

## Arizona Department of Corrections

	FY 2025 ACTUAL	FY 2026 ESTIMATE	FY 2027 BASELINE
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	9,592.0	9,592.0	9,569.0
Personal Services	447,000,300	418,042,600	395,867,300
Employee Related Expenditures	173,243,000	251,795,400	250,095,400
Professional and Outside Services	13,552,900	14,265,300	12,265,300
Travel - In State	419,300	196,100	196,100
Travel - Out of State	163,200	59,300	59,300
Other Operating Expenditures	142,351,400	163,346,900	160,492,500
Equipment	2,359,100	1,535,300	0
<b>OPERATING SUBTOTAL</b>	<b>779,089,200</b>	<b>849,240,900</b>	<b>818,975,900</b> <small>1/2/3/</small>
<b>SPECIAL LINE ITEMS</b>			
Overtime and Compensatory Time	82,680,600	92,320,300	92,320,300 <small>4/</small>
Community Corrections	23,220,200	24,534,400	24,534,400
Private Prison Per Diem	235,503,200	273,126,400	269,359,200 <small>5/6/</small>
Inmate Health Care Contracted Services	355,630,100	380,978,900	380,978,900 <small>7/8/</small>
Non-Contract Medication	11,345,300	15,000,000	15,000,000 <small>9/</small>
Injunction-Related IT Upgrades	2,139,900	2,400,000	2,400,000 <small>10/</small>
<b>AGENCY TOTAL</b>	<b>1,489,608,500</b>	<b>1,637,600,900</b>	<b>1,603,568,700</b> <small>11/20/</small>
<b>FUND SOURCES</b>			
General Fund	1,424,340,300	1,574,149,400	1,543,818,400
<i>Other Appropriated Funds</i>			
Alcohol Abuse Treatment Fund	306,300	555,800	555,800
Corrections Fund	29,179,400	35,787,600	33,621,700
Inmate Store Proceeds Fund	662,300	4,299,400	2,764,100
Penitentiary Land Fund	3,465,500	3,472,000	3,472,000
Prison Construction and Operations Fund	12,500,100	12,500,100	12,500,100
State Charitable, Penal and Reformatory Institutions Land Fund	3,733,100	3,733,100	3,733,100
State Education Fund for Correctional Education	378,800	703,200	703,200
Transition Program Fund	15,042,700	2,400,300	2,400,300
<b>SUBTOTAL - Other Appropriated Funds</b>	<b>65,268,200</b>	<b>63,451,500</b>	<b>59,750,300</b>
<b>SUBTOTAL - Appropriated Funds</b>	<b>1,489,608,500</b>	<b>1,637,600,900</b>	<b>1,603,568,700</b>
Other Non-Appropriated Funds	120,328,800	127,914,700	127,914,700
Federal Funds	6,922,500	7,246,900	4,078,100
<b>TOTAL - ALL SOURCES</b>	<b>1,616,859,800</b>	<b>1,772,762,500</b>	<b>1,735,561,500</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.

### FOOTNOTES

- 1/ 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.
- 2/ Of the amount appropriated in the operating lump sum, \$395,867,300 is designated for personal services and \$250,095,400 is designated for employee-related expenditures. The state department of corrections shall submit an expenditure plan for review by the joint legislative budget committee before spending these monies other than for personal services or employee-related expenditures. (General Appropriations Act footnote)

3/ After the state department of corrections submits an expenditure plan to the joint legislative budget committee, the department may transfer personal services and employee-related expenditures savings from the operating budget to the private prison per diem line item for private prison staff stipends. The amount of any private prison staff stipend may not exceed the amount given to department staff. The expenditure plan is not subject to review by the joint legislative budget committee. (General Appropriations Act footnote)

4/ The state department of corrections shall submit an expenditure plan for review by the joint legislative budget committee before spending monies appropriated for the overtime and compensatory time line item other than for personal services or employee-related expenditures. (General Appropriations Act footnote)

5/ The state department of corrections shall use the amount appropriated in the private prison per diem 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)

6/ 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)

7/ Before implementing any changes in contracted 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. (General Appropriations Act footnote)

8/ On or before August 1, 2026 and February 1, 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)

9/ The state department of corrections shall use the amount appropriated in the noncontract medication line item to purchase medications to treat hepatitis C and for medication assisted treatment for substance use disorder. 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)

10/ The amount appropriated in the injunction-related IT upgrades line item shall be used to address information technology improvements as required by the court in the *Jensen v. Thornell* inmate health care litigation. (General Appropriations Act footnote)

11/ 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)

12/ 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)

13/ 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)

14/ 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)

15/ On or before December 15, 2026 and July 15, 2027, 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)

16/ The department shall report actual fiscal year 2025-2026, estimated fiscal year 2026-2027 and requested fiscal year 2027-2028 expenditures as delineated in the prior year when the department submits its fiscal year 2027-2028 budget request pursuant to section 35-113, Arizona Revised Statutes. (General Appropriations Act footnote)

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

18/ 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)

19/ 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)

20/ Before spending any state education fund for correctional education monies in excess of \$703,200, 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 Baseline includes \$818,975,900 and 9,385 FTE Positions in FY 2027 for the operating budget. These amounts consist of:

	<b>FY 2027</b>
General Fund	\$805,590,600
Alcohol Abuse Treatment Fund	250,300
Corrections Fund	5,310,200
Inmate Store Proceeds Fund	2,764,100
Penitentiary Land Fund	692,800
Prison Construction and Operations Fund	2,500,100
State Charitable, Penal and Reformatory Institutions Land Fund	1,164,600
State Education Fund for Correctional Education	703,200

Adjustments are as follows:

#### **Remove One-Time ACIS Upgrades**

The Baseline 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 Cloud-based Data Warehouse Funding**

The Baseline 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 One-Time Kitchen Equipment Replacement**

The Baseline 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 Baseline 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 Correctional Officer Stipend**

The Baseline 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.

#### **Overtime and Compensatory Time**

The Baseline includes \$92,320,300 from the General Fund in FY 2027 for Overtime and Compensatory Time. This amount is unchanged from FY 2026.

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

#### **Community Corrections**

The Baseline includes \$24,534,400 and 184 FTE Positions in FY 2027 for Community Corrections. These amounts consist of:

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

These amounts are unchanged from FY 2026.

*Background* – Monies in this line item are used for several different community corrections programs as described below. In addition to the \$24,534,400 in FY 2027

appropriated funds, ADC projects that they will utilize an additional \$4,920,500 in non-appropriated funds for these activities in FY 2027.

As of December 4, 2025, ADC has responsibility for 5,649 offenders overseen by community correctional officers. 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 pay 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.

FY 2025 Community Corrections Program Expenditures			
	<u>Approp.</u>	<u>Non-Approp.</u>	<u>Total</u>
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	1,274,600	0	1,274,600
Transition Program			
Other/Overhead	1,130,400	0	1,130,400
<b>Total</b>	<b>\$23,205,600</b>	<b>\$3,723,600</b>	<b>\$26,929,200</b>

### Private Prison Per Diem

The Baseline includes \$269,359,200 in FY 2027 for Private Prison Per Diem. This amount consists of:

General Fund	238,985,200
Corrections Fund	28,311,500
Penitentiary Land Fund	2,062,500

Adjustments are as follows:

#### Remove One-Time Correctional Officer Stipend

The Baseline 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.

*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. As a result, the FY 2027 Baseline's long-term spending projections exclude this funding in FY 2028.

### Inmate Health Care Contracted Services

The Baseline includes \$380,978,900 in FY 2027 for Inmate Health Care Contracted Services. This amount consists of:

General Fund	367,693,700
Penitentiary Land Fund	716,700
Prison Construction and Operations Fund	10,000,000
State Charitable, Penal and Reformatory Institutions Land Fund	2,568,500

This amount is unchanged from FY 2026.

*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.)

The current contract does not include the cost of medications for either hepatitis C treatment and or medication-assisted treatment of substance use disorders (see the *Non-Contract Medication* line item below).

#### ***Non-Contract Medication***

The Baseline includes \$15,000,000 from the General Fund in FY 2027 for Non-Contract Medication. This amount is unchanged from FY 2026.

A General Appropriation Act footnote requires 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).

#### ***Injunction-Related IT Upgrades***

The Baseline includes \$2,400,000 from the General Fund in FY 2027 for Injunction-Related IT Upgrades. This amount is unchanged from FY 2026.

A General Appropriation Act footnote requires 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.

#### ***Other Issues***

This section includes information on the following topics:

- CORP Employer Contribution Increase
- Opioid Settlement Transfer
- Transition Program
- Bed Capacity Issues
  - Inmate Growth Rate
  - Bed Capacity
  - Bed Surplus/Shortfall

#### ***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 FY 2026 budget's 3-year spending plan included a \$1,000,000 ongoing General Fund spending assumption for these increased employer costs. The Baseline continues this assumption, but we lack sufficient information at this time to allocate this amount to individual entities.

#### ***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 Baseline 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 June 30, 2025, the total inmate population was 35,551. This was an increase of 413 inmates from the June 30, 2024 population of 35,138. *Table 2* shows the year-end populations from FY 2021 to FY 2026.

**Table 2**

#### **Year-End Population, FY 2021 - FY 2026**

<b>Year</b>	<b>Population</b>
FY 2021	35,954
FY 2022	33,371
FY 2023	34,377
FY 2024	35,138
FY 2025	35,551
FY 2026 (as of August 31)	35,469

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

#### 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 38,349 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. During FY 2024, the department decreased its total operating capacity by (560) beds, from 43,809 to 43,589.

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

<u>State</u>	Fiscal Year-End Operating Capacity								
	FY 2025 Actual			FY 2026 Estimated			FY 2027 Estimate		
	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
<b>Subtotal</b>	28,243	4,678	32,921	28,243	4,678	32,921	28,243	4,678	32,921
<b>Private (Per Diem)<sup>1/</sup></b>									
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
<b>Subtotal</b>	10,106	562	10,668	10,106	562	10,668	10,106	562	10,668
<b>Total - All Beds<sup>2/</sup></b>	38,349	5,240	43,589	38,349	5,240	43,589	38,349	5,240	43,589
<b>State Prison Population</b>									
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
<b>Subtotal</b>	25,743		25,743	26,000		26,000	26,130		26,130
<b>Private Prison Population</b>									
Male	9,808		9,808	9,900		9,900	9,950		9,950
<b>Total Population<sup>3/4/</sup></b>	35,551		35,551	35,900		35,900	36,080		36,080
<b>Bed Surplus/(Shortfall)</b>	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
<b>Bed Surplus/(Shortfall) (% of Beds)</b>	7%		18%	6%		18%	6%		17%

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

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

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

<sup>4/</sup> 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.

SUMMARY OF FUNDS	FY 2025 Actual	FY 2026 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.		
<b>Purpose of Fund:</b> To provide alcohol abuse treatment and rehabilitation services for DUI inmates.		
<b>Funds Expended</b>	306,300	555,800
<b>Year-End Fund Balance</b>	463,500	277,400
<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. This amount is reflected in the balance, but is not shown in expenditures to avoid double-counting.		
<b>Funds Expended</b>	57,366,600	57,753,100
<b>Year-End Fund Balance</b>	5,512,400	(3,483,900)
<b>Community Corrections Enhancement Fund (DCA2395/ARS § 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.		
<b>Purpose of Fund:</b> To pay for costs related to community corrections.		
<b>Funds Expended</b>	245,800	475,600
<b>Year-End Fund Balance</b>	455,200	269,600
<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. A.R.S. § 42-3104 designates that the fund receive 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. This amount is reflected in the balance, but is not shown in expenditures to avoid double-counting.		
<b>Funds Expended</b>	29,179,400	35,787,600
<b>Year-End Fund Balance</b>	4,003,600	1,635,500
<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. Expenditures from this fund are reported in the Capital Outlay - Arizona Department of Corrections section.		
<b>Purpose of Fund:</b> For capital projects and preventive maintenance (up to 8% of the annual expenditures).		
<b>Funds Expended</b>	0	0
<b>Year-End Fund Balance</b>	9,393,900	6,524,600
<b>Federal Funds (DCA2000/A.R.S. § 35-142 and A.R.S. § 41-1605)</b>		<b>Federal Funds</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>	6,922,500	7,246,900
<b>Year-End Fund Balance</b>	1,806,000	2,022,900

SUMMARY OF FUNDS	FY 2025 Actual	FY 2026 Estimate
<b>Indirect Cost Recovery Fund (DCA9000/A.R.S. § 41-1604)</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 departmentwide administrative and overhead costs.		
<b>Funds Expended</b>	55,200	1,286,400
<b>Year-End Fund Balance</b>	427,200	(457,100)
<b>Inmate Store Proceeds Fund (DCA2505/A.R.S. § 41-1604.02)</b>		<b>Appropriated</b>
<b>Source of Revenue:</b> Profit resulting from the privatization of inmate stores.		
<b>Purpose of Fund:</b> To fund inmate education. Please see the Non-Appropriated portion of the fund for additional information.		
<b>Funds Expended</b>	662,300	4,299,400
<b>Year-End Fund Balance</b>	6,627,200	1,380,900
<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. Please see the Appropriated portion of the fund for additional information.		
<b>Funds Expended</b>	5,428,600	6,302,000
<b>Year-End Fund Balance</b>	6,627,200	1,380,900
<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.		
<b>Funds Expended</b>	1,805,200	37,100
<b>Year-End Fund Balance</b>	2,824,100	1,919,600
<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>	3,465,500	3,472,000
<b>Year-End Fund Balance</b>	4,322,500	4,598,200
<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.		
<b>Funds Expended</b>	12,500,100	12,500,100
<b>Year-End Fund Balance</b>	6,684,300	3,243,500

SUMMARY OF FUNDS	FY 2025 Actual	FY 2026 Estimate
<b>Special Services Fund (DCA3187/A.R.S. § 41-1604.03)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Revenues that are generated by the inmate use of technology, including telephone systems, kiosks and tablets.		
<b>Purpose of Fund:</b> For the benefit, education, and welfare of committed offenders, and to pay the costs of implementing, operating and maintaining technologies and programs for inmate use. 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; this transfer is reported as an expenditure. This amount is reflected in the balance, but is not shown in expenditures to avoid double-counting.		
<b>Funds Expended</b>	6,292,200	8,447,800
<b>Year-End Fund Balance</b>	7,436,000	3,906,700
<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>	3,733,100	3,733,100
<b>Year-End Fund Balance</b>	4,080,300	4,083,800
<b>State Department of Corrections Opioid Remediation Fund (DCA2573/A.R.S. § 35-142)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Monies transferred by the Attorney General from the Consumer Remediation Subaccount of the Consumer Restitution and Remediation Revolving Fund. Revenue comes from monies deposited in the subaccount pursuant to opioid claims-related litigation or settlements.		
<b>Purpose of Fund:</b> 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.		
<b>Funds Expended</b>	47,600,900	49,074,000
<b>Year-End Fund Balance</b>	67,276,500	55,387,400
<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 support for rehabilitation programs and counseling for inmates who have a history of substance abuse and are released on parole.		
<b>Funds Expended</b>	1,404,400	4,398,400
<b>Year-End Fund Balance</b>	4,393,100	4,215,200
<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>	378,800	703,200
<b>Year-End Fund Balance</b>	655,000	226,700
<b>Statewide 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>	129,900	140,300
<b>Year-End Fund Balance</b>	42,300	43,100

SUMMARY OF FUNDS	FY 2025 Actual	FY 2026 Estimate
<b>Transition Program Fund</b> (DCA2379/A.R.S. § 31-284 and A.R.S. § 31-254)		<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 that receives a share of tax revenue collected from liquor, and the expenditures of these monies are reported from this fund.		
<b>Purpose of Fund:</b> To pay for costs related to the administration of the Transition Program and for transition program services.		
<b>Funds Expended</b>	15,042,700	2,400,300
<b>Year-End Fund Balance</b>	2,795,800	4,279,800