Arizona Department of Corrections

	FY 2025 ACTUAL	FY 2026 ESTIMATE	FY 2027 APPROVED
OPERATING BUDGET			
Full Time Equivalent Positions	9,592.0	9,592.0	9,592.0
Personal Services	447,000,300	420,707,600	487,201,600
Employee Related Expenditures	173,243,000	253,230,400	314,647,400
Professional and Outside Services	13,552,900	14,265,300	16,173,000
Travel - In State	419,300	196,100	207,300
Travel - Out of State	163,200	59,300	59,300
Other Operating Expenditures	142,351,400	175,228,900	178,460,300
Equipment	2,359,100	1,535,300	0
OPERATING SUBTOTAL	**779,089,200**	**865,222,900** 1/2/	**996,748,900** 3/4/5/6/
SPECIAL LINE ITEMS			
Overtime and Compensatory Time	82,680,600	92,320,300	0
Private Prison Contracted Services	235,503,200	270,723,900	273,126,400 7/8/9/
Jensen v. Thornell Compliance	355,630,100	371,499,400	451,390,400 10/11/12/
Community Corrections	23,220,200	24,534,400	0
Non-Contract Medication	11,345,300	15,000,000	0
Injunction-Related IT Upgrades	2,139,900	2,400,000	0
Named Claimants	0	3,100	0
AGENCY TOTAL	**1,489,608,500**	**1,641,704,000**	**1,721,265,700** 13/-21/
FUND SOURCES			
General Fund	1,424,340,300	1,578,252,500	1,678,981,100
Other Appropriated Funds			
Alcohol Abuse Treatment Fund	306,300	555,800	592,600
Corrections Fund	29,179,400	35,787,600	21,218,600
Inmate Store Proceeds Fund	662,300	4,299,400	0
Penitentiary Land Fund	3,465,500	3,472,000	3,482,900
Prison Construction and Operations Fund	12,500,100	12,500,100	11,455,200
State Charitable, Penal and Reformatory Institutions Land Fund	3,733,100	3,733,100	1,670,800
State Education Fund for Correctional Education	378,800	703,200	740,400
Transition Program Fund	15,042,700	2,400,300	3,124,100
SUBTOTAL - Other Appropriated Funds	65,268,200	63,451,500	42,284,600
SUBTOTAL - Appropriated Funds	**1,489,608,500**	**1,641,704,000**	**1,721,265,700**
Other Non-Appropriated Funds	116,602,300	127,914,700	127,914,700
Federal Funds	6,922,500	7,246,900	4,078,100
TOTAL - ALL SOURCES	1,613,133,300	1,776,865,600	1,853,258,500

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.

FOOTNOTES

1/ Of the amount appropriated to the department from the operating lump sum in fiscal year 2025-2026, $2,000,000 is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations. This amount may be used to upgrade the Arizona correctional information system. (General Appropriations Act footnote)

2/ Of the amount appropriated to the department from the operating lump sum in fiscal year 2025-2026 by Laws 2025, chapter 233, section 23, $10,900,000 may be used in fiscal year 2026-2027 for compensatory or holiday liability accruals incurred in fiscal year 2025-2026. (General Appropriations Act footnote)

3/ The FY 2025 budget transferred $75,000,000 in FY 2024 and $40,000,000 annually beginning in FY 2025 from the Attorney General's opioid settlement monies to ADC's non-appropriated Opioid Remediation Fund. As ADC non-appropriated monies, these funds are not included in the Appropriated Funds displayed in this table.

4/ Of the amount appropriated in the operating lump sum in fiscal year 2026-2027, $300,000 is to be used for a onetime increase for a braille transcription program. The program may prioritize inmates closest to reentry. (General Appropriations Act footnote)

5/ The department's lump sum appropriation includes funding to convert the onetime stipend for corrections officers equal to four percent of the correctional officer's annual salary as appropriated in fiscal year 2025-2026 into a four percent annual salary increase in fiscal year 2026-2027. (General Appropriations Act footnote)

6/ Notwithstanding any other law, projects related to the purchase and deployment of body-worn cameras and the associated equipment to support body-worn camera deployment at the department are exempt from the review and approval by the information technology authorization committee required by section 18-121, Arizona Revised Statutes. (General Appropriations Act footnote)

7/ The department shall use the amount appropriated in the private prison contracted services line item to pay private prison contractors for housing and providing medical care to Arizona inmates. Before spending these monies for any other purpose, the department shall submit an expenditure plan for review by the joint legislative budget committee. (General Appropriations Act footnote)

8/ Private prison vendors that contract with this state may use staff vacancy savings to pay for overtime costs without incurring a penalty or staffing offset. (General Appropriations Act footnote)

9/ The amount appropriated in the private prison contracted services line item includes $3,767,200 for the purpose of awarding a correctional officer salary increase. The state department of corrections shall increase the contracted rates in fiscal year 2026-2027 to provide an amount sufficient for a four percent salary increase to each correctional officer employed in a private prison that contracts with this state. (General Appropriations Act footnote)

10/ Before implementing any changes in contracted rates for Jensen v. Thornell compliance, the state department of corrections shall submit its expenditure plan for review by the joint legislative budget committee. (General Appropriations Act footnote)

11/ On or before January 31, 2027, the state department of corrections shall submit a report to the joint legislative budget committee on the status of all inmate health care performance measures that are tracked by the department for contract monitoring purposes. Each report must include:
1. The total number of performance measures, by facility, for which the department is not in substantial compliance.
2. An explanation for each instance of noncompliance.
3. The department's plan to comply with the performance measures. (General Appropriations Act footnote)

12/ Of the amount appropriated in the Jensen v. Thornell compliance line item, the department is authorized to distribute not more than $45,097,700 to a contracted health care provider contingent on the execution of a signed amendment to the current contracted health care provider contract that includes the following:
1. Increases the health care staffing level in accordance with the department's directives.
2. Adopts quarterly reporting requirements from the health care provider to the department, the governor's office of strategic planning and budgeting staff and the joint legislative budget committee staff that includes the prior quarter staffing levels by position type, number of FTE positions, current progress towards outlined staffing goals and justification of why the staffing levels outlined in paragraph 1 of this section are or are not being met.
3. Adopts a quarterly distribution schedule based on the health care provider meeting and maintaining staffing levels outlined in paragraph 1 of this section.
4. Adds automatic sanctioning or fines associated with failure to fill staffing vacancies consistent with the staffing levels outlined in paragraph 1 of this section. (General Appropriations Act footnote)

13/ Before placing any inmates in out-of-state provisional beds, the state department of corrections 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. (General Appropriations Act footnote)

14/ 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 report shall include the number of filled and vacant correctional officer and medical staff positions departmentwide and by prison complex. (General Appropriations Act footnote)

15/ On or before November 1, 2026, the state department of corrections shall provide a report on bed capacity to the joint legislative budget committee. 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, 2025 and June 30, 2026 and the projected capacity for June 30, 2027, 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. The report shall also address the department's rationale for eliminating any permanent beds rather than reducing the level of temporary beds. The report shall also include any plans to vacate beds but not permanently remove the beds from the bed count. If the department develops a plan after the department's November 1, 2026 report to open or close one hundred or more state-operated or private prison rated beds, the department shall submit a plan detailing the proposed bed changes for review by the joint legislative budget committee before implementing these changes. (General Appropriations Act footnote)

16/ On or before August 1, 2026, the state department of corrections shall transfer to the public safety personnel retirement system via the department of administration its estimated required annual contribution to the corrections officer retirement plan for fiscal year 2026-2027. (General Appropriations Act footnote)

17/ On or before December 30, the state department of corrections shall submit a report to the joint legislative budget committee on the progress made in meeting the staffing needs for correctional officers. Each report shall include the number of filled correctional officer positions, the number of vacant correctional officer positions, the number of people in training, the number of separations and the number of hours of overtime worked year-to-date. The report shall detail these amounts both departmentwide and by prison complex. (General Appropriations Act footnote)

18/ General Appropriations Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

19/ 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 to support state penal institutions. (General Appropriations Act footnote)

20/ 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 to support state penal institutions. (General Appropriations Act footnote)

21/ Before spending any state education fund for correctional education monies in excess of $740,400, the state department of corrections shall report the intended use of the monies to the director of the joint legislative budget committee. (General Appropriations Act footnote, as adjusted for statewide allocations)

Operating Budget

The budget includes $996,748,900 and 9,592 FTE Positions in FY 2027 for the operating budget. These amounts consist of:

	FY 2027
General Fund	$972,263,700
Alcohol Abuse Treatment Fund	592,600
Corrections Fund	8,515,700
Penitentiary Land Fund	703,700
Prison Construction and Operations Fund	9,643,900
State Charitable, Penal and Reformatory Institutions Land Fund	1,164,800
State Education Fund for Correctional Education	740,400
Transition Program Fund	3,124,100

Adjustments are as follows:

Additional FTE Positions

The budget includes an increase of 23 FTE Positions from the General Fund in FY 2027 for additional staffing capacity in the department's operating budget.

Correctional Officer 4% Salary Increase

The budget includes an increase of $20,267,100 from the General Fund in FY 2027 for an ongoing 4% salary increase for all department correctional officers that would replace a one-time 4% FY 2026 stipend.

Remove One-Time Correctional Officer Stipend

The budget includes a decrease of $(17,075,300) from the General Fund in FY 2027 to remove funding for a one-time stipend for correctional officers equal to 4% of their annual salary.

Health Care Injunction Funding

The budget includes an increase of $9,488,500 from the General Fund in FY 2027 for a health care injunction funding. This funding is intended to cover cleaning and sanitation costs as required by the courts under the Jensen v. Thornell inmate health care litigation. This funding is in addition to monies in the Jensen v. Thornell line item.

Line Item Consolidation

The budget includes an increase of $116,854,700 and 184 FTE Positions in FY 2027 for a line item consolidation. These amounts consist of:

General Fund	114,148,900
Alcohol Abuse Treatment Fund	305,500
Transition Program Fund	2,400,300

The funding from the Overtime and Compensatory Time line item and the Community Corrections line item are shifted to the operating budget.

New Operating Funding

The budget includes an increase of $8,250,300 in FY 2027 for new operating funding. This amount consists of:

Corrections Fund	2,905,400
Prison Construction and Operations Fund	5,344,900

This funding is intended to cover various operating costs, including utilities, clothing, wastewater treatment, rent, staff drug testing, IT bandwidth, and uniforms.

One-Time Body Worn Camera Program Funding

The budget includes a one-time increase of $3,533,600 from the General Fund in FY 2027 to provide body cameras for correctional officers in maximum custody. The department initiated a body camera pilot program for these correctional officers in the spring of 2025 and this funding continues the program for another year.

One-Time Braille Transcription Program Funding

The budget includes a one-time increase of $300,000 from the Corrections Fund in FY 2027 to expand the Braille Transcription Program. A footnote in the budget states that the department may prioritize inmates closest to reentry for the program.

Remove Cloud-based Data Warehouse Funding

The budget includes a decrease of $(165,900) from the Corrections Fund in FY 2027 to remove one-time funding to implement a cloud-based data storage warehouse.

Remove Inmate Store Proceeds Fund

The budget includes a decrease of $(2,764,100) from the Inmate Store Proceeds Fund in FY 2027 to remove funding for the Inmate Store Proceeds Fund.

Remove One-Time ACIS Upgrades

The budget includes a decrease of $(2,000,000) from the Corrections Fund in FY 2027 to remove one-time funding for upgrades to the Arizona Correctional Information System (ACIS).

Remove One-Time FY 2026 Line Item Shift

The budget includes a decrease of $(11,882,000) from the General Fund in FY 2027 for the removal of a one-time FY 2026 line item shift. *(Please see the FY 2026 One-Time GF Line Item Shift section in Other Issues for further details.)*

Remove One-Time Kitchen Equipment Replacement

The budget includes a decrease of $(1,535,300) from the Inmate Store Proceeds Fund in FY 2027 to remove one-time funding to replace kitchen equipment.

Remove One-Time Operating Funding

The budget includes a decrease of $(9,488,500) and (23) FTE Positions from the General Fund in FY 2027 to remove one-time funding for the department operating budget.

Remove One-Time Supplemental Increase

The budget includes a decrease of $(4,100,000) from the General Fund in FY 2027 for the removal of an FY 2026 supplemental increase. *(Please see the Other Issues section for further details.)*

Statewide Adjustments

The budget includes an increase of $21,842,900 in FY 2027 for statewide adjustments. This amount consists of:

General Fund	19,235,000
Alcohol Abuse Treatment Fund	36,800
Corrections Fund	100
Penitentiary Land Fund	10,900
Prison Construction and Operations Fund	1,798,900
State Charitable, Penal and Reformatory Institutions Land Fund	200
State Education Fund for Correctional Education	37,200
Transition Program Fund	723,800

(Please see the Agency Detail and Allocations section.)

Overtime and Compensatory Time

The budget includes no funding in FY 2027 for Overtime and Compensatory Time. Adjustments are as follows:

Line Item Consolidation

The budget includes a decrease of $(92,320,300) from the General Fund in FY 2027 for a line item consolidation. The funding from the Overtime and Compensatory Time line item is shifted to the operating budget.

Background – Beginning with the FY 2025 budget, this line item funded overtime and compensatory time primarily for correctional officers to make up for vacant positions.

Community Corrections

The budget includes no funding in FY 2027 for Community Corrections. Adjustments are as follows:

Line Item Consolidation
The budget includes a decrease of $(24,534,400) and (184) FTE Positions in FY 2027 for a line item consolidation. These amounts consist of:

General Fund	(21,828,600)
Alcohol Abuse Treatment Fund	(305,500)
Transition Program Fund	(2,400,300)

The funding from the Community Corrections line item is shifted to the operating budget.

Background – Monies in this line item were used to oversee offenders in several different community corrections programs as described below.

The majority of offenders are released after serving 85% of their sentence and serve a period under community supervision. A very small number of offenders sentenced prior to January 1, 1994 are released on parole at the discretion of the Board of Executive Clemency.
The monies in this line item paid for:

- ADC Staffing: The line item funds the staffing costs for correctional officers that oversee offenders on community supervision. The department also uses the appropriated monies for contracted drug testing, behavioral needs testing, and other programming.
- Transition Program: Offenders that meet statutory considerations and behavioral standards may be released 90 days prior to their community supervision release date and participate in the Transition Program, whose services are provided by a contracted vendor. *(See the Transition Program section in Other Issues.)*
- Reentry Centers: If offenders violate the terms of supervision, they may be returned to custody to serve out the remainder of their term. As an alternative, ADC operates the Maricopa and Pima Reentry Centers, which provide beds for inmates and an intensive treatment program. At the Pima facility, ADC also houses homeless offenders that do not have a secure placement.
- Mental Health Transition Program: Starting in FY 2022, offenders that have been diagnosed as seriously mentally ill and are eligible for AHCCCS benefits upon release may receive 90-days of mental health transition services. Statute requires ADC to place up to 500 inmates in the program each year.

See *Table 1* for detail on the FY 2025 expenditures from the line item.

Table 1
FY 2025 Community Corrections Program Expenditures

	Approp.	Non-Approp.	Total
Comm. Supervision	$15,580,600	$3,355,300	$18,935,900
Transition Program	2,693,500	0	2,693,500
Maricopa Reentry	856,400	368,300	1,224,700
Pima Reentry	1,670,100	0	1,670,100
Mental Health Transition Program	1,274,600	0	1,274,600
Other/Overhead	1,130,400	0	1,130,400
Total	**$23,205,600**	**$3,723,600**	**$26,929,200**

Private Prison Contracted Services

The budget includes $273,126,400 in FY 2027 for Private Prison Contracted Services. This amount consists of:

General Fund	258,361,000
Corrections Fund	12,702,900
Penitentiary Land Fund	2,062,500

Adjustments are as follows:

Correctional Officer 4% Salary Increase
The budget includes an increase of $3,767,200 from the General Fund in FY 2027 for an ongoing 4% salary increase for all private prison correctional officers that would replace a one-time 4% FY 2026 stipend. The budget includes a footnote requiring the department to increase the contracted rates for contracted private prisons to provide funding sufficient for the 4% salary increase.

Remove One-Time Correctional Officer Stipend
The budget includes a decrease of $(3,767,200) from the General Fund in FY 2027 to remove a one-time stipend for correctional officers equal to 4% of their annual salary.

Corrections Fund Capital Shift
The budget includes a decrease of $(10,000,000) from the Corrections Fund and a corresponding increase of $10,000,000 from the General Fund in FY 2027. This shift will free up Corrections Fund monies to be used for the DOC Building Renewal Fund. *(Please see the Statutory Changes section in Other Issues for further details.)*

Other Fund Shift
The budget includes a decrease of $(5,608,600) from the Corrections Fund and a corresponding increase of $5,608,600 from the General Fund in FY 2027 for a second fund shift.

Remove One-Time FY 2026 Line Item Shift
The budget includes an increase of $2,402,500 from the General Fund in FY 2027 for the removal of a one-time FY

2026 line item shift. *(Please see the FY 2026 One-Time GF Line Item Shift section in Other Issues for further details.)*

Background – This line item funds payments to private prison contractors for housing and providing medical care to Arizona inmates in 10,668 total contracted beds. The amount appropriated assumes a certain number of vacancies that typically occur during the course of the year. Administrative expenses related to monitoring private prison contracts are included in the department's operating budget.

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' purchase cost. Of the 6 existing private prison contracts, 3 (Kingman, Phoenix West and Florence West) are solely for management services as the state owns those facilities.

Of the current funding level, the FY 2025 budget's 3-year spending plan labeled $55,283,500 ($54,283,500 from the General Fund and $1,000,000 from the Corrections Fund) as one-time and included that amount through FY 2027. The FY 2027 budget's 3-year spending plan labels the $54,283,500 from the General Fund as ongoing starting in FY 2028.

Jensen v. Thornell Compliance

The budget includes $451,390,400 in FY 2027 for Inmate Health Care Contracted Services. This amount consists of:

General Fund	448,356,400
Penitentiary Land Fund	716,700
Prison Construction and Operations Fund	1,811,300
State Charitable, Penal and Reformatory Institutions Land Fund	506,000

Adjustments are as follows:

Health Care Injunction Funding

The budget includes an increase of $46,311,500 from the General Fund in FY 2027 for a health care injunction funding. This funding is intended to hire additional health care positions. The budget includes a footnote stating the monies will only be available to the contracted vendor upon a signed amendment to the current contract that includes hiring goals, reporting requirements, quarterly distribution schedules, and sanctioning language.

Line Item Consolidation

The budget includes an increase of $24,100,000 from the General Fund in FY 2027 for a line item consolidation. The funding from the Non-Contract Medication line item and the Injunction-Related IT Upgrades line item are shifted to the Jensen v. Thornell Compliance line item.

Other Fund Shift

The budget includes a decrease of $(8,188,700) from the Prison Construction and Operations Fund, $(2,062,500) from the State Charitable, Penal and Reformatory Institutions Land Fund, and a corresponding increase of $10,251,200 from the General Fund in FY 2027 for a fund shift.

Remove One-Time FY 2026 Line Item Shift

The budget includes an increase of $9,479,500 from the General Fund in FY 2027 for the removal of a one-time FY 2026 line item shift. *(Please see the FY 2026 One-Time GF Line Item Shift section in Other Issues for further details.)*

Background – The state contracts with a private company to provide health care to inmates in state-operated prisons. In May 2022 ADC awarded a new inmate health care contract that contract took effect in October 2022 and is for 5 years with a renewal option for an additional 5 years. *(Please see the Inmate Health Care Issues section in the FY 2025 Baseline ADC section for additional information.)*

Non-Contract Medication

The budget includes no funding in FY 2027 for Non-Contract Medication. Adjustments are as follows:

Non-Contract Medication Backfill

The budget includes an increase of $6,700,000 from the General Fund in FY 2027 to backfill non-contract medication costs. The funding is intended to backfill medication costs that are no longer covered by the Opioid Remediation Fund.

Line Item Consolidation

The budget includes a decrease of $(21,700,000) from the General Fund in FY 2027 for a line item consolidation. The funding from the Non-Contract Medication line item is shifted to the Jensen v. Thornell Compliance line item.

A prior General Appropriation Act footnote required the department to use the amount appropriated in the non-contract medication line item to purchase medications to treat hepatitis C and for medication-assisted treatment for substance use disorder. These costs are not part of the contract with the state's private health care provider (as funded in the Inmate Health Care Contracted Services line item). The FY 2027 budget removes the footnote requirement and shifts the monies to the Jensen v. Thornell Compliance line item.

Injunction-Related IT Upgrades

The budget includes no funding in FY 2027 for Injunction-Related IT Upgrades. Adjustments are as follows:

Line Item Consolidation

The budget includes a decrease of $(2,400,000) from the General Fund in FY 2027 for a line item consolidation. The funding from the Injunction-Related IT Upgrades line item is shifted to the Jensen v. Thornell Compliance line item.

A prior General Appropriation Act footnote required the department to use these monies to address information technology improvements as required by the court in the Jensen v. Thornell inmate health care litigation. The FY 2027 budget removes the footnote requirement and shifts the monies to the Jensen v. Thornell Compliance line item.

Named Claimants

The budget includes no funding in FY 2027 for Named Claimants. Adjustments are as follows:

Remove One-Time Funding

The budget includes a decrease of $(3,100) from the General Fund in FY 2027 for the elimination of one-time funding for prior year unpaid claims.

(Please see the Named Claimants section in ADOA Other Issues.)

Other Issues

This section includes information on the following topics:

- FY 2026 One-Time GF Line Item Shift
- FY 2026 Supplementals
- Statutory Changes
- Long-Term Budget Impacts
- CORP Employer Contribution Increase
- Opioid Settlement Transfer
- Transition Program
- Bed Capacity Issues
    - Inmate Growth Rate
    - Bed Capacity
    - Bed Surplus/Shortfall

FY 2026 One-Time GF Line Item Shift

Section 1 of the FY 2027 General Appropriations Act includes a one-time General Fund appropriation shift in the department in FY 2026 between the operating budget and 2 line item appropriations as a result of unrealized personal services and employee related expenditure savings in the operating budget. The shifts resulted in no net increase to the department's appropriation. Compared to the original FY 2026 budget, the FY 2027 budget shifts by line item are as follows:

Operating Budget	11,882,000
Private Prison Per Diem	(2,402,500)
Inmate Health Care Contracted Services	(9,479,500)

FY 2026 Supplemental

The FY 2027 budget includes the following FY 2026 supplemental appropriations:

- $3,145.02 from the General Fund for a one-time named claimants appropriation. *(Please see the Named Claimants line item for further details.)*
- $4,100,000 from the General Fund for one-time operating expenses. *(Please see the operating budget for further details.)*

Statutory Changes

The Criminal Justice BRB makes the following statutory changes:

- As permanent law, amend A.R.S. § 31-281 and A.R.S. § 31-285 to combine the reporting requirements on the transition program. ADC currently reports separately on both the cost reductions associated with the transition program as well as details on the program participation.
- As permanent law, amend A.R.S. § 41-1641 by increasing the amount transferred from the Corrections Fund to the DOC Building Renewal Fund from $2.5 million to $12.5 million.

Long-Term Budget Impacts

As part of the FY 2027 budget's 3-year spending plan, the Department of Correction's General Fund costs are projected to decrease by $(3,533,600) in FY 2028 below FY 2027 and remain unchanged in FY 2029 relative to FY 2028. These estimates are based on the removal of one-time funding for body camera equipment in FY 2028.

CORP Employer Contribution Increase

For most Corrections Officer Retirement Plan (CORP) employees hired after 7/1/2018 (Tier 3 employees), the retirement plan includes an annual employer contribution that consists of: 1) a fixed 5% deposited into the employee's defined contribution retirement account; 2) actuarial rates associated with disability and post-retirement health coverage; and 3) an actuarial rate associated with paying down the unfunded liabilities of CORP employees hired before 7/1/2018.

The FY 2026 Criminal Justice Budget Reconciliation Bill (BRB) increased the fixed employer contribution rate for Tier 3 employees from 5.0% to 5.5% beginning in FY 2027. The BRB states that the Legislature intends to fully cover the cost of this increase for both state agencies and local governments beginning in FY 2027. The budget funds this retirement rate increase by including retirement funding in statewide adjustments in the department's operating budget.

Opioid Settlement Transfer

The FY 2025 budget included an FY 2024 supplemental that reduced the ADC operating General Fund appropriation by $(75,000,000). The budget replaced that funding with a transfer of $75,000,000 in opioid settlement funding from the Attorney General in FY 2024, resulting in no net change in overall funding to ADC.

The FY 2025 budget reduced the transfer of opioid settlement monies from the Attorney General to ADC from $75,000,000 to $40,000,000 beginning in FY 2025 and retains this funding on an ongoing basis.

The opioid settlement transfers are not displayed within the appropriated ADC budget as the transferred monies will be deposited in the non-appropriated ADC Opioid Remediation Fund established pursuant to A.R.S. § 35-142.

The budget continues an Attorney General footnote specifying that ADC shall use the opioid settlement funding only for past and current department costs for care, treatment, programs and other expenditures for individuals with opioid use disorder and any co-occurring substance use disorder or mental health conditions or for any other approved purposes as prescribed in a court order, a settlement agreement or the one Arizona distribution of opioid settlement funds agreement that is entered into by this state and other parties to the opioid litigation. *(Please see the Attorney General section for additional information.)*

Transition Program

The Transition Program allows inmates meeting the conditions outlined in statute and by the department the opportunity to be released from prison 90 days prior to their release date. Transition Program participants are generally lower risk, sentenced for non-violent crimes, and classified to lower levels than the overall ADC population. Participants reside in homes or halfway houses across the state and receive substance abuse counseling and case management services.

A.R.S. § 31-254 requires that 5% of non-Driving Under the Influence inmate wages be deposited to the Transition Program Fund to operate the program. Additionally, A.R.S. § 31-285 requires that $17 per bed day saved from an earlier release be transferred to the Transition Program Fund to pay for the vendor costs of the program. Statute does not specify from which fund these monies are transferred. ADC has transferred money from the State DOC Revolving Fund to meet this requirement.

In FY 2025, the program saved a total of 388,870 bed days. The vendor is required to seek Medicaid payment for services like substance abuse treatment prior to billing ADC.

Bed Capacity Issues

Inmate Growth Rate

On May 31, 2026, the total inmate population was 34,761. This was a decrease of (790) inmates from the June 30, 2025 population of 35,551. *Table 2* shows the year-end populations from FY 2021 to FY 2026.

Table 2

Year-End Population, FY 2021 - FY 2026

Year	Population
FY 2021	35,954
FY 2022	33,371
FY 2023	34,377
FY 2024	35,138
FY 2025	35,551
FY 2026 (as of May 31, 2026)	34,761

The decline in the ADC population from FY 2021 to FY 2022 was likely related to the pandemic.

Bed Capacity

The department is required to report annually on bed capacity by November 1. 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 38,349 public and private beds on June 30, 2025, a decrease of (244) beds since June 30, 2024.

- 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.

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 1,694 as of June 30, 2025, a decrease of (98) from June 30, 2024.

Bed Surplus/Shortfall

At the end of FY 2025, the department had a total rated bed surplus of 2,798. After adjusting for the 5,240 temporary beds in the overall ADC system, the rated bed surplus became an 8,038-operating bed surplus. Because beds are divided by gender and security level, this figure may not fully reflect system capacity. (Please see *Table 3 for more information.*)

Table 3

Fiscal Year-End Operating Capacity

	FY 2025 Actual			**FY 2026 Estimated**			**FY 2027 Estimate**		
State	**Rated**	**Temp.**	**Operating Capacity**	**Rated**	**Temp.**	**Operating Capacity**	**Rated**	**Temp.**	**Operating Capacity**
Douglas	1,805	140	1,945	1,805	140	1,945	1,805	140	1,945
Eyman	4,493	2,139	6,632	4,493	2,139	6,632	4,493	2,139	6,632
Perryville	4,214	129	4,343	4,214	129	4,343	4,214	129	4,343
Phoenix	552	213	765	552	213	765	552	213	765
Lewis	4,960	879	5,839	4,960	879	5,839	4,960	879	5,839
Safford	1,703	160	1,863	1,703	160	1,863	1,703	160	1,863
Tucson	4,540	678	5,218	4,540	678	5,122	4,540	678	5,122
Winslow	1,626	0	1,626	1,626	0	1,626	1,626	0	1,626
Yuma	4,350	340	4,690	4,350	340	4,690	4,350	340	4,690
Subtotal	28,243	4,678	32,921	28,243	4,678	32,921	28,243	4,678	32,921
Private (Per Diem) 1/									
Kingman ($62.69)	3,400	108	3,508	3,400	108	3,508	3,400	108	3,508
Phoenix West ($89.95)	400	-	400	400	-	400	400	-	400
Florence West ($74.50)	600	150	750	600	150	750	600	150	750
Florence II ($84.03)	1,000	280	1,280	1,000	280	1,280	1,000	280	1,280
Red Rock ($80.83)	2,000	24	2,024	2,000	24	2,024	2,000	24	2,024
La Palma ($88.62)	2,706	-	2,706	2,706	-	2,706	2,706	-	2,706
Subtotal	10,106	562	10,668	10,106	562	10,668	10,106	562	10,668
Total - All Beds 2/	38,349	5,240	43,589	38,349	5,240	43,589	38,349	5,240	43,589
State Prison Population									
Male	22,374		22,374	22,600		22,600	22,710		22,710
Female	3,369		3,369	3,400		3,400	3,420		3,420
Subtotal	25,743		25,743	26,000		26,000	26,130		26,130
Private Prison Population									
Male	9,808		9,808	9,900		9,900	9,950		9,950
Total Population 3/4/	35,551		35,551	35,900		35,900	36,080		36,080
Bed Surplus/(Shortfall)	2,798		8,038	2,449		7,689	2,269		7,509
Male	1,884		7,053	1,504		6,673	1,304		6,473
Female	914		985	945		1,016	965		1,036
Bed Surplus/(Shortfall) (% of Beds)	7%		18%	6%		18%	6%		17%

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1/ 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. Kingman, Florence West and Phoenix West are management only.

2/ Excludes special use beds totaling 1,694 as of June 30, 2025.

3/ The chart excludes prisoners awaiting transfer from county jail.

4/ The chart reflects the actual inmate population at the end of FY 2025 and assumes a 1.0% population growth in FY 2026 over FY 2025 and 0.5% growth in FY 2027 over FY 2026.