

State Department of Corrections

	FY 2014 ACTUAL	FY 2015 ESTIMATE	FY 2016 APPROVED
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	9,384.0	9,534.0	9,534.0
Correctional Officer Personal Services	303,777,200	322,453,300	323,322,600
Health Care Personal Services	2,532,400	2,791,300	2,791,300
All Other Personal Services	62,452,800	64,492,900	64,818,300
Personal Services Subtotal	368,762,400	389,737,500	390,932,200
Employee Related Expenditures	187,151,400	200,886,600	209,047,100
Personal Services and Employee Related Expenditures for Overtime/Compensatory Time	28,810,400	15,501,300	15,549,300
Health Care All Other Operating Expenditures			
Professional and Outside Services	3,069,700	2,763,300	2,763,300
Travel - In State	18,000	25,000	25,000
Travel - Out of State	10,100	15,000	15,000
Other Operating Expenditures	722,700	781,600	791,100
Equipment	101,100	15,000	15,000
Health Care Operating Subtotal	3,921,600	3,599,900	3,609,400
Non-Health Care All Other Operating Expenditures			
Professional and Outside Services	7,580,800	5,370,400	5,717,100
Travel - In State	213,200	224,300	226,400
Travel - Out of State	82,500	119,100	119,100
Food	40,729,800	41,642,800	42,799,500
Other Operating Expenditures	109,935,400	110,290,900	110,803,100
Equipment	7,710,000	4,788,500	3,522,000
Non-Health Care Operating Subtotal	166,251,700	162,436,000	163,187,200
OPERATING SUBTOTAL	754,897,500	772,161,300	782,325,200
SPECIAL LINE ITEMS			
Leap Year	0	0	929,100
Private Prison Per Diem	131,368,100	144,321,300	151,518,600
Inmate Health Care Contracted Services	126,170,100	125,274,900	142,003,900 ^{1/}
AGENCY TOTAL	1,012,435,700	1,041,757,500	1,076,776,800^{2/3/4/5/}
FUND SOURCES			
General Fund	969,874,500	996,845,600	1,029,900,600
<u>Other Appropriated Funds</u>			
Alcohol Abuse Treatment Fund	295,300	554,400	555,300
Corrections Fund	25,688,000	27,517,600	27,517,800
Penitentiary Land Fund	892,300	979,200	979,200 ^{6/}
Prison Construction and Operations Fund	12,372,100	13,684,400	13,686,000
State Charitable, Penal and Reformatory Institutions Land Fund	359,900	360,000	1,861,200 ^{7/}
State Education Fund for Correctional Education	491,500	516,300	673,400 ^{8/}
Transition Program Fund	2,462,100	1,300,000	1,603,300
SUBTOTAL - Other Appropriated Funds	42,561,200	44,911,900	46,876,200
SUBTOTAL - Appropriated Funds	1,012,435,700	1,041,757,500	1,076,776,800
Other Non-Appropriated Funds	48,437,600	50,890,200	50,890,200
Federal Funds	8,742,500	9,079,100	9,049,300
TOTAL - ALL SOURCES	1,069,615,800	1,101,726,800	1,136,716,300

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.

Summary

The budget increases ADC spending by \$33,055,000 in FY 2016. The changes include:

- A baseline adjustment of \$7,541,200 to annualize the cost of 1,000 new beds opened in mid-FY 2015.
- \$11,572,000 for inmate health care expenses.
- \$3,657,000 for marginal health care population growth costs.
- \$1,643,000 for marginal non-health care population growth costs.
- \$13,535,700 for higher employer retirement expenses.
- \$(5,523,000) of savings for statewide adjustments, primarily a reduction in employee health care costs.
- \$629,100 for other expenses.

As part of the budget’s 3-year spending plan, ADC’s General Fund costs are projected to increase by \$20,658,600 in FY 2017 above FY 2016, and remain flat in 2018.

Operating Budget

The budget includes \$782,325,200 and 9,534 FTE Positions in FY 2016 for the operating budget. These amounts consist of:

	FY 2016
General Fund	\$772,445,200
Alcohol Abuse Treatment Fund	555,300
Corrections Fund	3,000,800
Prison Construction and Operations Fund	3,686,000
State Charitable, Penal and Reformatory Institutions Land Fund	361,200
State Education Fund for Correctional Education	673,400
Transition Program Fund	1,603,300

These amounts fund the following adjustments:

Annualize Maximum-Security Beds

The budget includes an increase of \$343,900 from the General Fund in FY 2016 to fund the annualization costs for the 500 new maximum-security prison beds that opened in December 2014. The FY 2013 Capital Outlay Bill (Laws 2012, Chapter 295) appropriated \$50,000,000 from the General Fund to construct 500 new male maximum-security beds at Lewis Rast.

- 1/ Before implementing any changes in per diem rates for inmate health care contracted services, the State Department of Corrections shall submit its expenditure plan for review by the Joint Legislative Budget Committee. (General Appropriation Act footnote)
- 2/ Before placing any inmates in out-of-state provisional beds, the department shall place inmates in all available prison beds in facilities that are located in this state and that house Arizona inmates, unless the out-of-state provisional beds are of a comparable security level and price. (General Appropriation Act footnote)
- 3/ The State Department of Corrections shall forward a monthly report comparing department expenditures for the month and year-to-date as compared to prior year expenditures 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 on or before the 30th 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. (General Appropriation Act footnote)
- 4/ The State Department of Corrections shall provide a report on bed capacity to the Joint Legislative Budget Committee for its review on or before August 1, 2015. 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 of the previous fiscal year, June 30 of the current fiscal year and June 30 of the subsequent fiscal year, as well as the reasons for any change within that time period. Within the total bed count, the department shall provide the number of temporary and special use beds. If the department develops a plan subsequent to its August 1 report to close state-operated prison rated beds or cancel or not renew contracts for privately operated prison beds, the State Department of Corrections shall submit a bed plan detailing the proposed bed closures for review by the Joint Legislative Budget Committee before implementing these changes. (General Appropriation Act footnote)
- 5/ General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.
- 6/ 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. (General Appropriation Act footnote)
- 7/ 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. (General Appropriation Act footnote)
- 8/ Before the expenditure of any State Education Fund for Correctional Education receipts in excess of \$673,400, the State Department of Corrections shall report the intended use of the monies to the Director of the Joint Legislative Budget Committee. (General Appropriation Act footnote, as adjusted for statewide allocations)

Corrections Officer Retirement Plan Fund Adjustment

The budget includes an increase of \$13,542,500 in FY 2016 for an increase to the employer contribution rate for the Corrections Officer Retirement Plan (CORP) Fund. As a result of the court decision in *Fields v. Elected Officials' Retirement Plan*, the employer contribution rate was adjusted upward.

This amount consists of:

General Fund	13,535,700
State Education Fund for Correctional Education	6,800

In the Legislature's 3-year spending plan, this cost for CORP is expected to increase by another \$1.9 million in FY 2017 for the annualization of costs related to the adjustment. *(Please see Other Issues and the Consolidated Retirement Report section for details.)*

FY 2016 Population Growth

The budget includes an increase of \$1,643,000 from the General Fund in FY 2016 to fund the non-health care marginal costs of population growth in FY 2016. Non-health care marginal costs include food and clothing. The increase funds non-health care marginal costs at \$1,721 a year for 953 additional inmates. *(Please see the Inmate Growth in the Other Issues section for details.)*

Fund Adjustment

The budget includes an increase of \$153,800 from the State Educational Fund for Correctional Education in FY 2016 to align the appropriation with funds currently received from the Department of Education for correctional education. In FY 2014, the department received \$670,100.

Operating Budget Shift for the Transition Program

The budget includes an increase of \$300,000 from the Transition Program Fund and a decrease of \$(300,000) from the General Fund in FY 2016 for savings to the General Fund from a presumed increase of 300 new participants in the Transition Program. *(Please see the Transition Program in the Other Issues section for details.)*

Statewide Adjustments

The budget includes a decrease of \$(5,519,300) in FY 2016 for statewide adjustments. This amount consists of:

General Fund	(5,523,000)
Alcohol Abuse Treatment Fund	900
Corrections Fund	200
Prison Construction and Operations Fund	1,600
State Charitable, Penal and Reformatory Institutions Land Fund	1,200
State Education Fund for Correctional Education	(3,500)
Transition Program Fund	3,300

(Please see the Agency Detail and Allocations Section.)

Leap Year

The budget includes an increase of \$929,100 from the General Fund in FY 2016 to fund leap year expenses. This amount funds the following adjustments:

One-Time Leap Year Costs

The budget includes a one-time increase of \$929,100 from the General Fund in FY 2016 to fund operating costs for the extra day.

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

Private Prison Per Diem

The budget includes \$151,518,600 in FY 2016 for Private Prison Per Diem. This amount consists of:

General Fund	126,022,400
Corrections Fund	24,517,000
Penitentiary Land Fund	979,200

These amounts fund the following adjustments:

Annualize Medium-Security Beds

The budget includes an increase of \$7,197,300 from the General Fund in FY 2016 to annualize the cost of 500 medium-security beds that opened in January 2015.

The FY 2013 Criminal Justice Budget Reconciliation Bill (BRB) (Laws 2012, Chapter 302) required the department to award a contract for up to 500 male, medium-security private beds to open on January 1, 2014 and up to 500 more male medium-security beds to open on January 1, 2015. These contracts were to be awarded by September 1, 2012 from the 2,000-bed Request for Proposals (RFP) issued by the department in February 2012. On August 31, 2012, the department awarded the contract to Corrections Corporation of America (CCA) at a per diem rate of \$65.43 per bed. CCA is housing these prisoners at their existing Red Rock Correctional Center in Eloy. The FY 2015 Criminal Justice BRB (Laws 2014, Chapter 12) continued to require legislative authorization for the awarding of a contract for the remaining 1,000 beds.

The FY 2016 Criminal Justice BRB (Laws 2015, Chapter 17) repeals both the FY 2013 Criminal Justice BRB and the FY 2015 Criminal Justice BRB provisions granting the department authority to award a contract for the remaining 1,000 beds.

The FY 2016 Criminal Justice BRB authorizes the department to issue requests for proposals and to award a contract or contracts for up to 2,000 male medium-security beds at new or existing contracted bed facilities. The department shall award a contract or contracts to open up to 1,000 beds on July 1, 2016. The remaining 1,000 beds can be awarded with specific legislative authorization. The annual cost for the initial set of 1,000 beds will be \$24.2 million, beginning in FY 2017.

Background – Monies in this line item are paid to private prison contractors for housing and providing medical care to Arizona inmates in 7,538 beds under contract and operational by June 30, 2015. Private prison beds are considered permanent beds. ADC will usually own the facilities after a specified amount of time (typically 20 years) because the per diem rate includes a portion of the facilities’ purchasing cost. Administrative expenses related to private prison contracts are included in the department’s operating budget.

Inmate Health Care Contracted Services

The budget includes \$142,003,900 in FY 2016 for Inmate Health Care Contracted Services. This amount consists of:

General Fund	130,503,900
Prison Construction and Operations Fund	10,000,000
State Charitable, Penal and Reformatory Institutions Land Fund	1,500,000

These amounts fund the following adjustments:

FY 2016 Health Care Population Increase

The budget includes an increase of \$3,657,000 from the General Fund in FY 2016 to fund the health care costs for an increased prison population in state-run facilities in FY 2016. The increase funds health care costs for 953 additional inmates. *(For additional information on population growth, please see the Other Issues section.)*

Health Care Contract Changes

The budget includes an increase of \$5,000,000 from the General Fund in FY 2016 to pay for a \$0.47 increase to the per diem and an increased population in state facilities.

The budget presumes that the department will recover \$3,227,000 in savings annually by seeking Medicaid reimbursement for the costs of outside health care, so that the department has \$8,227,000 to use for the contract changes and to pay for past growth. *(For additional information on the Medicaid reimbursement, please see the Additional Legislation section.)*

The FY 2016 budget allocated this \$8.2 million to raise the funded per diem from \$10.10 to \$10.57 and for previously unfunded population growth:

- \$4,106,600 for a June 2014 amendment that increased the per diem by \$0.32. The amendment increased mental health staffing for the maximum custody population and vendor staffing to monitor inmate intake of specific prescription medications.
- \$1,143,400 to pay for a \$0.09 for a March 2015 amendment provision to increase the health care contract for additional staff at the remodeled and expanded inpatient care health unit at Tucson Rincon.
- \$706,000 to pay for a \$0.06 increase for a March 2015 amendment provision to increase the health care contract for additional health care staffing for the maximum beds at Lewis Rast.
- Remaining monies of \$2,321,000 for backfilling unfunded population growth in prior years.

Health Care Litigation

The budget includes an increase of \$8,072,000 in FY 2016 for a \$0.63 increase to the per diem to change the scope of the health care contract to meet the stipulation agreement for the *Parsons v. Ryan* lawsuit. This amount consists of:

General Fund	6,572,000
State Charitable, Penal and Reformatory Institutions Land Fund	1,500,000

In the Legislature’s 3-year spending plan, the General Fund replaces the use of the Land Fund monies in FY 2017. *(Please see Other Issues for details.)*

The adjustment funds increased vendor staffing to meet the stipulation agreement in recent health care litigation. *Parsons v. Ryan* was filed against ADC in the U.S. District Court on March 6, 2012 seeking relief against alleged inadequate inmate health care and an inadequate mental health environment within maximum custody units. In February 2015, a federal judge approved a settlement agreement made public in October 2014. For the prisoners in the state-run public facilities, ADC agreed to meet defined health care performance measures and monitoring, to improve mental health treatment and programming, and to increase the time spent by maximum custody inmates outside of cells.

The agreement required the department to request that the Arizona Legislature approve a budget to increase staffing of medical and mental health positions and to request funds, if necessary, for the department to implement changes to the maximum custody environment. The agreement also stipulated that the department would cover the legal expenses of the

plaintiff. The increase to the health care contract paid for the vendor to increase staffing by 91.1 FTE Positions as of March 2015 to meet the scope changes necessary for compliance with the stipulation agreement.

Background – ADC provides healthcare to inmates within state facilities through a contract with a provider at a per diem rate of \$11.20. The line item funds the costs of the contract; ADC expenditures for monitoring the contracted services are included within the department’s operating budget and additional monies from Medicaid reimbursement of hospital stays outside prison facilities augment funding in this line item.

In total, the vendor and ADC amended the contract 2 times in the past year, raising the per diem from the original \$10.10 to \$11.20 with the following adjustments:

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

A FY 2016 General Appropriation Act footnote requires JLBC review of any future per diem rate increases. The contract can be amended for changes to scope, and the vendor may request adjustments for inflation.

Additional Legislation

Budget Structure

The FY 2016 Criminal Justice BRB continues to require the department to report FY 2015 actual expenditures, FY 2016 estimated expenditures, and FY 2017 requested expenditure amounts for each line as delineated in the prior year when the department submits its FY 2017 budget request pursuant to A.R.S § 35 113.

Legislative Authority for Medicaid Reimbursement

The state can seek Medicaid reimbursement for the costs of outside medical care for eligible inmates. To receive reimbursement, the care is paid by the Arizona Health Care Cost Containment System (AHCCCS); ADC pays the state match portion, and AHCCCS covers the federal portion. Since ADC already pays for all health care of inmates in state facilities in the inmate health care services contract, the total dollar amount of Medicaid expenditures is offset on subsequent invoices by the vendor. The savings to the department is the federal portion.

The FY 2016 Criminal Justice BRB changed statute to allow the department in the current fiscal year to take a credit

against payments for the total expenditures paid for the hospital for the current fiscal year or previous fiscal years by the department via AHCCCS, and requires the department to notify JLBC and OSPB on or before July 1 of each year the amount of credits against payments for the previous fiscal year.

Inmate Wages

Laws 2015, Chapter 133 raises the hourly wage cap for inmate labor performed for the department or a government entity pursuant to an intergovernmental agreement from \$0.50 to \$1.50. The bill does not change the wage structure for inmates working on Arizona Correctional Industries contracts. The legislation gives entities with intergovernmental agreements the ability to raise the wages at their discretion. ADC does not anticipate raising the wages at this time for labor performed by inmates for the department. The department currently pays \$9.3 million for the services. If ADC implemented a proportionately higher graduated scale with the \$1.50 cap as the high amount of the range, the additional “high-end” cost would be \$18.6 million.

Other Issues

This section includes information on the following topics:

- Long-Term Budget Impacts
- Fund Transfers
- Arizona Inmate Management System
- Transition Program
- Bed Capacity Issues
 - Inmate Growth Rate
 - Bed Capacity
 - FY 2014 Bed Surplus/Shortfall

Long-Term Budget Impacts

As part of the budget’s 3-year spending plan, ADC General Fund costs are projected to increase by \$20,658,600 in FY 2017 above FY 2016 and remain flat in FY 2018. *(Please see Other Issues section for more information.)*

The additional FY 2017 costs include:

- \$24.2 million to open 1,000 new private beds in July 2016.
- \$1.9 million to annualize employer retirement contribution.
- \$1.5 million to annualize health care litigation costs.
- \$(6.0) million to annualize statewide adjustments.
- \$(929,100) to eliminate one-time leap year funding.

Fund Transfers

The budget includes the following FY 2016 transfers from the agency funds to the General Fund:

Inmate Store Proceeds Fund	\$2,500,000
Special Services Fund	2,000,000
Department of Corrections	1,500,000
Building Renewal Fund	
Corrections Fund	1,250,000
State DOC Revolving Fund	1,072,000
Arizona Correctional Industries	500,000
Revolving Fund	
Alcohol Abuse Treatment Fund	250,000

Arizona Inmate Management System

The budget does not include any FY 2016 transfers from department funds for the replacement of the Adult Inmate Management System. The FY 2014 and FY 2015 appropriations transferred \$16.0 million from department funds to the APF for the creation of a new inmate management system and are expected to be sufficient through FY 2016. *(Please see the Department of Administration - Automation Projects Fund section for details regarding this information technology project.)*

Transition Program

The Transition Program allows inmates who meet eligibility criteria established in statute and by the department the opportunity to be released from prison 90 days prior to the release date established by their conviction. The program is funded by the Transition Program Fund, which receives proceeds from inmate wages and liquor tax monies that are to be used for substance abuse treatment of inmates released under parole or community supervision. Those proceeds are transferred to the Transition Fund based on statutory formulas. The amount transferred from the liquor tax is determined by a statutory formula that transfers a set amount of savings per the actual bed days served by the participants. The budget decreased the General Fund expenditures by \$(300,000) to account for the savings to the General Fund from increased participation. The budget also increased the Transition Program Fund by \$300,000 for increased payments from the liquor tax to the Transition Program Fund pursuant to the statutory formula; the increase will pay for vendor expenses.

Bed Capacity Issues

Inmate Growth Rate

During FY 2014, the inmate population increased by 1,087 from 40,686 to 41,773. This continues the moderate

growth seen in FY 2013. The JLBC Staff projects a population of 42,525 at the end of FY 2015, an increase of 752 prisoners.

The FY 2016 budget provided \$5,000,000 for 953 additional prisoners in FY 2016. This amount includes an annual per inmate cost of \$1,721 for marginal non-health care expenses and \$3,836 for marginal health care expenses. With a marginal annual cost per inmate of \$5,557 for inmate health care, food and clothes, these monies fund a growth rate of 79 a month.

A breakdown of the projected annual population growth rate by custody and gender for FY 2016 can be seen in *Table 1*.

Table 1

FY 2016 Inmate Growth

Custody	Male	Female	Total
Minimum	217	85	302
Medium	550	24	574
Close	17	6	23
Maximum	<u>50</u>	<u>4</u>	<u>54</u>
Total	834	119	953

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 37,181 in public and private prisons on June 30, 2014, an increase of 500 from the 36,681 on June 30, 2013. ADC added 500 medium rated beds with the opening of the private Red Rock facility in FY 2014, and added 1,000 rated beds in FY 2015 with the second set of 500 medium private beds at Red Rock and the 500 new maximum beds at the ASPC-Lewis Rast Unit. ADC projects a total of 38,181 rated beds on June 30, 2015 as shown on *Table 3*.
- 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 2014, the department increased its total operating capacity by 605 beds, from 41,810 to 42,415. As of June 30, 2014, public and private prisons have a total of 5,234 temporary beds, an increase from 5,129 as of June 30, 2013. ADC projects 5,478 temporary beds in use at the end of FY 2015 as shown on *Table 3*. This includes plans to reactivate 324 temporary beds at Cheyenne to meet growth needs and reassign 80 rated maximum beds

as special use beds given the opening of the new 500 rated maximum beds. From June 2011 to June 2014, the range of temporary beds available was 5,129 to 5,842.

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 1,609 as of June 30, 2014, 56 beds more than on June 30, 2013.

The department has flexibility in establishing or decommissioning beds (or shifting between inmate classification) as discussed in this section. A FY 2016 General Appropriation Act footnote continues to require the department to provide a report to the JLBC for its review regarding bed counts and reasons for changes in the number or classification of beds; this footnote also clarifies when the department needs to provide closure plans to the JLBC for its review after submitting the bed plan above.

FY 2014 Bed Surplus/Shortfall

During FY 2014, the inmate population increased by 1,087 inmates. At the end of FY 2014, the department had a total rated bed shortfall of (4,592). After adjusting for the 5,234 temporary beds in the overall ADC system, the rated bed shortfall became a 642 bed surplus as shown in *Table 3*.

Presuming an annual growth of 752 inmates in FY 2015, the projected rated bed shortfall in FY 2015 is (4,344). The total bed surplus/shortfall estimates for FY 2015 and beyond will depend on whether ADC maintains the 5,478 temporary bed level described above. At the 5,478 bed level, the rated bed shortfall becomes a 1,134 total bed surplus in FY 2015. The opening of 1,000 new private medium beds and the opening of 500 maximum custody state beds offset inmate growth in FY 2014 and FY 2015. By June 30, 2016, the rated bed shortfall is projected at (5,297). The operating capacity is a bed surplus of 181, assuming 5,478 temporary beds.

The projections also assume other changes ADC anticipates making. These include the reactivation of 324 male medium custody temporary beds at Yuma Cheyenne in FY 2015, reallocation adjustments between maximum custody and close custody to meet the needs of the new programming plan for maximum custody inmates, the adjustment of 80 maximum custody beds to their original special use status in FY 2015, and adjustments by the department between the minimum and medium custody

levels. The agency projects that they will re-designate 376 medium custody beds to minimum custody beds in FY 2017, and activate 1,000 private male medium custody beds on July 1, 2017.

Bed shortfall estimates vary by level of security (e.g. minimum, medium, or maximum). While there is an overall projected operational capacity of 181 beds in June 2016, that estimate reflects a male shortfall of (89) and a female surplus of 270. Within the (89) male shortfall, there are differences by classification. For example, there is a projected male medium custody bed gap of (435), but a male maximum custody surplus of 490 as shown in *Table 2*. For FY 2017, the table assumes a growth rate of 953 with the same growth rate assumptions by gender and custody level as FY 2016. This growth is offset by the approved addition of 1,000 male medium security beds. As with the overall growth rate assumptions, the projections by gender and custody level may need further revision.

Custody	FY 2014	FY 2015	FY 2016	FY 2017
Minimum	300	128	(89)	70
Medium	(275)	115	(435)	(361)
Close	(73)	(38)	(55)	(72)
Maximum	<u>207</u>	<u>540</u>	<u>490</u>	<u>440</u>
Total	159	745	(89)	77

Table 3									
Fiscal Year-End Operating Capacity									
State	FY 2014 Actual			FY 2015 Estimate			FY 2016 Estimate		
	Rated	Temporary	Operating Capacity	Rated	Temporary	Operating Capacity	Rated	Temporary	Operating Capacity
Douglas	1,925	417	2,342	1,925	417	2,342	1,925	417	2,342
Eyman ^{1/}	4,024	1,319	5,343	4,024	1,239	5,263	4,024	1,239	5,263
Florence	3,440	697	4,137	3,440	697	4,137	3,440	697	4,137
Perryville	4,202	72	4,274	4,202	72	4,274	4,202	72	4,274
Phoenix	552	162	714	552	162	714	552	162	714
Lewis ^{2/}	4,604	752	5,356	5,104	752	5,856	5,104	752	5,856
Safford	1,453	316	1,769	1,453	316	1,769	1,453	316	1,769
Tucson	4,605	565	5,170	4,605	565	5,170	4,605	565	5,170
Winslow	1,626	216	1,842	1,626	216	1,842	1,626	216	1,842
Yuma ^{3/}	4,350	80	4,430	4,350	404	4,754	4,350	404	4,754
Subtotal	30,781	4,596	35,377	31,281	4,840	36,121	31,281	4,840	36,121
Private (Per Diem)									
Kingman (\$62.16)	3,400	108	3,508	3,400	108	3,508	3,400	108	3,508
Phoenix West (\$49.28)	400	100	500	400	100	500	400	100	500
Marana (\$49.03) ^{4/}	500	-	500	500	-	500	500	-	500
Florence West (\$44.95 - 55.79)	600	150	750	600	150	750	600	150	750
Florence II (\$67.22)	1,000	280	1,280	1,000	280	1,280	1,000	280	1,280
Eloy (\$65.43) ^{5/}	500	-	500	1,000	-	1,000	1,000	-	1,000
Subtotal	6,400	638	7,038	6,900	638	7,538	6,900	638	7,538
Total - All Beds ^{6/}	37,181	5,234	42,415	38,181	5,478	43,659	38,181	5,478	43,659
State Prison Population	34,807		34,807	35,059		35,059	36,012		36,012
Female	3,811		3,811	3,905		3,905	4,024		4,024
Male	30,996		30,996	31,154		31,154	31,988		31,988
Private Prison Population									
Male	6,966		6,966	7,466		7,466	7,466		7,466
Total Population ^{7/}	41,773		41,773	42,525		42,525	43,478		43,478
Bed Surplus/(Shortfall)	(4,592)		642	(4,344)		1,134	(5,297)		181
Male	(5,003)		159	(4,661)		745	(5,495)		(89)
Female	411		483	317		389	198		270
Bed Surplus / (Shortfall) (% of Beds)	(11)%		2%	(10)%		3%	(13)%		0%

^{1/} During FY 2013, ADC redesignated 80 rated Eyman beds as temporary beds. During FY 2015, ADC plans to designate the beds as special use beds with the opening of the new 500 maximum-security beds resulting in a net loss of (80) temporary maximum-security beds.

^{2/} ADC opened 500 maximum-security beds at Lewis Rast in FY 2015.

^{3/} The department plans to reactivate 324 temporary male medium-security beds at Yuma Cheyenne in June 2015.

^{4/} The per diem changed with the new contract in October 2013.

^{5/} 500 medium-security private beds opened in January 2014, and another 500 beds opened in January 2015.

^{6/} Excludes special use beds totaling 1,609 in FY 2014, 1,719 in FY 2015, and 1,719 in FY 2016.

^{7/} For FY 2014, the table and JLBC projections use the June 30th, 2014 total population by custody and gender from the June 30, 2014 Daily Count Sheet.