
Douglas	2,270	2,270	2,270
Eyman	4,210	4,210	4,210
Florence	3,372	3,372	3,372
Perryville	3,260	3,260	3,260
Phoenix	822	822	822
Lewis	4,270	4,270	4,270
Safford	1,548	1,548	1,548
Tucson	3,640	3,640	3,640
Winslow	1,666	1,666	1,666
Yuma	2,190	2,190	2,190
New Beds ^{1/2/3/}	0	1,000	4,000
Sub-Total	27,248	28,248	31,248
Provisional:			
Watonga, Oklahoma	2,160	2,160	2,160
Hinton, Oklahoma	1,340	1,340	1,340
New Castle, Indiana	1,260	1,260	1,260
Sub-Total	4,760	4,760	4,760
Private:			
Kingman	1,400	1,400	1,400
Phoenix West	400	400	400
Marana	450	450	450
Florence West	600	600	600
Florence II	1,000	1,000	1,000
Emergency Beds	414	414	414
New Beds ^{1/3/}	0	2,000	2,000
Sub-Total	4,264	6,264	6,264
County Jails:			
Navajo	48	48	48
Total	36,320	39,320	42,320

1/ Laws 2007, Chapter 261 (the Criminal Justice Budget Reconciliation Bill) authorized the construction of up to 4,000 new public beds and 2,000 new private prison beds. The JLBC anticipates the private beds will be operational beginning December 31, 2008 and ADC and ADOA estimate the public beds will be operational between April and December 2009.

2/ ADOA and ADC have jointly determined the construction sites for the 4,000 public beds, including 1,000 female beds in Perryville, 1,000 male beds in Tucson, and 2,000 male beds in Yuma.

3/ The total number of new beds shown in FY 2010 includes new beds added in FY 2009.

In FY 2009 and FY 2010, the number of funded beds is anticipated to increase by a total of 6,000 beds. Laws 2007, Chapter 261 (Criminal Justice Budget Reconciliation Bill) authorizes ADOA to contract for the construction of up to 4,000 public prison beds and 2,000 private prison beds that will become operational on the same timeline.

The JLBC anticipates the private beds will be operational beginning December 31, 2008 and be phased in at 250 beds per week. ADC and ADOA estimate the public beds will be operational between April and December 2009. In FY 2009, the JLBC anticipates and funds the start-up costs for 2,000 (of the 4,000) state beds and partial-year operating costs for 1,000 of these beds anticipated to open May 1, 2009. The other 1,000 beds receiving start-up funding in FY 2009 are anticipated to be operational July 1, 2008 (FY 2010).

Corrections Fund

The Corrections Fund is for the construction, major maintenance, and purchase or lease of correctional facilities or state-operated juvenile facilities. The Legislature may also appropriate monies in this fund for the operation of these facilities. Revenues deposited to the fund are from luxury taxes on alcohol and tobacco products. The Corrections Fund is scheduled to expire in FY 2010. *Table 4* lists current and projected Corrections Fund revenues and expenditures.

	FY 2007	FY 2008	FY 2009
Beginning Balance	\$ 3,855.0	\$ 181.9	\$ 0.0
Revenues	29,480.7	30,411.6	31,379.8
Total Funds Available	\$33,335.7	\$30,593.5	\$31,379.8
Expenditures			
ADOA Staffing	\$651.8	\$741.7	\$741.7
Capital Projects			
ADC Fort Grant Landfill Closure	0.0	43.1	0.0
ADC Yuma Water Treatment	0.0	2,189.0	0.0
New Prison Complex FY99-00	0.0	260.7	0.0
Operating Budget			
ADC Community Corrections	366.1	380.4	380.4
Private Prison Per Diem SLI	28,640.8	28,674.3	28,674.3
Spending from Prior Year	3,495.1	98.7	0.0
Total Expenditures	\$33,153.8	\$32,387.9	\$29,796.4
Fund Balance	\$ 181.9	(\$1,794.4)^{1/}	\$ 1,583.4

^{1/} FY 2008 figures represent funding as appropriated and assumes all monies appropriated prior to FY 2008 are expended. Actual fund balance will not be negative.

SUMMARY OF FUNDS	FY 2007 Actual	FY 2008 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	218,100	599,300
Year-End Fund Balance	1,435,500	1,435,500
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.		
Funds Expended	27,736,500	33,903,900
Year-End Fund Balance	2,694,700	862,800
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	69,700	50,000
Year-End Fund Balance	1,700	1,700

SUMMARY OF FUNDS	FY 2007 Actual	FY 2008 Estimate
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, 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.		
Funds Expended	29,006,900	29,054,700
Year-End Fund Balance*	(287,198,200)	(316,252,900)
Criminal Justice Enhancement Fund (DCA2035/A.R.S. § 41-2401)		Non-Appropriated
Source of Revenue: The fund receives 11.7% of Criminal Justice Enhancement Fund (CJEF) monies. CJEF consists of a penalty assessment on fines, violations, forfeitures, and penalties imposed by the courts for criminal offenses and civil motor vehicle statute violations.		
Purpose of Fund: For distribution to counties for the training of detention officers, county jail operational enhancement, and ADC administrative expenses.		
Funds Expended	4,951,300	5,632,700
Year-End Fund Balance	435,100	15,400
Drug Treatment and Education Revolving Fund (DCA2277/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. In FY 2006, funding provided to ADC for drug treatment will be allocated to the Corrections Revolving Fund. Since FY 2007, the Drug Treatment and Education Revolving Fund is only used by the Judiciary.		
Funds Expended	0	0
Year-End Fund Balance	0	0
Federal Funds (DCA2000/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: Law enforcement related federal grants.		
Purpose of Fund: For inmate education and school breakfast and lunch programs. The amounts do not include General Fund reimbursements for the incarceration of illegal aliens from the State Criminal Alien Assistance Program.		
Funds Expended	1,265,900	28,103,000
Year-End Fund Balance	202,700	211,500
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	25,000	24,900
Year-End Fund Balance	84,900	1,040,900
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 the Department of Corrections.		
Funds Expended	964,200	450,300
Year-End Fund Balance	200	0
Interagency Service Agreement Fund (DCA2500/A.R.S. § 41-1604)		Non-Appropriated
Source of Revenue: Intergovernmental agreements between ADC and other state and local entities.		
Purpose of Fund: To be used as specified in the grant or agreement.		
Funds Expended	519,100	636,600
Year-End Fund Balance	471,900	0

SUMMARY OF FUNDS	FY 2007 Actual	FY 2008 Estimate
Penitentiary Land Fund (DCA3140/A.R.S. § 37-525)		Partially-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.		
Appropriated Funds Expended	858,600	2,925,400
Non-Appropriated Funds Expended	0	0
Year-End Fund Balance	1,750,300	274,900
Prison Construction and Operations Fund (DCA2504/A.R.S. § 41-1651)		Appropriated
Source of Revenue: Assessment (ranging from \$250 to \$1,500) paid by persons convicted of driving under the influence offenses.		
Purpose of Fund: To pay for any costs related to prison overcrowding and department support and maintenance.		
Funds Expended	10,250,000	17,626,600
Year-End Fund Balance	4,573,000	742,700
Risk Management Insurance Reimbursement Fund (DCA3748/A.R.S. § 41-1604)		Non-Appropriated
Source of Revenue: Funds from the Risk Management Revolving Fund administered by the Arizona Department of Administration.		
Purpose of Fund: Reimbursements for losses of state property and to pay on-call duty claims.		
Funds Expended	295,100	250,000
Year-End Fund Balance	279,100	279,100
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.		
Funds Expended	4,407,800	3,850,000
Year-End Fund Balance	2,079,300	2,079,300
State Charitable, Penal and Reformatory Institutions Land Fund (DCA3141/A.R.S. § 37-525)		Partially-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.		
Appropriated Funds Expended	482,600	570,000
Non-Appropriated Funds Expended	225,200	0
Year-End Fund Balance	1,538,300	1,988,300
State DOC Revolving Fund (DCA2515/A.R.S. § 42-3106)		Non-Appropriated
Source of Revenue: The fund receives 3% of tax revenue collected on spirituous liquors and 7% of tax revenue collected on vinous and malt liquor.		
Purpose of Fund: To provide rehabilitation programs and counseling for inmates who have a history of substance abuse and are released on parole.		
Funds Expended	3,837,300	3,598,800
Year-End Fund Balance	1,784,700	1,485,900

SUMMARY OF FUNDS	FY 2007 Actual	FY 2008 Estimate
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	917,800	1,161,400
Year-End Fund Balance*	0	(739,500)
Statewide Employee Recognition Gifts/Donation Fund (DCA2449/A.R.S. § 41-776)		Non-Appropriated
Source of Revenue: Gifts and donations from public and private entities.		
Purpose of Fund: For employee recognition programs that recognize and award the performance, achievement, longevity, or major life event of department employees.		
Funds Expended	0	0
Year-End Fund Balance	200	200
Transition Office 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 transition program office.		
Funds Expended	0	180,000
Year-End Fund Balance	599,600	859,600
Transition Program Drug Treatment Fund (DCA2383/A.R.S. § 31-286)		Appropriated
Source of Revenue: Cost savings resulting from implementation of a transition drug treatment program.		
Purpose of Fund: To provide transition services to nonviolent drug offenders.		
Funds Expended	259,000	600,000
Year-End Fund Balance	1,385,200	1,385,200

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