

## Department of Juvenile Corrections

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DESCRIPTION	FY 2005 ACTUAL	FY 2006 ESTIMATE	FY 2007 JLBC
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	1,247.9	1,163.7	1,193.7
Personal Services	40,463,900	44,062,500	45,188,000
Employee Related Expenditures	12,435,000	14,039,100	14,247,900
Professional and Outside Services	5,592,000	7,390,900	7,173,900
Travel - In State	804,400	854,300	858,000
Travel - Out of State	43,400	40,900	40,900
Other Operating Expenditures	8,785,600	8,208,800	8,423,300
Food	674,600	476,200	520,000
Equipment	3,057,700	975,400	975,400
<b>AGENCY TOTAL</b>	<b>71,856,600</b>	<b>76,048,100</b>	<b>77,427,400</b>

### FUND SOURCES

General Fund	68,195,100	69,801,300	73,108,900
<u>Other Appropriated Funds</u>			
Criminal Justice Enhancement Fund	585,300	585,300	585,300
State Charitable, Penal and Reformatory Institutions Land Fund	360,000	3,360,000	1,094,900
State Education Fund for Committed Youth	2,716,200	2,301,500	2,638,300
SUBTOTAL - Other Appropriated Funds	3,661,500	6,246,800	4,318,500
<b>SUBTOTAL - Appropriated Funds</b>	<b>71,856,600</b>	<b>76,048,100</b>	<b>77,427,400</b>
Other Non-Appropriated Funds	486,600	704,000	704,000
Federal Funds	3,428,400	4,123,200	4,123,200
<b>TOTAL - ALL SOURCES</b>	<b>75,771,600</b>	<b>80,875,300</b>	<b>82,254,600</b>

### CHANGE IN FUNDING SUMMARY

	FY 2006 to FY 2007 JLBC	
	\$ Change	% Change
General Fund	3,307,600	4.7%
Other Appropriated Funds	(1,928,300)	(30.9%)
Total Appropriated Funds	1,379,300	1.8%
Non Appropriated Funds	0	0.0%
Total - All Sources	1,379,300	1.7%

**AGENCY DESCRIPTION** — The Department of Juvenile Corrections (DJC) is responsible for the care and treatment of youth offenders adjudicated to be delinquent and remanded to the custody of the department. DJC has jurisdiction over youths until they are released from custody or reach age 18.

PERFORMANCE MEASURES	FY 2003	FY 2004	FY 2005	FY 2007
	Actual	Actual	Actual	JLBC
• Escapes from DJC secure care facilities	0	0	0	0
• Juveniles passing the General Equivalence Degree language test Comments: DJC reports a decline in juveniles passing the GED language test due to lower population in FY 2005.	89	87	83	92
• % of juveniles who show progress in their primary treatment problem area Comments: In April 2005, DJC began utilizing a new nationally documented process for assessment of juvenile problem areas, which resulted in more extensive assessments and improved treatment plans.	64	68	76	80
• % of juveniles returned to custody within 12 months of release Comments: According to DJC, a greater percentage of juveniles returned to custody due to stricter enforcement of parole violations in FY 2005. DJC anticipates a continuing trend in FY 2007.	18	18	23.5	22

### RECOMMENDED CHANGES FROM FY 2006

#### Operating Budget

The JLBC recommends \$77,427,400 for the operating budget in FY 2007. This amount consists of:

	<b>FY 2007</b>
General Fund	\$73,108,900
Criminal Justice Enhancement Fund	585,300
State Charitable, Penal and Reformatory Institutions Land Fund	1,094,900
State Education Fund for Committed Youth	2,638,300

These amounts include the following adjustments:

#### Population Growth **GF 1,311,000**

The JLBC recommends \$1,311,000 and 30 FTE Positions from the General Fund in FY 2007 due to an increased juvenile population. In FY 2006, DJC was funded to operate a total of 623 secure care beds. The FY 2007 first quarter average population was 655. This recommendation would open 48 beds at Adobe Mountain Campus and provide funding for a total of 671 beds. This recommendation restores unused capacity at DJC facilities and does not require new construction.

#### Educational Increase **OF 336,800**

The JLBC recommends an increase of \$336,800 from the State Education Fund for Committed Youth in FY 2007 in order to provide educational programming to a higher than expected juvenile population.

DJC receives funding from the Department of Education (ADE) based on the number of students participating in DJC's K-12 institutional programs. The funding allocation provided to DJC is similar to that of a regular school district since DJC receives that funding on a per pupil basis. This recommended \$336,800 increase consists of 2

components: a base adjustment for FY 2006 and an adjustment for estimated population growth in FY 2007. Since DJC has a higher than expected population in FY 2006, the FY 2006 base will be adjusted upward by \$237,600 to bring funding in line with current population projections. For FY 2007, DJC educational enrollment growth is estimated at 4.7% above the FY 2006 base, which is an additional \$99,200 in FY 2007. The ADE monies are undesignated in nature and can be used for any type of institutional purpose including the hiring of teachers, diagnosticians and general pupil expenses. (See the Arizona Department of Education narrative for more information.)

#### State Charitable Land Trust Offset **GF 2,265,100** **OF (2,265,100)**

The JLBC recommends an increase of \$2,265,100 from the General Fund and a decrease of \$(2,265,100) from the State Charitable, Penal and Reformatory Institutions Land Fund due to a reduction of revenue from the State Charitable Fund.

The Department of Juvenile Corrections receives 25% of State Charitable Fund proceeds, with the remaining portion of State Charitable revenue split between the Arizona Pioneers' Home, receiving 50%, and the Department of Corrections, receiving 25%. The State Charitable Fund receives the majority of its income from interest payments from land sales, Treasurer's interest income based on the principal balance and rental income. The interest on debt financed land sales is deposited in the expendable portion of the State Charitable Fund.

Due to the sale of 2 parcels of land in 2004, through debt financing, the State Charitable Fund expendable interest increased. The FY 2006 budget assumed continued interest revenue payments of approximately \$6 million. As a result, \$3 million was shifted from the General Fund to the State Charitable Fund in the FY 2006 budget.

The land owners of these 2 parcels have paid off or are anticipated to pay off their financing early. The principal borrowed is deposited into the non-expendable corpus and the interest earnings are eliminated. As the result of early payoffs of the land sales, the expendable portion of the State Charitable Fund will now receive \$1.9 million less in FY 2006 and \$6.5 million less in FY 2007.

Since the Department of Juvenile Corrections had a State Charitable Fund balance of \$2.3 million at the beginning of FY 2006, no offset of the reduced interest revenue is needed in FY 2006. For FY 2007, the JLBC recommends an increase of \$2,265,100 from the General Fund and a decrease of \$(2,265,100) from the State Charitable Fund to offset the loss of interest revenue in FY 2007.

The JLBC further recommends that the interest earnings from debt financed land sales not be expended in their first year to ensure that a reliable source of funding is available to the department.

**Suicide Renovation Funding                      GF                      495,000**  
The JLBC recommends an increase of \$495,000 from the General Fund in FY 2007 as one-time capital monies for completion of suicide prevention renovations. FY 2006 one-time capital monies of \$(733,700) are eliminated in the following policy issue. (See *New Footnotes section for more information.*)

In FY 2003, as the result of 3 youth suicides and a subsequent federal audit, the Department of Juvenile Corrections began facility modifications to reduce the potential for youth suicides. From FY 2003 to FY 2006, DJC spent a total of \$3 million on housing unit renovations at 4 youth correctional facilities and, in FY 2007, DJC plans to complete physical modifications on the last 3 unrenovated housing units. Suicide renovation monies are used for replacement of items with potential anchor point hazards such as shower fixtures, hinges, ventilation grilles, window bars, and furniture and plumbing with exposed bolts or other hazards. (See *“CRIPA” in the Other Issues for Legislative Consideration narrative for more information.*)

**Eliminate One-Time Funding                      GF                      (763,500)**  
The JLBC recommends a decrease of \$(763,500) from the General Fund in FY 2007 for the elimination of one-time FY 2006 monies, including \$(29,800) of special education start-up costs and \$(733,700) of suicide prevention renovation monies.

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**JLBC RECOMMENDED FORMAT — Lump Sum by Agency**

## JLBC RECOMMENDED FOOTNOTES

### *Standard Footnotes*

The department shall provide a travel stipend to all Southwest Regional Juvenile Correction Complex staff whose residence is at least 20 miles from work.

Twenty-five percent of land earnings and interest from the State Charitable, Penal and Reformatory Institutions Land Fund shall be distributed to the Department of Juvenile Corrections, in compliance with Section 25 of the Enabling Act and with the Constitution of Arizona, to be used for the support of state juvenile institutions and reformatories.

Before the expenditure of any State Education Fund for Committed Youth receipts in excess of \$2,638,300, the Department of Juvenile Corrections shall report the intended use of the monies to the Director of the Joint Legislative Budget Committee.

### *New Footnotes*

Prior to expending \$495,000 for completion of suicide prevention renovation projects, the department shall submit an expenditure plan to the Joint Committee on Capital Review for review. (See *“Suicide Renovation Funding” policy issue for more information.*)

### *Deletion of Prior Year Footnotes*

The JLBC recommends deletion of the prior year footnote requiring review of the Joint Committee on Capital Review for any FY 2006 audit-related education, health and safety renovations, and replacing this footnote with the new footnote noted above.

## OTHER ISSUES FOR LEGISLATIVE CONSIDERATION

### **CRIPA**

As the result of a FY 2004 Civil Rights of Institutionalized Persons Act (CRIPA) investigation, DJC has \$10.6 million in ongoing monies and 208 FTE Positions in their appropriated budget to address issues related to this federal audit. The CRIPA investigation was a result of 3 youth suicides and allegations of abuse, which resulted in department-wide reforms as agreed to in a Memorandum of Agreement signed by the Governor on September 15, 2005. According to this agreement, DJC has 3 years to come into compliance with federally-mandated standards; however, the agreement does not specify the amount of funding required to meet these terms.

To date, appropriated monies have addressed the following ongoing items:

- \$3,139,600 and 86 FTE Positions for additional security staffing and youth monitoring. This amount includes 30 youth correctional officers (YCO's) to increase the line-staff ratio at juvenile correctional facilities, 42 additional overnight youth correctional officers, and 14 Youth Program Officers to provide close observation of youth on suicide watch.

- \$2,710,700 and 56 FTE Positions for special education compliance. This amount includes 40 special education teachers, 4 teachers for parole opportunity classrooms, 3 school psychologists, 3 guidance counselors, 2 compliance coordinators, and 4 Administrative Assistants for youth records management.
- \$2,223,800 and 27 FTE Positions for mental and behavioral health staffing. This amount includes an additional caseworker for each housing unit to improve the staff-to-juvenile ratio.
- \$432,800 and 11 FTE Positions for medical services and nursing coverage. This amount includes 8 additional nurses to provide overnight coverage and 3 medical records librarians
- \$1,125,400 and 19 FTE Positions for staff development and training. This amount includes monies to extend the pre-service academy from 7 to 8 weeks and also includes overtime pay for 32 additional hours of in-service training for direct care staff.
- \$458,700 and 9 FTE Positions for improved policies and procedures. This amount includes 5 additional positions for criminal and staff misconduct investigations, 3 positions for a new Quality Assurance Unit, and a Youth Mediator for a youth grievance program.
- \$1,414,300 of one-time monies were appropriated for suicide prevention and safety modifications of juvenile facilities in FY 2005 and FY 2006. An additional \$495,000 is recommended in FY 2007 for completion of building modifications (*Please see "Suicide Renovation Funding" policy issue for more information*). Suicide renovations began in FY 2003.

The following table summarizes the on-going funding.

<b>Total Ongoing CRIPA Funding in FY 2007</b>		
<b>CRIPA Issue</b>	<b>FTE</b>	<b>FY 2007</b>
Line Staffing and Suicide Observation	86.0	\$ 3,139,600
Special Education	56.0	2,710,700
Mental and Behavioral Health Staffing	27.0	2,223,800
Medical Care and Nursing	11.0	432,800
Staff Development and Training	19.0	1,125,400
Policy and Procedures	9.0	458,700
Suicide Renovations	0.0	495,000
<b>Total</b>	<b>208.0</b>	<b>\$10,586,000</b>

A team of juvenile justice experts selected by DJC and DOJ are currently monitoring DJC's compliance by conducting biennial reviews. To date, the consultants have released 2 reports that outline DJC's progress with the most recent report indicating "substantial compliance" on the majority of issues. No additional funding needs have been clearly identified by the consultants, with the exception of the educational diagnosticians that can be funded with Basic State Aid as provided by the Arizona Department of Education (ADE). (*Please see the "Educational Increase" policy issue for more information.*)

<b>SUMMARY OF FUNDS</b>	<b>FY 2005 Actual</b>	<b>FY 2006 Estimate</b>
<b>Corrections Fund (DJA2088/A.R.S. § 41-1641)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Luxury taxes on alcohol and tobacco products.		
<b>Purpose of Fund:</b> For the construction, major maintenance, purchase or lease of correctional or state-operated juvenile facilities. The Legislature may also appropriate monies in this fund for the operation of these facilities.		
<b>Funds Expended</b>	0	0
<b>Year-End Fund Balance</b>	0	0
<b>Criminal Justice Enhancement Fund (DJA2281/A.R.S. § 41-2401)</b>		<b>Appropriated</b>
<b>Source of Revenue:</b> Receives 1.61% of state Criminal Justice Enhancement Fund (CJEF). CJEF consists of a 47% assessment added on to every fine, penalty and forfeiture collected by the courts for criminal offenses, and civil penalties imposed for traffic violations and motor vehicle violations.		
<b>Purpose of Fund:</b> For treatment and rehabilitation of youth who have committed drug-related offenses.		
<b>Funds Expended</b>	585,300	585,300
<b>Year-End Fund Balance</b>	156,200	224,300

SUMMARY OF FUNDS	FY 2005 Actual	FY 2006 Estimate
<b>Federal Funds (DJA2000/A.R.S. § 35-142)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Federal Funds received through the Arizona Department of Education.		
<b>Purpose of Fund:</b> For the National School Breakfast and Lunch Program, Special Education, Job Training Partnership Act, substance abuse, and other federal programs.		
<b>Funds Expended</b>	3,428,400	4,123,200
<b>Year-End Fund Balance</b>	449,500	137,000
<b>IGA and ISA (DJA2500/A.R.S. § 35-142)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Monies received through intergovernmental and interagency agreements.		
<b>Purpose of Fund:</b> To provide training to DJC staff in behavioral therapy, motivational interviewing, and child and family teams, and some supplemental funding for attainment of juvenile treatment goals.		
<b>Funds Expended</b>	132,000	347,100
<b>Year-End Fund Balance</b>	938,800	591,700
<b>Indirect Cost Recovery Fund (DJA9000/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>	103,700	97,200
<b>Year-End Fund Balance</b>	43,300	31,100
<b>Instructional Improvement Fund (DJA2492/A.R.S. § 15-979)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Shared revenue from Indian gaming received through the Arizona Department of Education (ADE). The ADE Instructional Improvement Fund receives 56% of total shared revenue, as authorized by Proposition 202 from the 2002 General Election. <i>(See ADE section for more information.)</i>		
<b>Purpose of Fund:</b> To fund teacher compensation increases, class size reductions, dropout prevention, and instructional improvement programs.		
<b>Funds Expended</b>	0	0
<b>Year-End Fund Balance</b>	35,300	65,300
<b>Juvenile Corrections Fund (DJA3024/A.R.S. § 41-2810)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Donations by individuals and businesses, proceeds from vending machines, and fund-raising efforts.		
<b>Purpose of Fund:</b> For additional supplies and department conferences, for purposes agreed upon by donors and the agency Director, or for special student activities.		
<b>Funds Expended</b>	86,700	99,300
<b>Year-End Fund Balance</b>	57,800	50,300
<b>State Charitable, Penal and Reformatory Institutions Land Fund (DJA3029/A.R.S. § 37-525)</b>		<b>Appropriated</b>
<b>Source of Revenue:</b> Earnings on state lands and interest on the investment of the Permanent Land Fund.		
<b>Purpose of Fund:</b> To help defray costs of operating juvenile correctional facilities.		
<b>Funds Expended</b>	360,000	3,360,000
<b>Year-End Fund Balance</b>	2,266,200	72,300
<b>State Education Fund for Committed Youth (DJA2323/A.R.S. § 15-1371)</b>		<b>Appropriated</b>
<b>Source of Revenue:</b> The state's statutory K-12 Basic State Aid formula provides funding based on the DJC population.		
<b>Purpose of Fund:</b> To help provide for the education of committed youth.		
<b>Funds Expended</b>	2,716,200	2,301,500
<b>Year-End Fund Balance</b>	100	4,200

SUMMARY OF FUNDS	FY 2005 Actual	FY 2006 Estimate
<b>State Education System for Committed Youth Classroom Site Fund (DJA2487/A.R.S. § 15-1373)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Classroom Site Fund monies received from the Arizona Department of Education, pursuant to A.R.S. § 15-977. The Classroom Site Fund received monies from a 0.6% sales tax approved by the voters in the November 2000 General Election (Proposition 301).		
<b>Purpose of Fund:</b> To provide additional funding for teacher compensation increases based on performance (40%); teacher base salary increases (20%); and class size reduction, AIMS intervention programs, teacher development, dropout prevention, and teacher liability insurance premiums (40%).		
<b>Funds Expended</b>	162,600	160,400
<b>Year-End Fund Balance</b>	312,400	352,000
<b>Statewide Employee Recognition Gifts/Donations Fund (DJA2025/DJA2449/A.R.S. § 35-142)</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>	1,600	0
<b>Year-End Fund Balance</b>	5,200	5,200
<b>Training Institute (DJA2001/A.R.S. § 2824)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Monies received from grants, gifts, donations, services or other financial assistance.		
<b>Purpose of Fund:</b> To train tribal personnel who have limited access to training within their jurisdictions.		
<b>Funds Expended</b>	0	0
<b>Year-End Fund Balance</b>	0	0